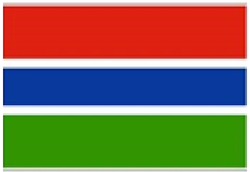
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS

Public Debt Bulletin
The Gambia

2013



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Acronyms

BADEA	-	Arab Bank for Economic Development in Africa
CBG	-	Central Bank of The Gambia
CS-DRMS	-	Commonwealth Secretariat Debt Recording and Management System
CUB	-	Committed Undisbursed Balance
DLDM	-	Directorate of Loans and Debt Management
DOD	-	Disbursed Outstanding Debt
GMD	-	Gambian Dalasi
GoTG	-	Government of The Gambia
IFMIS	-	Integrated Financial Management Information System
MOFEA	-	Ministry of Finance and Economic Affairs
MTDS	-	Medium Term Debt Strategy
SAS	-	Sukuk Al-Salaam
SDR	-	Special Drawing Rights
TB	-	Treasury Bills
USD	-	United Stated Dollar
WAIFEM	-	West African Institute for Financial and Economic Management

Forward

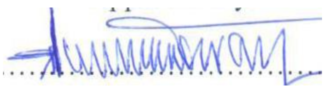
I am pleased to present the 2013 annual public debt bulletin. The yearly publication of the annual public debt bulletin is internationally recognised and to that effect the government is committed to its publication annually for the consumption of all the stakeholders at large.

Given that our main debt management objective is to meet the borrowing needs of the Government of the Gambia at the lowest cost possible and prudent degree of risk, the publication of the bulletin showcase greater level of transparency especially with the investor and creditor communities.

The second relevant debt management objective being pursued here in the Gambia, is the development of the domestic debt market in which the annual publication of the public debt bulletin would further solidifies consultations between relevant stakeholders paramount in the development of the domestic debt market.

Government has also updated, according to international best practise, and consolidated the different aspect of the law that deals with debt management and its practices for ease of usage and comprehension. Further debt management reforms are being implemented in accordance with international best practice.

In conclusion, I wish to register my appreciation to the entire stakeholders in the debt management reforms programme being implemented in the Gambia.



Honourable Kebba S. Touray
Minister of Finance and Economics Affairs

Acknowledgement

The publication of the public debt bulletin is yet another key development in the debt management process of the country as we strive to meet the international best practice and the inclusion of all the relevant stakeholders in the process.

We hereby acknowledge the important role played by the DLDM for co-ordinating production of the 2013 public debt bulletin and the Central Bank of The Gambia for their technical input. In particular, I convey special thanks to the core team from the Ministry of Finance and Economic Affairs and the Central Bank of the Gambia. We also wish to thank our development partners, particularly the UNDP (Gambia), World Bank and WAIFEM and African Development Bank for their invaluable support to debt management in The Gambia, which has led to the production of this annual public debt bulletin. It is expected that future series of this annual publication will be ready by end May each year.

Mr. Ebrima L.S. Darboe

Director of Loans and Debt Management (DLDM)

1. Introduction

The Ministry of Finance and Economic Affairs (MOFEA) in fulfilling one of its obligations in accordance with international best practice, is publishing the 2013 Annual Public Debt Bulletin for the Government of The Gambia (GOTG). This Bulletin as usual reviews central government external and domestic debt (excluding government guarantees, arrears and contingent liabilities), and analyse public debt operations of GOTG for the period January to December 2013. In addition, the report highlights the institutional and legal arrangements for debt management and discusses the implementation of the medium-term debt strategy (2011-2014). The bulletin will also give a sense of the growth of the domestic debt portfolio and discusses GOTG's debt structure and risk of the portfolio. The Bulletin will be outlining the objective of the Debt Management Strategies along with the principal risks to the public debt portfolio, especially with respect to exchange rate and re-financing risks.

The public debt objectives of The Gambia are to ensure that Government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long term, with a prudent degree of risk; and the promotion of domestic debt market development. Public debt management, for it to be relevant, must seek to ensure that the public sector can service its debt while minimizing cost in the long run. This also implies mitigating the risk of economic crises resulting from imprudent debt management.

Debt management should thus contribute to limiting the risk of recourse to a moratorium on public debt service, thereby minimizing transfer risk. Prudent public debt management is required both for the sake of effective stewardship of fiscal resources, and external stability, since external crises can have their roots in fiscal sustainability problems.

This bulletin is structured as follows: Section 1 is the introduction and provides a brief background to the bulletin; Section 2 discusses the legal mandate and highlights current developments of the existing framework for public debt management operations in The Gambia; Section 3 summarises recent macroeconomic developments and fiscal trends; Section 4 gives a comprehensive outline of the public debt portfolio; Section 5 provides the External debt stock by credit category; Section 6 shows the outstanding Domestic debt; Section 7 gives a snapshot of the short to medium term redemption profile; Section 8 shows review of the medium term debt strategy (2011-2014); Section 9 gives Recommendation on the Public Debt Management for the Gambia; Section 10 is the conclusion of the Public Debt Bulletin.

2. The Legal Framework for Public Debt Management

Due to the different legislations that deal with debt management in The Gambia, a comprehensive and up-to-date legislation relating to public debt is incorporated in the Public Finance bill due to be tabled at National Assembly. In order to apply international best practices and to reduce the required time necessary to consult laws relating to debt management, this legislation on public debt has adequately taken into account all the required and relevant areas of debt management and its processes.

2.1. Debt Management Advisory Committee (DMAC)

The Debt Management Advisory Committee (DMAC) has been in the process of reactivation, and the Honorable Minister of Finance and Economics Affairs shall appoint the Committee Members. This committee would be charged with the responsibility of advising on all relevant and related debt management reforms.

2.2. Debt Management Reforms

The Directorate of Loans and Debt Management (DLDM) has started incorporating domestic debt data in addition to external debt in the public debt database. This consolidation will allow for a comprehensive analysis of the aggregate government debt portfolio.

Adhering to best practices, DLDM has been divided into front, middle and back offices for the entire public debt function. However, it is considered efficient to continue delegating to Central Bank of the Gambia (CBG) the operational functions of front and back office domestic debt activities to tap their synergy.

DLDM continues to strengthen its capacity in the following areas:

a) Design and Implement a Strategy for deepening Government Security Market

Given the recommendation in the MTDS, MOFEA is considering the creation of an ad-hoc tripartite working group involving MOFEA, CBG and market participants to review government domestic debt market developments.

b) Improve the data coverage of public debt

In our strive to improve debt data quality and coverage, DLDM implements a number of reforms which includes: (i) developing a comprehensive database on General Government Debt - including liabilities of municipal councils, (ii) developing a database for monitoring Government On-Lending and Guarantees, (iii) developing an interface between the Integrated Financial Management System and the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) and (iv) CS-DRMS is being updated with domestic debt data from the CBG at DLDM.

c) Improve the institutional arrangements for managing government on-lending and guarantee

MOFEA plans on putting in place a proper monitoring system for the management of on-lending and will undertake to improve the institutional arrangements for contracting, administering and monitoring of on-lent loans.

3. Macroeconomic and Fiscal Trends

Economic growth in the Gambia continues to recover to its pre-drought levels with Real GDP in 2013 projected at 5.3 per cent, largely due to a growth in the agricultural sector of 9.6 per cent attributed to crop production. Revised GDP figures for the years 2012 and 2011 have growth at 5.8 per cent and negative 4.9 per cent respectively. These revisions are due to the distribution of the impact of the drought on crop production. The slight contraction in Real GDP from 2012 to 2013 of 0.5 per cent is due to a projected reduction in the growth rate of the services sector from 5.3 per cent in 2012 to 3.1 per cent in 2013.

