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# 2017 DEBT BULLETIN

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THE GAMBIA



MARCH 30, 2018

MINISTRY OF FINANCE AND ECONOMIC AFFAIRS  
DIRECTORATE OF LOANS AND DEBT MANAGEMENT

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## ACCRONYMS AND ABBREVIATIONS

### **LIST OF CREDITORS**

AfDB	African Development Bank
BADEA	Arab Bank For Economic Development in Africa
EBID	ECOWAS Bank for International Development
EXIM BANK	Export Import Bank of India
IDA	International Development Association
IDB	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 Dalasis
JPY	Japanese Yen
KWD	Kuwait Dinar
SAR	Saudi Arabia 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. FORWARD

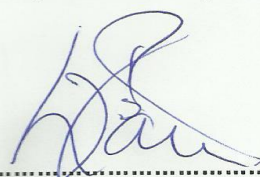
The Ministry of Finance and Economic Affairs (MoFEA) is mandated in section 51 of the Public Finance Act, 2014 to prepare and publish statistical bulletins of state debt and finance arrangements. Public Debt Statistical Bulletin is prepared by the Directorate of Loans and Debt Management (DLDM) at MoFEA 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 Governments debt management operations in 2017.

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

The public debt level in the Gambia as at end 2017 is GMD 58.8 Billion (USD 1,238.27 Million) of which external debt comprises of 52 per cent and the remaining 48 per cent is domestic debt. The nominal debt as percentage of GDP increased from 117 per cent as at end 2016 to 124 per cent at end period 2017. Present value (PV) of debt to GDP also increased from 103 per cent in 2016 to 106 per cent in 2017. The increment in debt stock over the year is as a result of high disbursement and also Government taken over the 7-Year NAWEC Bond with Commercial Banks.

However, despite the increasing debt stock over the year, the weighted average interest rate over the period has drastically fallen down to 4.0% in 2017 from 6.3% in 2016. The reduction in the overall weighted average interest rate is attributed to the current fiscal consolidation measures undertaken by the Government. This is because since a significant size of the domestic debt is issued in short dated instruments, with maturities of less than a year, reduction in primary deficit led to reduction in issuance of Treasury bills (T-bills), which is resulted in lower cost of debt.

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.



**Ebrima L.S Darboe**  
**Director of Loans and Debt Management**  
**Ministry of Finance and Economic Affairs**

## 2. INTRODUCTION

The publication of 2017 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 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.

This public debt bulletin presents the major public debt management activities that took place in 2017. 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, transportation, tourism, infrastructure, and energy, as well as inflation and international reserves.

### 3.1. GDP Growth

The Gambia has been able to achieve an average GDP growth rate of about 3.6 per cent over the past decade (2007-2016), fluctuating from a high growth rate of 6.5 per cent in 2010 to negative growth of - 4.3 per cent in 2011. Following a series of exogenous shocks and political transition, GDP growth rate fell from 4.3 per cent in 2015 to 2.2 per cent in 2016.

The economy has begun to recover following the sharp growth slowdown in 2016, and the political situation has stabilized. For 2017, economic growth is estimated at 3.5 percent with a better agricultural season and a strong rebound of tourism and trade. While the agricultural season may turn out not as good as initially hoped for, tourism bookings for the ongoing high season are strong. Port congestion as well as other anecdotal evidence indicate a strong rebound in trade supported by much improved foreign exchange supply and relations with Senegal, and there is keen interest from foreign direct investors in energy, tourism, agriculture and transportation.

### 3.2. Inflation and International Reserve

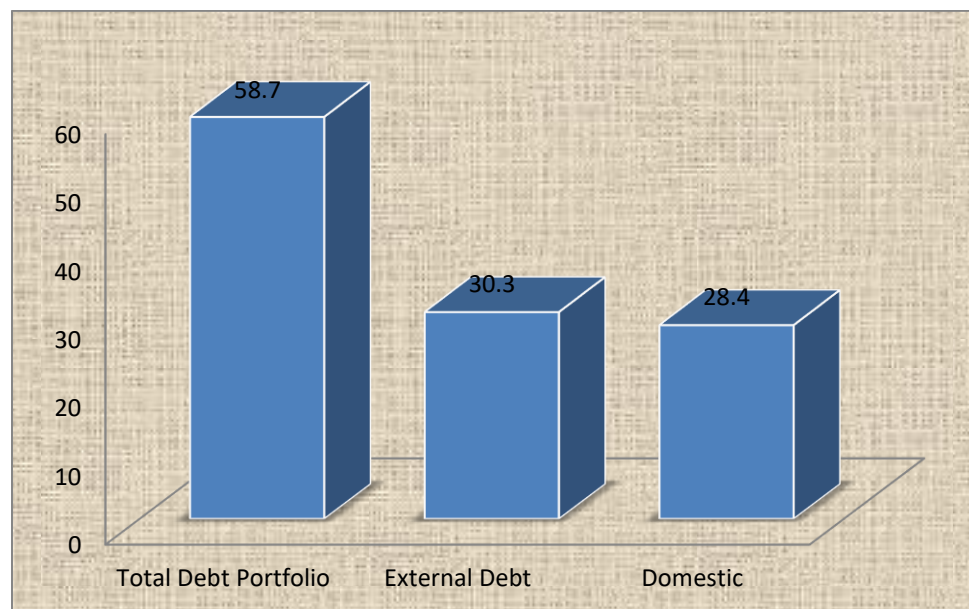
Headline inflation has declined from 8.8 per cent in January 2017 to 6.9 per cent in December 2017. With much-improved fiscal discipline and external financial support, the Dalasi has remained stable since April and gross international reserves increased from 1.6 months of import cover at end-2016 to 2.9 months at end-2017.