The industrial sector which consists of mining, quarrying, manufacturing, Electricity, Gas and Water Supply as well as Construction is projected to grow by 7.1 per cent in 2013, a slight increase from the 6.4 per cent growth experienced in 2012. This is due to expected increases in mining and quarrying, and electricity and water supply activities.

The projected decline in the growth rate of the services sector as earlier mentioned is largely due to an expected reduction in wholesale and retail trade as well as communication activities.

Consumer price inflation measured by the National Consumer Price Index (NCPI) increased to 5.6 per cent in December 2013 in comparison to an inflation figure of 4.4 per cent in the corresponding period a year earlier. The risk to inflation in the near future will come from the pass-through effects of the depreciation of the dalasi and heightened inflationary expectations.

Total Revenue and Grants, comprising tax, non-tax and grants inflow for the fiscal year 2013 amounted to D5.9 billion, below the projected figure of D7.6 billion. Total actual revenue and grants for 2012 however was D8.2 billion. This increment in total revenue and grants outturn is largely due to the grants inflow experienced, in response to the drought.

Total Expenditure and Net Lending for the fiscal year 2013 amounted to D8.6 billion of which 73 per cent was for current expenditure and 27 per cent for capital expenditure and net lending in comparison to D9.5 billion in 2012 of which 54 per cent and 46 per cent were current expenditure and, capital expenditure and net lending respectively.

Money supply growth as at end 2013 was 28.1 per cent in comparison to 6.8 per cent in 2012. The Net Domestic Assets of the banking system was pretty much the sole contributor to the growth in money supply whereas narrow money increased to D9.5 billion, improving the ratio of narrow to broad money to 52.0 per cent from 46.5 per cent in the corresponding period.

Commercial Banks assets as at end 2013 amounted to D23.78 billion in comparison to D22.77 billion in 2012 representing a 4 percentage point increase. Total Capital and Reserves increased by D40.4 million, amounting to D3.03 billion in comparisons to D2.98 billion in 2012.

Balance of Payments figures for the first nine months of 2013 indicated an overall deficit of US$ 32.91 million, in comparison to a deficit of US$40.17 million in the corresponding period of 2012. The current account recorded a surplus of US$ 82.32 million in the period under review in comparison to US$ 56.90 million in the corresponding period of 2012. The Capital and Financial Account recorded a deficit of US$49.90 million in comparison to a US$ 15.20 million in 2012.

On the exchange rate front, the dalasi continues to depreciate against all the four major trading currencies as shown in the table below:

Table 1 – Exchange Rates

Major trading currencies	Exchange Rate %
USD	14.80
EURO	21
BRITISH POUND STERLING	14.67
CFA	15.06

As a result of the huge depreciation of the value of the dalasi, almost 1500 basis point, against all the major trading currencies, the external public debt in local currency has also increased by the same proportion.

4. Total Public Debt 2012/2013

The Gambia's total public debt stock has increased from US$690.99 million as at end 2012 to US$736.94 million as at end 2013. In the same vein, debt as a percentage of GDP has increased from 82 per cent in 2012 to 86 per cent in 2013. The component of the external debt has increased about 4.3 per cent whereas the domestic debt component has increased about 9.4 per cent during the period under review.

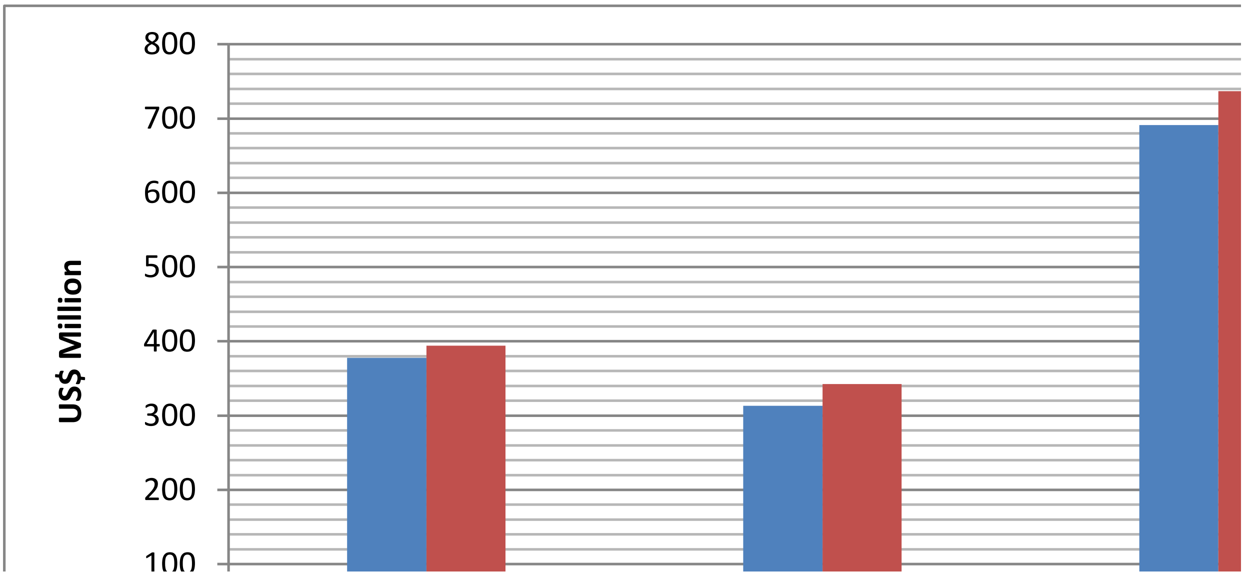
In the same vein, the external debt as a percentage of GDP has increased from 45 per cent in 2012 to 46 per cent in 2013 whereas the domestic debt as a percentage of GDP has increased from 37 per cent in 2012 to 40 per cent in 2013.

Table 2 - Public Debt Stocks

End of Year Debt Stocks 2013 (In Millions of US$)		
Amounts in US$ Million	2012	2013
External Debt	377.95	394.07
Domestic Debt	313.04	342.87
Total Public Debt	690.99	736.94
Nominal Debt Ratios (Percentage)	2012	2013

External Debt /GDP	45%	46%
Domestic Debt/GDP	37%	40%
Public Debt/GDP	82%	86%
GDP (in US$ Million)	*848.63*	*861.9868*
Exchange Rate	*34.30*	*39.46*

Chart 1 - Public Debt Stock



Source: MOFEA

5. Public External Debt Stock

The Gambia's disbursed and outstanding external debt has increased from US$377.95 million in 2012 to US$394.07 million in 2013 mainly due to increases in borrowings and disbursements on loans from India and the Islamic Development Bank. The external debt portfolio is characterised by loans borrowed on concessional and semi-concessional terms, as The Gambia has not contracted debt from commercial creditors.