## 4. TOTAL DEBT PORTFOLIO ANALYSIS

### 4.1. Total Public Debt

The total public debt stock as at end 2017 stood at GMD 58.7 Billion equivalent to USD 1.235 Billion. <sup>1</sup>External debt stock comprises of 52 per cent of the total portfolio and the remaining 48 per cent is Domestic debt. On a year-to-year basis, the total public debt stock increased from USD 1.134 Billion (117.5 per cent of GDP) as at end 2016 to USD 1.235<sup>2</sup> in 2017 representing 124 per cent of GDP.

Figure 1: Total Public Debt Stock



### 4.2. Total Debt Service

The total debt service payment for 2017 amounted to GMD 4.3 Billion, of which GMD 3.14 Billion is on Domestic Debt Service Payment and the remaining GMD 1.2 Billion on External Debt Service Payment.

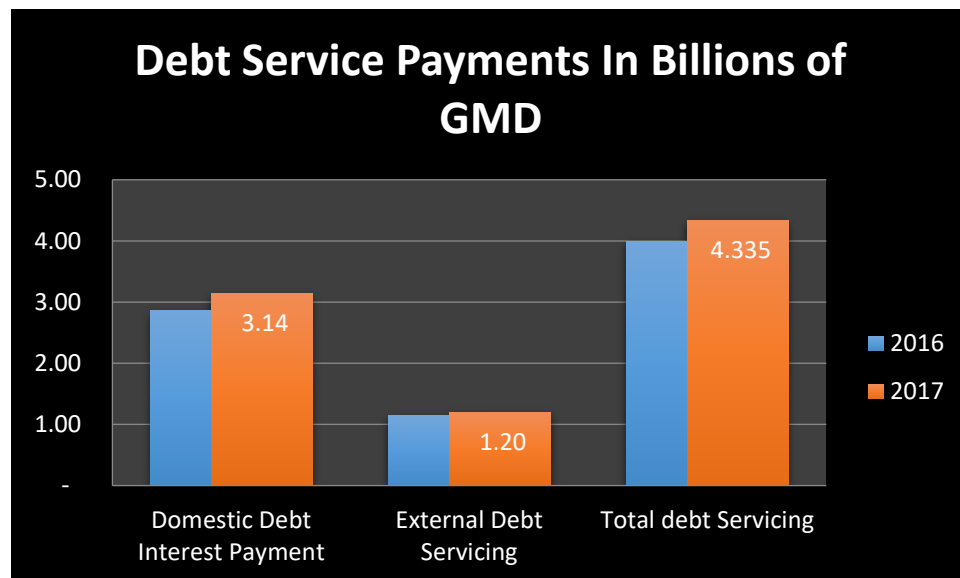
Figure 2: Total Debt Servicing

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<sup>1</sup> External Debt Stock also includes IMF Rapid Credit Facility of USD 51.1 Million.

<sup>2</sup> The debt data quoted for 2016 are from the 2017-2020 MTDS covering 2016 as the existing debt. The figures quoted for 2016 are slightly different from what is reported on the 2016 Bulletin because at the time of preparing the bulletin, the IMF RCF were not captured.