STOCK OF OUSTANDING EXTERNAL DEBT AS AT END 2013
BY CREDITOR AND CREDITOR CATEGORY
(millions of US Dollars)

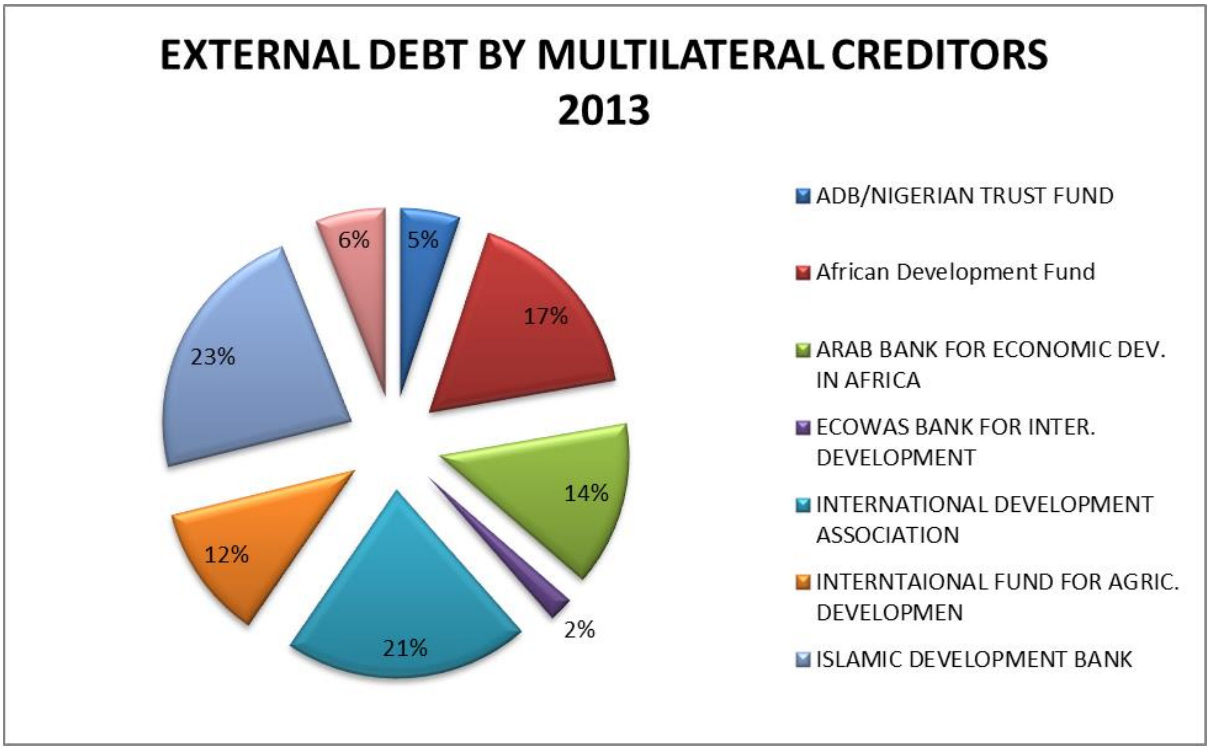
Table 3 – Outstanding External Debt Stock

CREDITOR	2013
Bilateral	
ABU DABI FUND FOR ARAB ECON. DEVELOPMENT	6.36
Banco de Des. Econ. y Social Venezuela	21.01

Erste Bank (GiroCredit)	0.88
Export - Import Bank of India	20.16
KUWAIT FUND FOR ARB ECONOMIC DEVELOPMENT	23.66
Libyan Arab Jamahiriy	3.95
Republic of China (Taiwan)	27.82
SAUDI FUND FOR DEVELOPMENT	13.97
Sub Total Bilateral	117.81
Multilaterals	
ADB/NIGERIAN TRUST FUND	14.02
African Development Fund	47.48
ARAB BANK FOR ECONOMIC DEV. IN AFRICA	38.98
ECOWAS BANK FOR INTER. DEVELOPMENT	5.91
INTERNATIONAL DEVELOPMENT ASSOCIATION	58.11
INTERNTAIONAL FUND FOR AGRIC. DEVELOPMEN	32.04
ISLAMIC DEVELOPMENT BANK	63.12
OPEC FUND FOR INTERNATIONAL DEVELOPMENT	16.60
Sub Total Multilateral	276.26
TOTAL EXTERNAL	394.07
Period end exchange rate	*39.46*

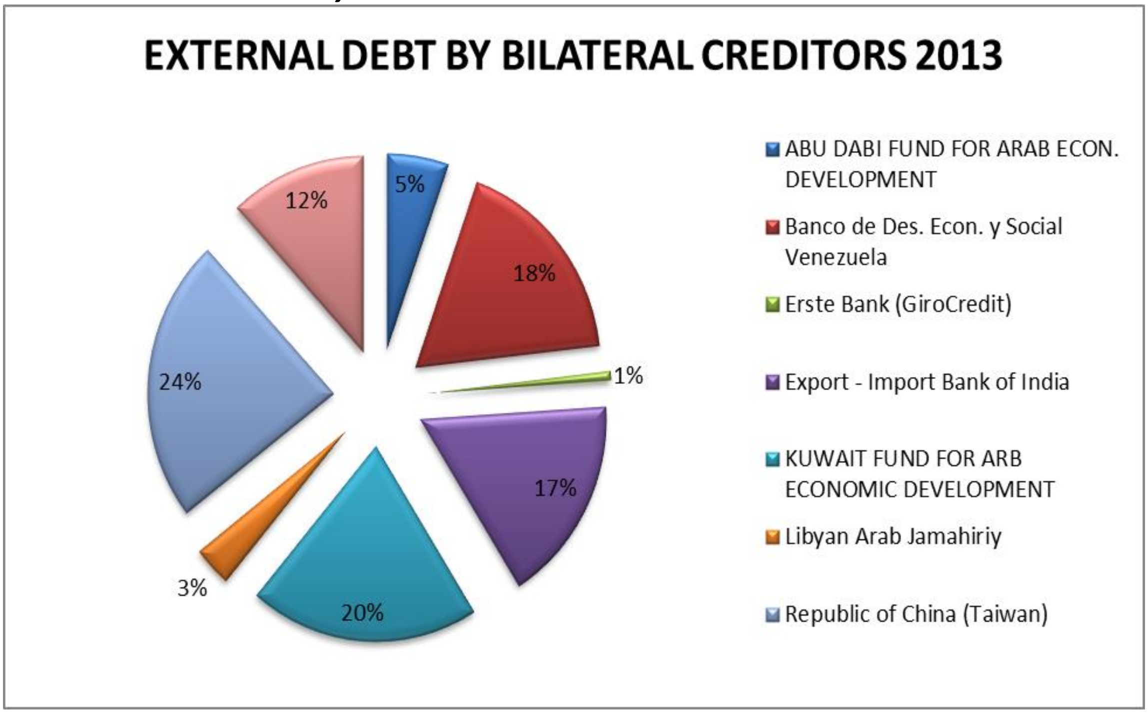
As at end 2013, multilateral creditors accounted for 70 per cent of the external debt stock and bilateral creditors accounted for the remaining 30 per cent (See table above). The major multilateral creditors are the Islamic Development Bank, the World Bank Group and the African Development Bank Group having a 23 per cent, 21 per cent and 17 per cent share of the external debt portfolio respectively. Regarding bilateral creditors, the Republic of China on Taiwan holds the largest share with 24 per cent of the external debt portfolio, followed by Kuwait with a share of 20 per cent and the Republic of Venezuela with a share of 18 per cent.