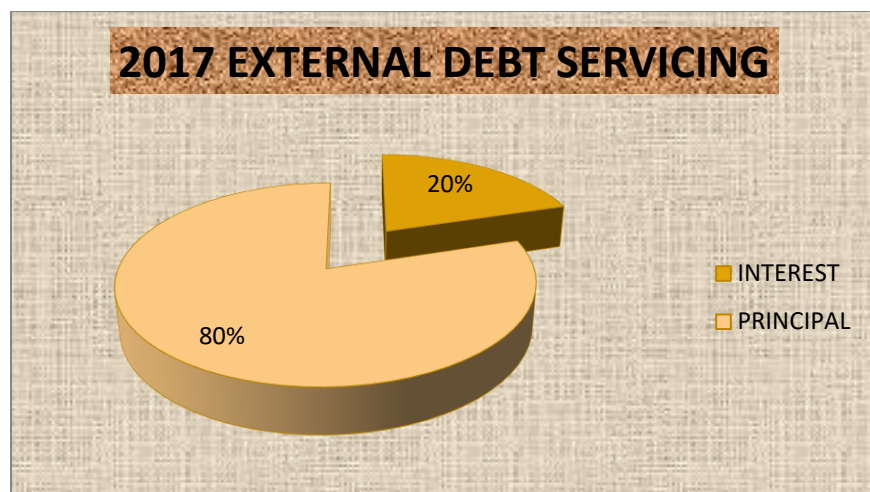




#### 4.2.1. External Debt Service Payment

Actual External debt service payment for the 2017 fiscal year amounted to GMD 1.196 Billion (USD 25.2 million). Principal payment of GMD 953 Million (USD 20 million) representing 80% of the total external debt service payment and the remaining GMD 241 Million (USD 5.2 million) on interest payments which represent 20% respectively.

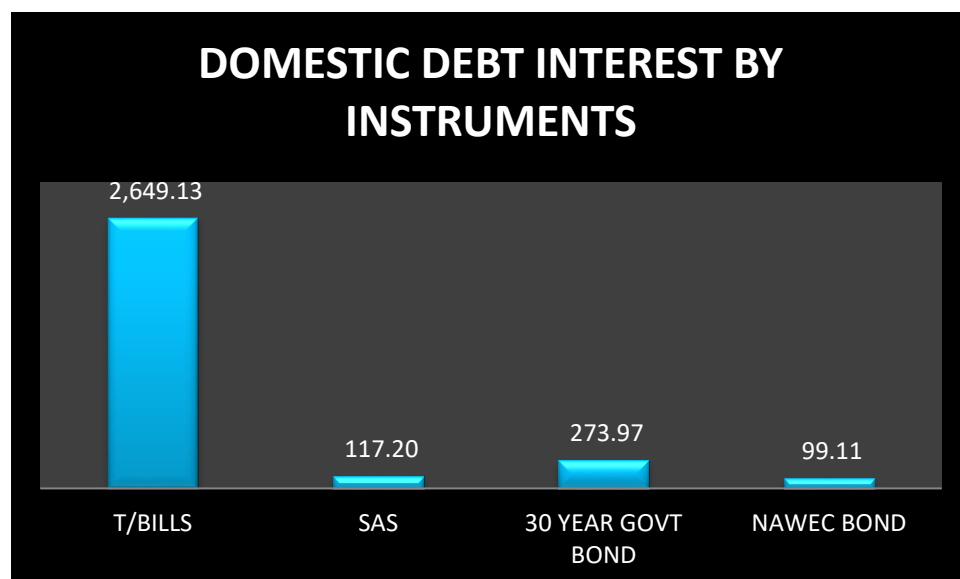
Figure 3: External Debt Servicing



#### 4.2.2. Domestic Debt Service Payment

Total domestic debt service payment for the fiscal year 2017 amounted to GMD 3.1 Billion. Marketable instruments (T/Bills & Sukuk) constituted GMD 2.7 Billion, which represent 87 per cent of the total domestic interest payment, and the remaining 13 per cent on Government bonds.

Figure 4: Domestic Debt Servicing



Total Debt Service increased by 8 per cent from GMD 3.99 billion in 2016 to 4.33 billion in 2017. Debt service on both external and domestic debt increased over the period by 5 and 8 per cent respectively.

Table 1

	2016(Millions)	2017(Millions)	Variance
External Principal Payments	GMD 956.98	953.89	GMD (3.9)
External Interest Payments	GMD 367.08	GMD 241.8	GMD (125.28)
Total External Debt Service % of Total Debt Service	29%	28%	-1%
Domestic Interest Payments % of Total Debt Service	71%	72%	-1%
Total Debt Service +/-	GMD 3, 996	GMD 4, 335	GMD 338 / 8%
Revenue (excluding grants)	GMD 7,646.68	GMD 7,886.46	GMD 239.7
Total Debt Service as a % of Domestic Revenue	52.27%	54.97%	2.7%