Chart 2 – External Debt by Multilateral Creditors 2013



Source: MOFEA

Chart 3 – External Debt by Bilateral Creditors 2013



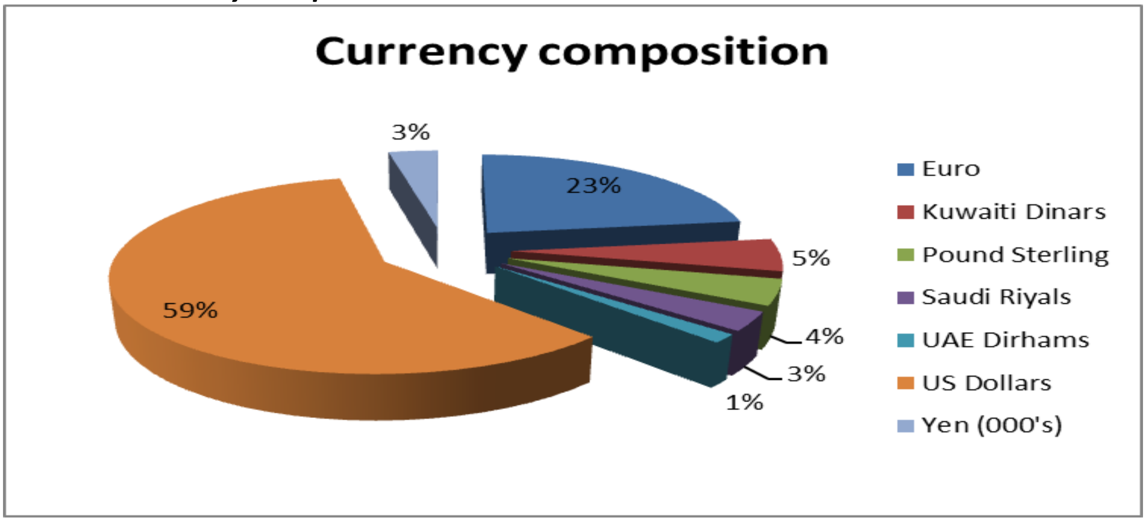
Source: MOFEA

5.1. Currency Composition of External Debt

The external debt portfolio has some debt denominated in Special Drawing Rights, Bank Unit of Account, and Islamic Dinar which are considered to be baskets of currencies. The baskets are decomposed in order to see the total effect of the individual currency exposures.

After decomposing the Special Drawing Rights, Bank Unit of Account and Islamic Dinar as at end 2013, the US dollar constitute 59 per cent of the external debt portfolio followed by the Euro with 23 per cent and Kuwaiti dinar with 5 per cent.

Chart 4 – Currency Composition

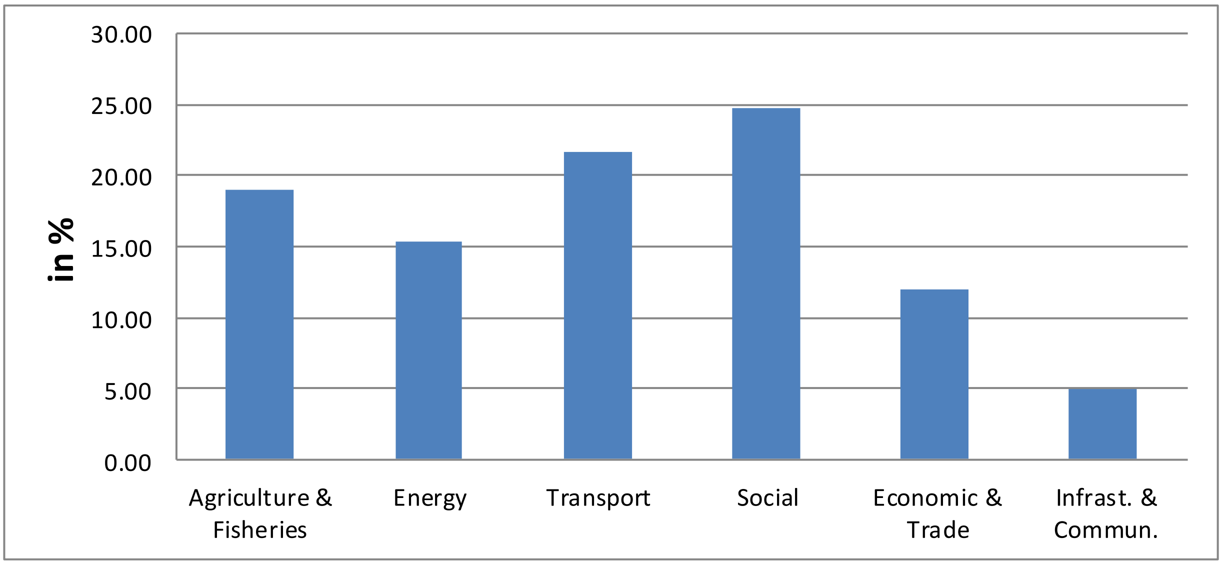


Source: MOFEA

5.2. External Debt by Economic Sector

External debt is mainly used to finance the Programme for Accelerated Growth and Employement (PAGE), while domestic debt is used mainly for recurrent expenditure.

Chart 5 – External Debt by Economic Sector



Source: MOFEA

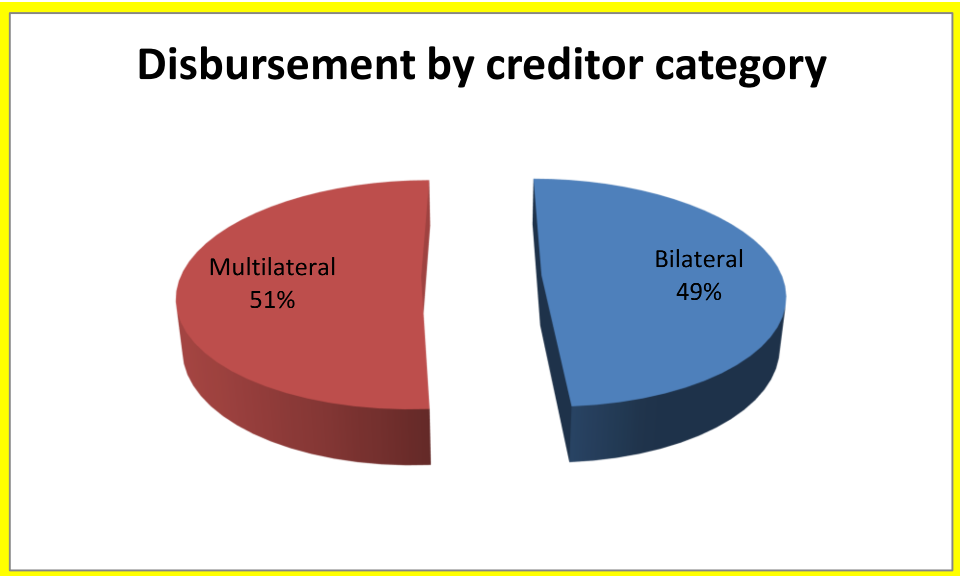
Given that Government policies and programmes are mainly geared towards improving the standard of living of Gambians through the implementation of the PAGE, it is no surprise that the social sector has the largest share of the external debt portfolio, followed by Transport, Agriculture & Fisheries and the energy sectors.

5.3. External Debt Flows

The Gambia continues to tap funding from both the multilateral donors and by extension bilateral creditors. Given the effect of the post crisis period marked with limited credit availability, the government implements strategies to widen the creditor base for the country especially sourcing funding from the BRICS community and the other non-traditional bilateral creditors.