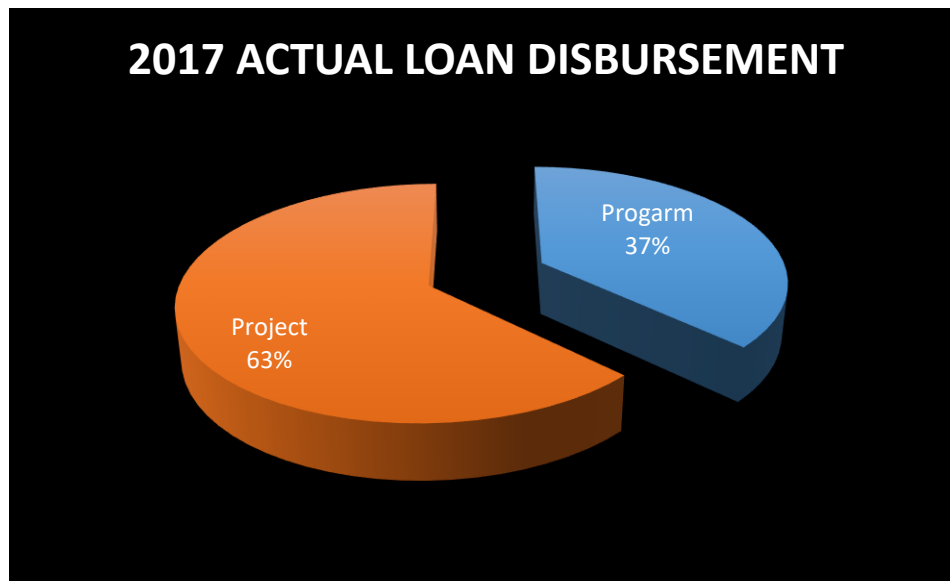
#### 4.2.3. Debt Service Payment as a Percentage of total domestic revenue

Total debt service as a percentage of total domestic revenue increase from 52.27% in 2016 to 54.97% in 2017 representing 2.7 per cent increment. The percentage change in the proportion of debt service to revenue was as a result of an increase in debt service payment by GMD 338 million over the year, which was greater than the increase in domestic revenue of 239.7 million.

#### 4.3. Total Loan Disbursement

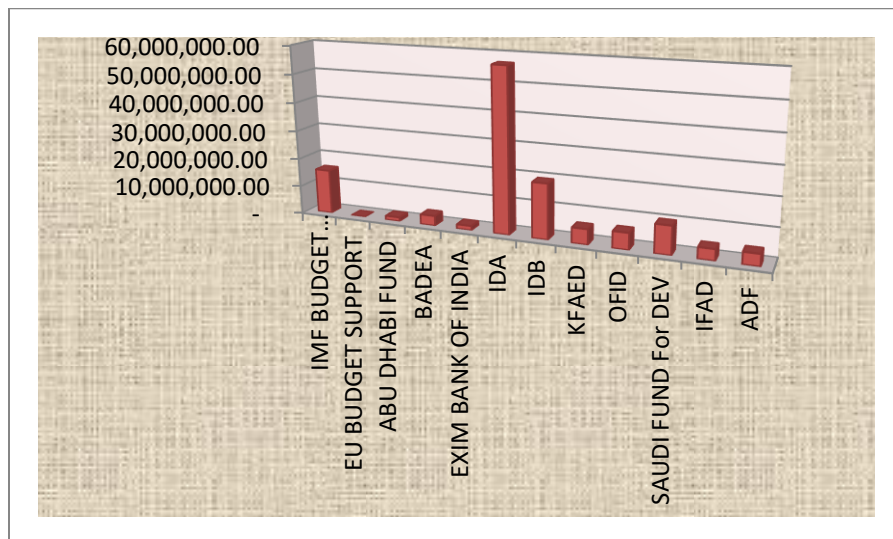
The total loan Disbursement for the fiscal year 2017 amounted to GMD 6 Billion equivalent to USD 127 Million. Out of the total disbursement for the year, 63 per cent came from project disbursement and the remaining 37 per cent from program disbursement in the form of budget support. Over the year, the total loan disbursement has increased significantly from GMD 2.5 Billion to GMD 6 Billion, which was mainly attributed to the huge inflow of budget support in the form of a loan in 2017.

Figure 5: Total Loan Disbursement



#### 4.3.1 Disbursement by creditor and creditor category

IDA provided the highest loan disbursement in 2017, followed by the IDB. The rest of the loan disbursements came from IMF, Saudi Fund, Kuwaiti Fund, OFID, BADEA, IFAD, Abu Dhabi fund and EXIM Bank of India.



## 5. DOMESTIC DEBT ANALYSIS

### 5.1. Domestic Debt Stock

The total domestic debt stock as at end 2017 stood at GMD 28.4 Billion compared to a corresponding amount of GMD 26.16 Billion as at end 2016. On a year-to-year basis, the total domestic debt increased by 9 per cent from 2016 to 2017. The increment in domestic debt stock over the year is attributed to the introduction of the new 3-year and 5-year Government bond issued in 2017 and government taking over NAWEC 7-Year Bond in the tune of 1.6 Billion. 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.