5.3.1. Disbursements

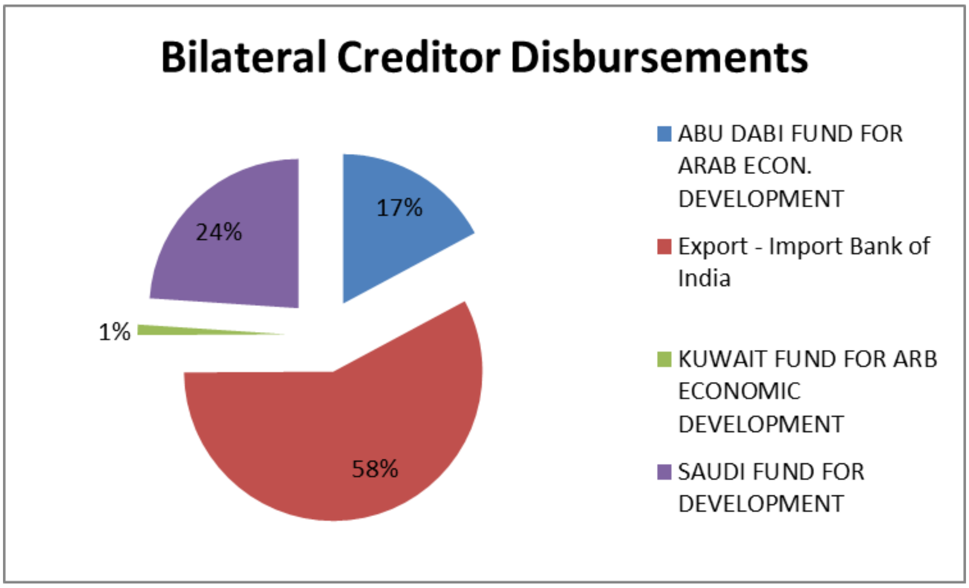
Chart 6 - Disbursement by Creditor Category



Source: MOFEA

As shown in the chart above, total external disbursement for 2013 stood at US$32.13 million with mutilateral disbursement constituting 51 per cent while bilateral disbursement constitutes 49 per cent.

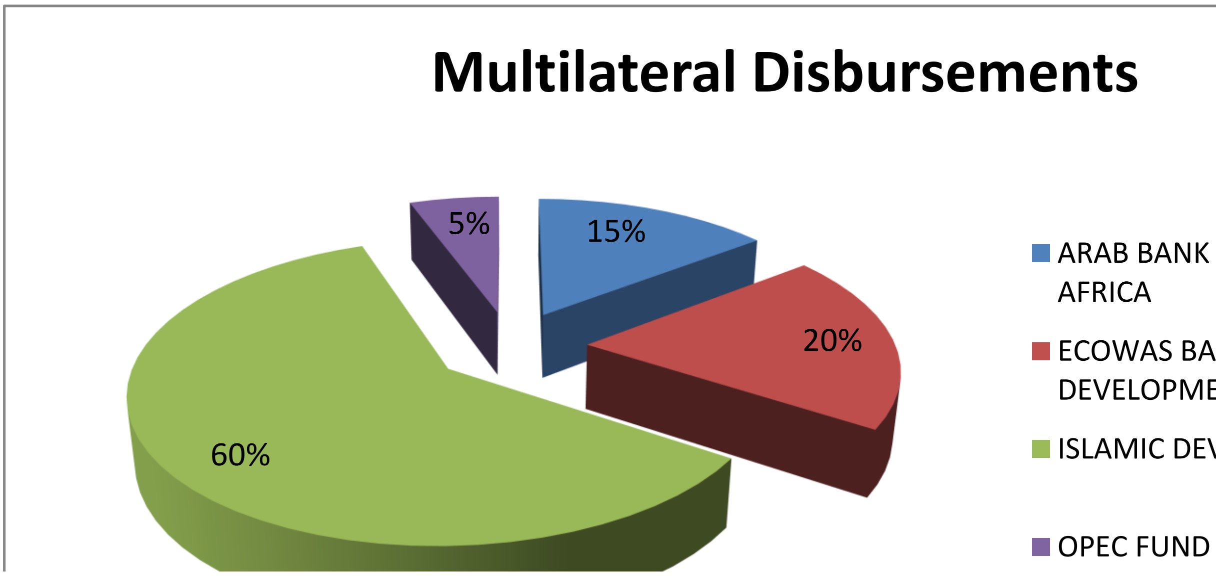
Chart 7- Bilateral Disbursments



Source: MOFEA

The bilateral creditors disbursement in 2013 as shown by the above chart, Export-Import Bank of India made the most disbursement, which constitutes 58 per cent of the entire bilateral disbursement followed by Saudi Fund and Abu Dabi Fund with 24 percent and 17 percent respectively.

Chart 8 - Multilateral Disbursments



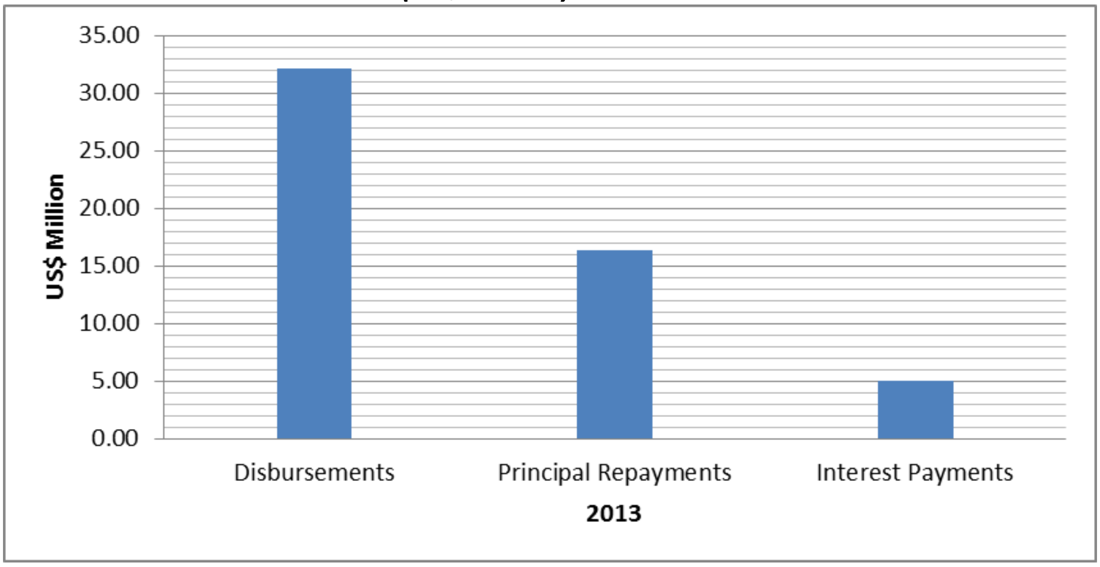
Source: MOFEA

As shown in the chart above, the Islamic Development Bank constitutes the largest disbursement with 60 per cent of the multilateral disbursement in 2013 followed by Ecowas Bank for Investment and Development and BADEA with 20 percent and 15 percent respectively.

5.3.2. Debt Service Payment

As much as disbursements are welcome to finance government projects and programmes, there is the need to continue maintaining creditors' confidence by fulfilling the debt service obligation in a timely and agreed manner.

Chart 9 – External Debt Flows (US$ million)



Source: MOFEA

Total debt service payment for the year 2013 stood at US$21.37 Million. The total principal repayment constitute US$16.39 Million whereas interest payment constitue US$4.98 Million.

5.4. Net Flows and Transfers

Table 4 - Net Flows and Transfers (US$ Million)

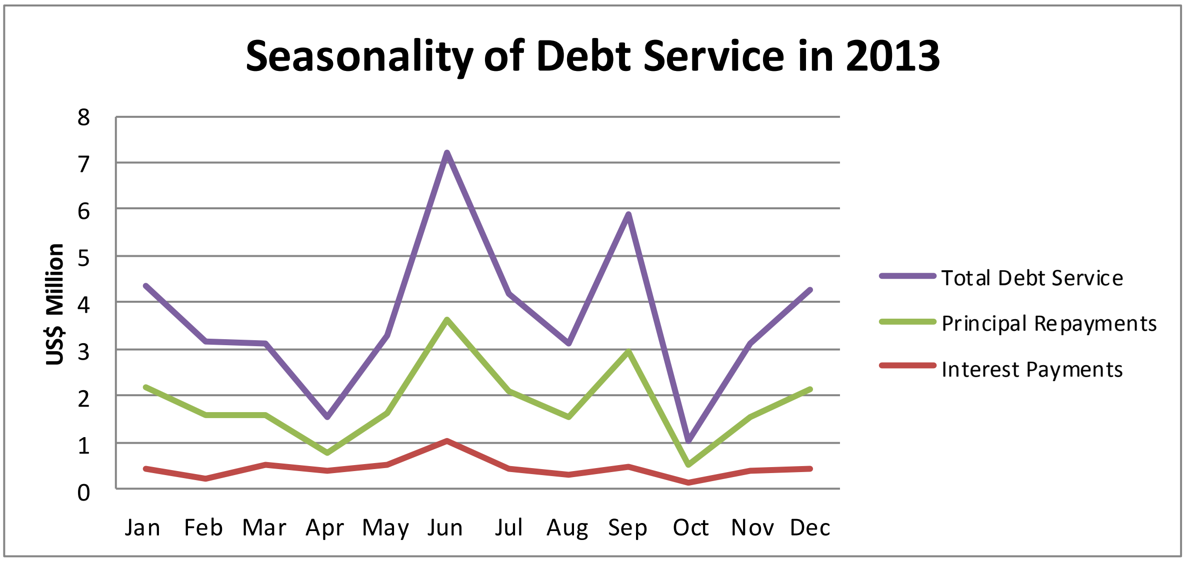
	2013
DOD + CUB	761.07
Disbursed Outstanding Debt	394.07
Commitments	64.49
Disbursements	32.13
Principal Repayments	16.39
Net Flows On Debt	15.75
Interest Payments	4.98
Net Transfers On Debt	10.76
Total Debt Service	21.37

Given that disbursements in 2013 exceeded enormously principal repayment, Net flows on debt was US$15.75 million for 2013. Net transfers on debt was also positive with US$10.76 million for 2013.

5.5. Seasonality of Debt Service Payment

The graph below shows monthly Debt service payments from January to December 2013.This is apportioned into Principal Repayments and Interest payments constituting the total debt service payment for the year.

Chart 10 –Seasonality of Debt Service payment



Source: MOFEA

6. Domestic Debt

6.1. Evolution of Public Domestic Debt

The total public domestic debt comprises of both marketable and non-marketable instruments. The total domestic debt as at end 2013 stood at D13.5 billion equivalent to US$342.9 million. The growth in the issuance of Treasury Bills was to refinance upcoming maturities as well as government fiscal deficit. In 2013, the Treasury bills stock rose to D11.1 billion equivalents to US$280.8 million marking an increase of 34.5 per cent from 2012.

6.2. Domestic Debt Stock

The outstanding domestic debt stock of D13.5 billion represents 40 per cent of GDP marking a proportionate increase from 2012 when it was 37 per cent.

The breakdown of the Domestic Debt Stock is as follows:

a) Treasury Bills constitutes 81.9 per cent of the total domestic debt stock.

b) Sukuk Al-Salaam (SAS) bills constitute 2.96 per cent of the total domestic debt stock and were first issued in November 2007.

c) Government perpetual bond held by CBG constitutes 1.85 per cent of the total domestic debt stock and was first issued in 1993.

d) 30-Year Government Bond constitutes 12.15 per cent of the total domestic debt stock and was issued in September 2010.

e) 10-year Government Bond constitutes 1.08 per cent of the total domestic debt stock and was issued in September 2010 as a bridge loan to Government but later converted to a 10-year bond in March 2011.

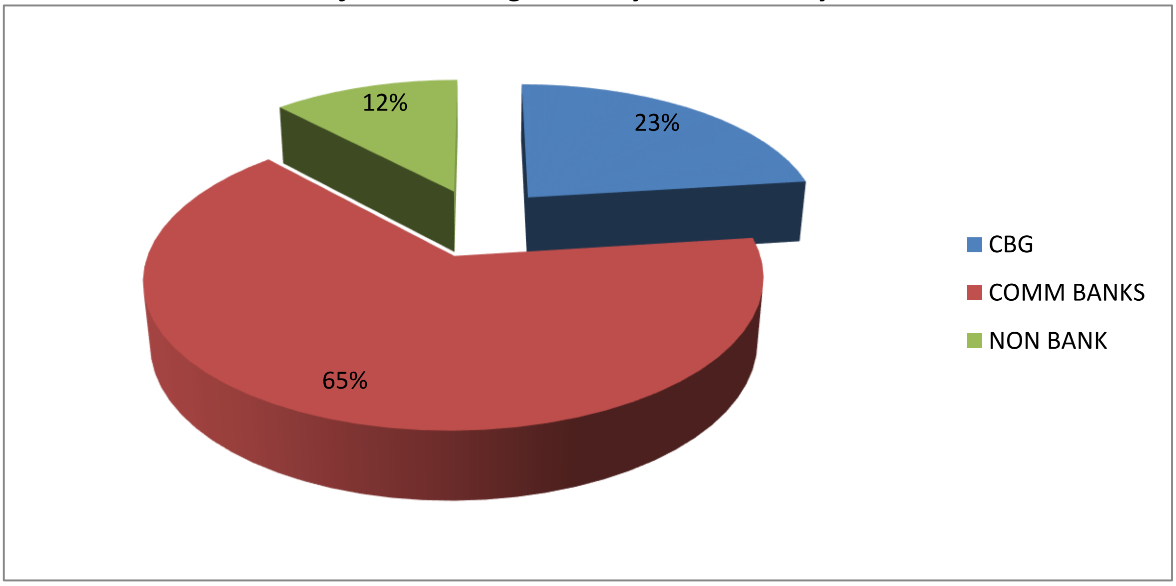
Table 5 - Outstanding Domestic Debt Stock (GMD Millions)

NO	SECURITY TYPE	AMOUNT (D)	PERCENTAGE (%)
1	Treasury Bills	11,080.68	81.90
2	Sukuk Al-Salaam	400.26	2.96
3	Government Bonds at 5 %	250	1.85
4	10 Year Gov't Bonds	156.34	1.08
5	30 Year Gov't Bond	1,642.48	12.15
	TOTAL	**13,529.76**	100

6.3 Domestic Debt by Holder

Government continues to implement strategies to develop the domestic debt market. As at end 2013, there has been evidence that there are few players in the domestic debt market depicting the sallow nature of the market.