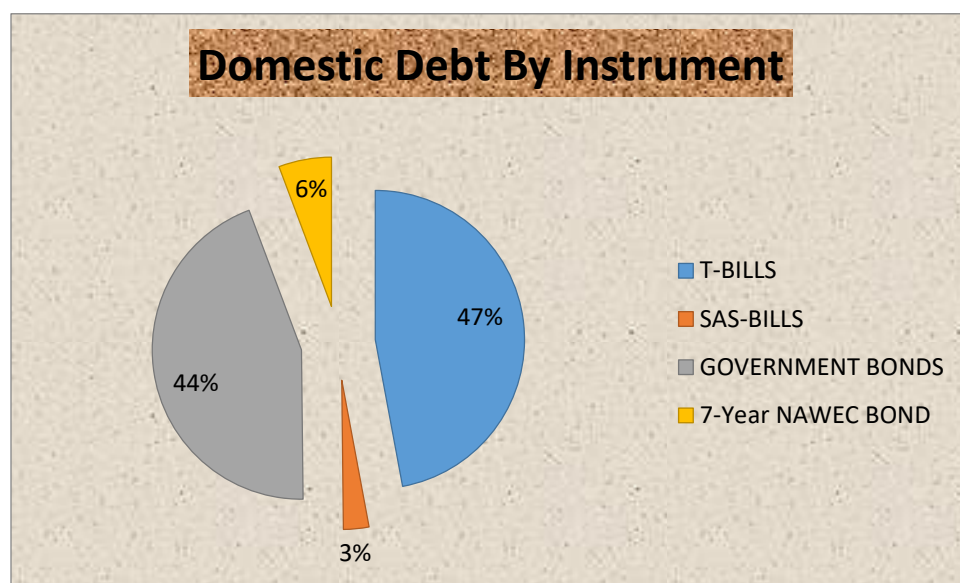
Table 2: Summary of outstanding Domestic Debt

<b>TABLE II - DETAILS OF OUTSTANDING SECURITIES - 31 December 2017</b>			
	<b>Mode of</b>	<b>Outstanding</b>	
Security Type	<b>Issue</b>	<b>Face Value</b>	<b>Book Value</b>
Interest Bearing Debt			
<b>Marketable:</b>			
<b>Treasury Bills</b>		14,604,920,000.00	13,389,795,741.00
<b>Sukuk Al Salaam</b>		852,040,000.00	784,868,061.00
		<b>15,456,960,000.00</b>	<b>14,174,663,802.00</b>
<b>BOND</b>			
<b>12% 3-Year Gov't Bond</b>	<b>at par</b>	614,700,000.00	614,700,000.00
<b>12% 3-Year Gov't Bond</b>	<b>at par</b>	129,000,000.00	129,000,000.00
<b>8% 3-Year Gov't Bond</b>	<b>at par</b>	660,000,000.00	660,000,000.00
<b>8% 3-Year Gov't Bond</b>	<b>at par</b>	283,000,000.00	283,000,000.00
<b>10% 5-Year Gov't. Bond</b>	<b>at par</b>	120,000,000.00	120,000,000.00
<b>8% 3-Year Gov't Bond</b>	<b>at discount</b>	120,000,000.00	113,904,000.00
<b>8% 3-Year Gov't Bond</b>	<b>at discount</b>	300,000,000.00	284,760,000.00
		<b>2,226,700,000.00</b>	<b>2,205,364,000.00</b>
Total Marketable		<b>17,683,660,000.00</b>	<b>16,380,027,802.00</b>
<b>Non-Marketable:</b>			
<b>30 Year Gov't. Bond</b>		10,419,860,648.84	10,419,860,648.84
Total Non-Marketable		<b>10,419,860,648.84</b>	<b>10,419,860,648.84</b>
Total Interest Bearing Notes		<b>28,103,520,648.84</b>	<b>26,799,888,450.84</b>
<b>12% 7-Year NAWEC Bond</b>		1,565,984,410.00	1,565,984,410.00
<b>TOTAL DOMESTIC DEBT OUTSTANDING</b>		<b>29,669,505,058.84</b>	<b>28,365,872,860.84</b>

## 5.2. Domestic Debt by Instrument

Majority of the domestic debt comes from T-Bills with 47 per cent share of the total domestic debt stock, followed by Government bond with 44 per cent, 6 per cent on 7-Year NAWEC Bond then the remaining 3 per cent on SAS-Bills.

Figure 6: Domestic Debt by Instrument



## 5.3. Domestic Debt by Holder

Central Bank holds majority of the domestic debt with 45 per cent share of the total domestic debt followed by Commercial Banks with 42 per cent share then 12 per cent by the Non-Bank. Central Bank holdings of Domestic debt remained high over the year as a result of Central bank financing of governments deficit.