Chart 11 - Distribution of Outstanding Treasury & SAS Bills by Sector



As at end 2013, the commercial banks held the bulk of Treasury and Sukuk Al-Salaam bills accounting for 64.81 per cent of total stock compared to 81.64 per cent a year ago. The Non-bank holdings accounted for 12.40 per cent compared to 14.03 per cent year-on-year. Central Bank holding accounted for 22.79 per cent compared to 4.33 per cent a year ago.

6.4 Domestic Debt Service

As at end 2013, the total domestic debt service payment stood at D1, 031.03 Million constituting of 22.67 per cent of total revenues.

6.5 Average Time to Maturity for Treasury and SAS Bills

The table below shows the maturity profile of short tenured securities in the domestic debt portfolio.

Table 6 – Maturity Profile of Treasury and SAS Bills (GMD Millions)

TENOR	DEC. 12	MAR. 13	JUN.13	SEP.13	DEC. 13
91 Day	1,644.09	1,759.98	1,227.84	1,955.13	2,119.35
182 - Day	2,101.65	2,506.33	2,792.55	2,677.79	3,428.69
364 - Day	4,846.18	4,909.09	5,265.93	5,736.74	6,382.91
Total	8,591.92	9,175.40	9,286.32	10,369.66	11,930.95
ATM (MTHS)	8.08	7.82	9.01	8.75	8.68

From table above, Average Time to Maturity (ATM) as at end 2013 is 8.68 months. This means that on average in about eight months' time from end 2013 most of the treasury and SAS bills issued will mature. However, the trend is decreasing from the past average of nine months.

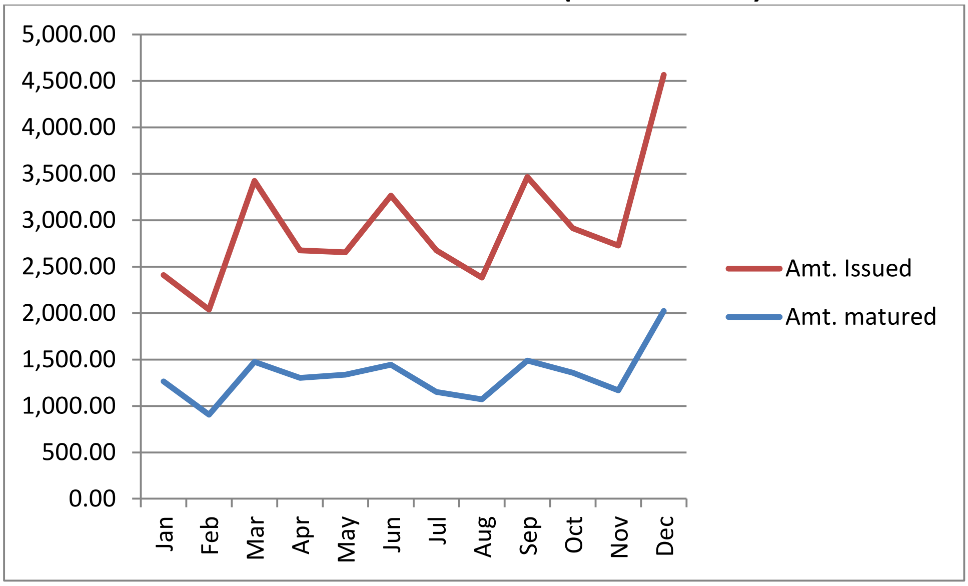
Table 7 – Net Issuance of Treasury and SAS Bills (GMD Millions)

Month	Amt. matured	Amt. Issued	NET ISSUANCE	SP. DEP. T/BILLS BAL	O/S T/BILLS DEBT (BV)
Jan-13	1,263.20	1,145.39	-117.81	6.51	7,467.63
Feb-13	905.15	1,130.87	225.73	53.57	7,677.50
Mar-13	1,473.99	1,949.37	475.38	167.19	8,101.82
Apr-13	1,301.85	1,374.51	72.66	87.10	8,069.62
May-13	1,336.73	1,317.40	-19.33	3.02	8,079.81
Jun-13	1,444.45	1,821.89	377.44	27.09	8,198.25
Jul-13	1,150.28	1,525.55	375.27	12.54	8,511.71
Aug-13	1,070.99	1,310.90	239.91	35.13	8,704.30
Sep-13	1,487.71	1,975.86	488.15	2.35	9,090.52

Oct-13	1,356.93	1,556.33	199.40	3.62	9,249.29
Nov-13	1,167.36	1,557.91	390.55	31.50	9,557.82
Dec-13	2,021.98	2,542.32	520.35	47.48	9,984.80
TOTAL	**15,980.58**	**19,208.28**	**3,227.70**		

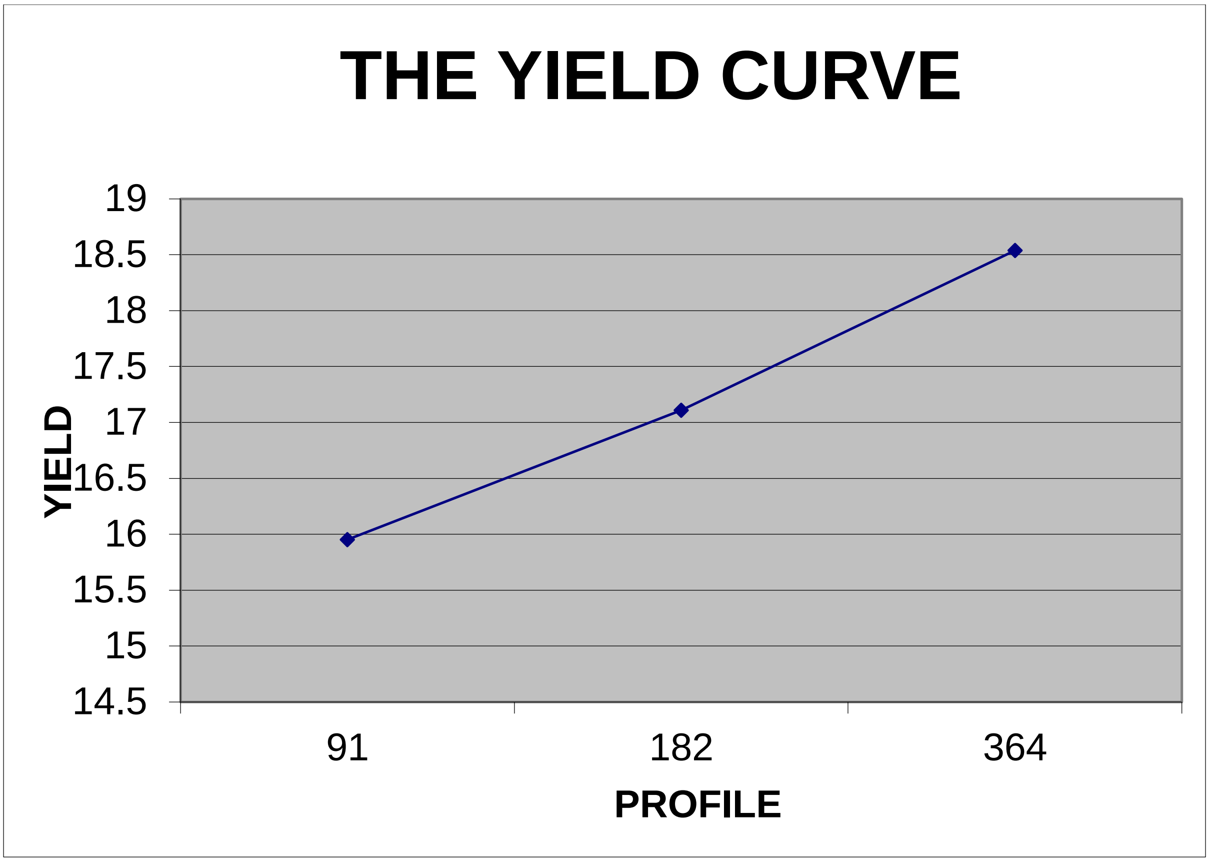
There has been a positive net issuance of Treasury Bills and SAS Bills for the period January to December 2013 of D3, 227.70 million, showing that the treasury and SAS bills' debt stock has increased by D3, 227.70 million or by 20.20 per cent compared to only 12.40 per cent increased as at end 2012.