Table 3: Domestic Debt Distribution by Holder

Holder	TREASURY BILLS	SAS BILLS	DOMESTIC DEBT
Central Bank	0.00%	0.12%	45.00%
Comm Banks	76.86%	69.51%	42.05%
Parastatals	1.29%	0.00%	0.67%
Non-Banks	21.85%	30.37%	12.28%

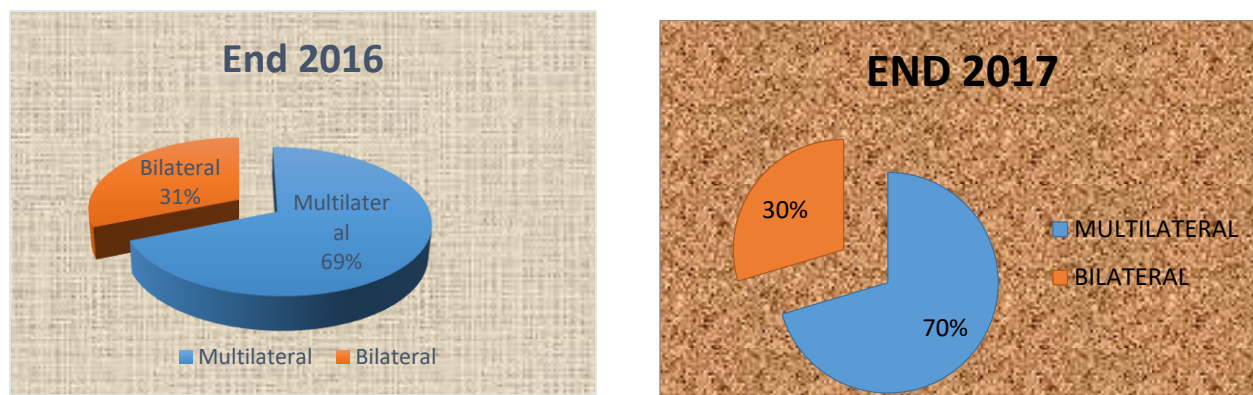
## 6. EXTERNAL DEBT ANALYSIS

The total external debt stock as at end 2017 stood at USD 638.56 Million equivalent to GMD 30.3 Billion representing 52 per cent of the total debt portfolio. On a year-to-year basis, the total external debt stock increased from USD 536.5 million in 2016 to USD 638.56 Million representing 19 per cent increment in external debt stock. The huge increment of external debt stock over the period was as a result of the massive loan disbursement from IDA in the form of budget support.

### 6.1. External Debt Stock by Creditor and Creditor Category

External debt stock mainly comprises concessional loans from multilateral creditors, which accounted for 70 per cent of the total external debt portfolio, and bilateral creditors, which accounted for the remaining 30 percent of the portfolio.

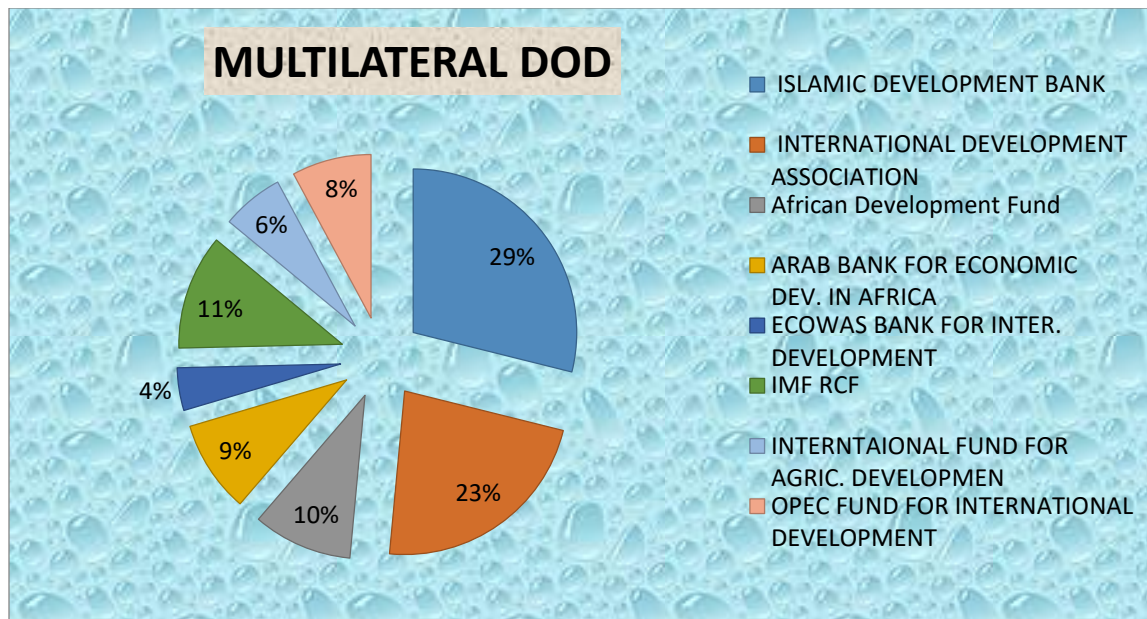
Figure 7: External Debt by Creditor Category



#### 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 29 per cent of total share of multilateral debt, followed by the International Development Association (IDA) with 23 per cent then by IMF RCF with 11 per cent, Africa Development Fund (ADF) with 10 per cent, Arab Bank for Economic Development in Africa (BADEA) with 9 per cent. The remaining 18 per cent of the total multilateral debt stock came from Opec Fund for International Development (OFID) with 8 per cent, International Fund for Agricultural Development (IFAD) with 6 per cent, ECOWAS Bank for international Development (EBID) with 4 per cent. Over the past years IDB and IDA remain the major multilateral creditors to the Gambia.

Figure 8: Multilateral Debt by Creditors

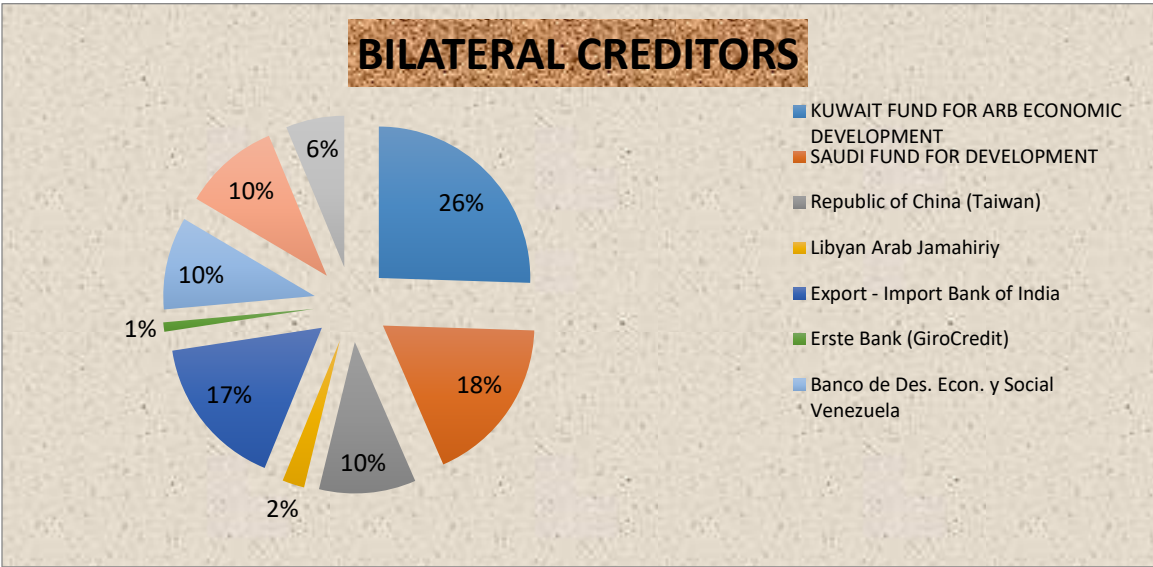


### 6.1.3 Proportion of Bilateral creditors' share of the total External Debt stock.

Bilateral creditors provided 30 per cent of the total external debt stock; of which a good amount came from Kuwait Fund for Arab Economic development and Saudi Fund for Development both with 26 and 18 per cent share of the total bilateral DOD respectively. The rest of the bilateral loans came from Export Import Bank of India with 17 per cent, Republic of China (Taiwan) and Banco de Des. Econ. y Social Venezuela and Abu Dhabi fund for Arab Economic Development both with 10 per cent, then by ADB/Nigeria Trust fund with 6 per cent, Libyan Arab Jamahiriya and Erste Bank with 2 and 1 per cent respectively.