Chart 12 – Maturities and Issues in 2013 (GMD Millions)



6.6 The Yield Curve for Treasury Bills

Chart 13 – Domestic Marketable Debt Yield Curve

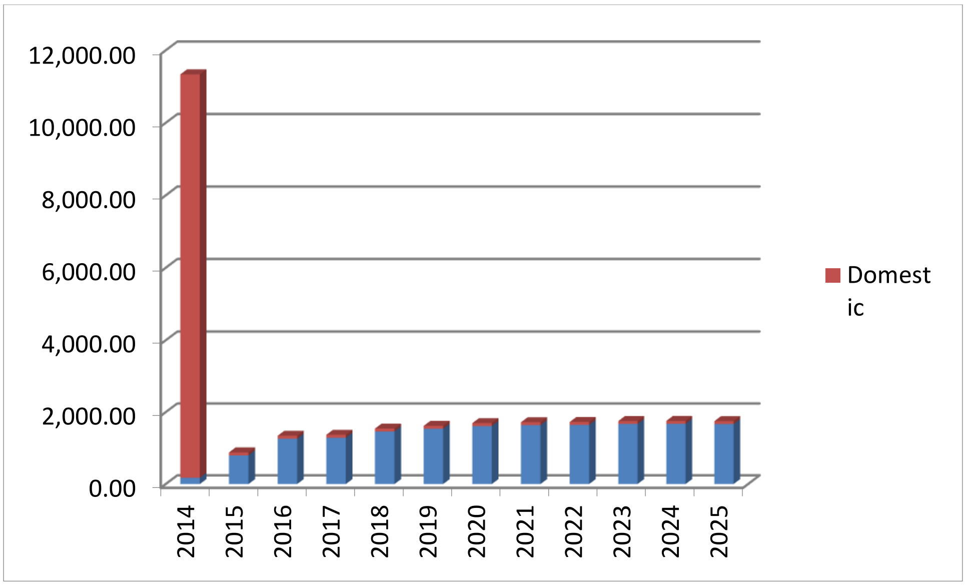


Source: CBG

The yield curve of the domestic marketable debt as at end 2013 is upward sloping consistent with the expectation hypothesis that interest rates correlate positively with time. This is a prerequisit in pricing longer term instruments beyound the yield curve.
The Government should introduce longer term instruments as it is required to resolidify the confidence of the investor base and the general public.

7. Debt Portfolio Redemption Profile

Chart 14 – Redemption Profile (GMD Million)



Source: MOFEA

According to the chart above about 40 per cent of the total amotization would be due for rollover within one year showing a very high refinancing risk. In 2015 alone there is an insignificant amount of amotization payment forecasted but thereafter there is uniformity in the annual debt service payment forecasted for the remaining period.

8. MTDS Implementation Review (2011-2014)

The Government of the Gambia through the support of the World Bank and West Africa Institute for Financial and Economic Management (WAIFEM) developed and started implementing a medium term debt strategy in 2011. This provides a guide to the borrowing policy of government and informs other debt management reforms to reduce (re)financing cost within an acceptable level. The strategy seeks concessional financing and to restructure domestic debt in order to mitigate interest rate and rollover risk.

The Macroeconomic Framework in the strategy aims at reducing Net Domestic Borrowing (NDB) to Negative 0.9 per cent of GDP over the four year (2011-2014) period. It is characterised by a domestic debt to GDP trajectory, which falls from 21 per cent in 2011 to 10 per cent by 2014. The strategy also introduced three-year bond and inflation-linked domestic bond.

The table below shows the key characteristics of the MTDS Strategy targets (2011-2014) and outturns by end 2014.

Table 8 – MTDS Targets compared to outturns

	NDB	Gross Domestic versus external financing	Net Domestic versus external financing	Domestic mix	External mix
2014 Targets	**-0.9%**	**72% vs 28%**	**-60% vs 160%**	**T-bill 80% T-bond 15% Inflation indexed bond 5%**	**Multi-concessional 63%, Semi-concession 37%**
2013 Outturns	**7%**	**53% VS 47%**	**65.2% vs 34.8**	**T-bill 85% T-bond 15% Inflation indexed bond 0%**	68% to 32%

The Net Domestic Borrowing (NDB) as at end 2013 stood at 7 per cent of GDP, far above its target of Negative 0.9 per cent reflecting setbacks in implementing the debt strategy. The composition of gross domestic and external debt of the total debt portfolio stood at 47 per cent and 53 per cent respectively, missing its target of 28 per cent to 72 per cent domestic to external respectively.

From the domestic front, T-bills constitute the highest as envisaged in the strategy with 85 per cent of the total domestic portfolio. Bonds constitute 15 per cent while inflation-index bond is yet to be issued. From the external side, The Gambia continues to borrow on concessional terms with 68 and 32 per cent concessional and semi-concessional borrowing respectively.

The strategy sought a reduction of domestic debt by substituting it with external debt; however, this has been a challenge.

9. Recommendation

1) Given that the medium term debt strategy will be reviewed shortly and stock has been taken during its implementation, useful lessons are documented for tackling similar challenges in the future especially during strategy implementation.

2) The need for a tripartite working group to develop and implement strategies leading to the development of the domestic debt market.

3) Co-ordination between the Directorate of Budget, Macroeconomic Policy Analysis and DLDM to establish government's overall arrears and contingent liabilities.

10. Conclusion

In recognition of the enormous challenges in strategy implementation, the government is continuously committed to addressing the aforementioned challenges in an effort to attain overall debt management objectives set-out within the medium to long term.

Given that the external debt portfolio is being confronted with significant depreciation of the dalasi translating into more dalasi value of the external debt, the monetary authorities in consultation with their fiscal counterparts are implementing strategies to reduce the effect of depreciation on the national currency.

However, the domestic debt portfolio is confronted with high interest cost, very high refinancing risk and crowding-out effect of the private sector, the macroeconomic and debt management authorities are also implementing strategies not only to reduce the net domestic borrowing but also to restructure the entire domestic debt portfolio by introducing longer tenured domestic debt instruments.

The debt management directorate will continue to be fully committed to its agenda by implementing robust and proactive strategies and policies in order to continue meeting government borrowing requirement and at the same time taking into account its set targets for cost and risk trade-off within the debt portfolio.