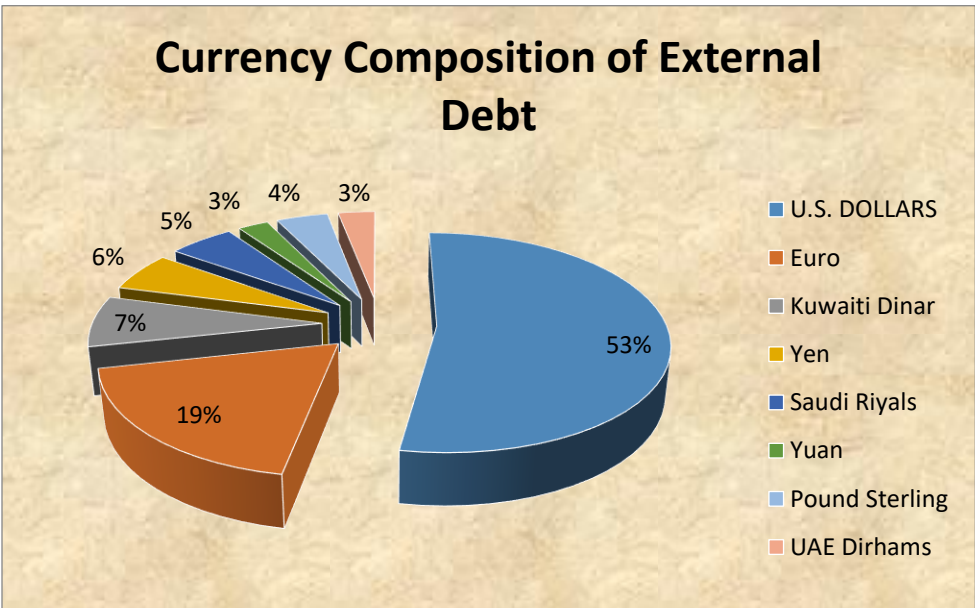
Figure 9: Bilateral Debt by Creditors



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 10: Currency composition of external debt



### 6.3. External Net Flows and Transfers

Total disbursement over the year has increased significantly from USD 57.75 Million in 2016 to USD 127 Million in 2017. 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 also increased by 242 per cent from USD 29.85 Million in 2016 to USD 102 Million in 2017. The significant increment in net transfer on debt is as a result of the massive disbursement over the period.

Table 4: External Net Flows and Transfers In USD

Flows	2016	2017
Disbursement (A)	57.75	127
Principal Repayment (B)	21.8	20
Net Flows on Debt (C) = (A-B)	35.95	107
Interest Payments (D)	6.1	5
Net Transfers on Debt E = (C-D)	29.85	102

## 7. COSTS AND RISK OF EXISTING DEBT PORTFOLIO

The total debt stock as at end 2017 stood at GMD 58.7 Billion (USD 1,235.73 Million) of which external debt comprises of 52 per cent and the remaining 48 per cent is domestic debt. The nominal debt as percentage of GDP increased from 117<sup>3</sup> per cent as at end 2016 to 124 per cent at end period 2017. Present value (PV) of debt to GDP also increased from 103 per cent in 2016 to 106 per cent in 2017.

Despite the increasing debt stock, the weighted average interest rate over the period has drastically fallen down to 4.0% in 2017 from 6.3% in 2016. The reduction in the overall weighted average interest rate is attributed to the current fiscal consolidation measures undertaken by the Government leading to a drastic reduction of domestic debt weighted average interest rate from 10.7 per cent in 2016 to 6.8 per cent in 2017.<sup>4</sup>

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<sup>3</sup> The figures quoted for 2016 are from the 2017-2020 MTDS Document available at MoFEA Website on [www.mofea.gov.gm](http://www.mofea.gov.gm).

<sup>44</sup> Since a significant size of the domestic debt is short dates with maturities of less than a year, reduction in primary deficit led to reduction in issuance of Treasury bills (T-bills), which is resulted in lower cost of debt.

Table 5: Cost and Risk Indicators of Existing debt

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of GMD)		30,331.40	28,365.87	58,697.28
Amount (in millions of USD)		638.56	597.18	1,235.73
Nominal debt as % GDP		64.14	59.98	124.12
PV as % of GDP		46.29	59.98	106.27
Cost of debt	Interest payment as % GDP	0.86	4.14	5.00
	Weighted Av. IR (%)	1.32	6.91	4.02
Refinancing risk	ATM (years)	10.37	5.96	8.24
	Debt maturing in 1yr (% of total)	6.02	52.09	28.28
	Debt maturing in 1yr (% of GDP)	3.86	31.24	35.11
Interest rate risk	ATR (years)	10.03	5.96	8.06
	Debt refixing in 1yr (% of total)	10.89	52.09	30.80
	Fixed rate debt (% of total)	94.92	100.00	97.38
FX risk	FX debt (% of total debt)			51.67
	ST FX debt (% of reserves)			25.41

The average time to maturity has also increased over the year from 7.8- years in 2016 to 8.24-years as a result of the successful introduction of long-dated Domestic debt instruments i.e. 3&5-year government bond. Equally both the share of debt maturing and re-fixing in one year improved from 34.5 & 36.5 to 28.28 and 30.80 per cent respectively in 2017.