



2020 PUBLIC DEBT BULLETIN

FOR THE

REPUBLIC OF THE GAMBIA

MARCH, 2021

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ACRONYMS AND ABBREVIATIONS

LIST OF CREDITORS

ADFD	Abu Dhabi Fund for Development
AfDB	African Development Bank
BADEA	Arab Bank for Economic Development in Africa
EBID	ECOWAS Bank for International Development
EIBI	Export Import Bank of India
EIBC	Export Import Bank of China
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
CNY	Chinese Yuan
EUR	Euro
GBP	Great Britain Pound
GMD	Gambian Dalasi
JPY	Japanese Yen
KWD	Kuwait Dinar
SAR	Saudi Arabia Riyal
SDR	Special Drawing Right
USD	United States Dollar

OTHERS

BOP	Balance of Payment
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-Salaam
SOE	State Owned Enterprise

1. FOREWARD

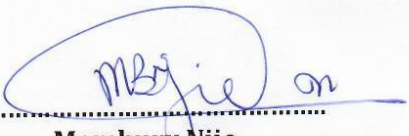
The Ministry of Finance and Economic Affairs (MoFEA), through the Directorate of Loans and Debt Management (DLDM), is required by section 51 of the Public Finance Act, 2014 to prepare and publish an annual debt bulletin. This bulletin provides detailed information about the public debt position and debt management operations and strategies during the year under review.

Public debt management is necessary to achieve macroeconomic growth and stability that would promote the Government's accountability and transparency. In line with Government's priorities, the objective of public debt management is to ensure that Government's financing requirements are met at the lowest possible cost consistent with a prudent degree of risk together with the development of the domestic debt market.

The total public and publicly guaranteed (PPG) debt stock as of the end of 2020 stood at USD 1.5 billion, equivalent to GMD 77.3 billion, of which external debt constitutes USD 858 million (57%), and USD 640 million (43%) is domestic debt. The nominal debt as a percentage of GDP increased slightly from 80.1 percent as at the end of 2019 to 81.2 percent as of the end of 2020. However, the present value (PV) of debt to GDP decreased from 67.8 percent in 2019 to 65.5 percent in 2020.

As we advance, the Government would continue to implement robust debt management strategies to meet Government's financing requirements and, at the same time, achieve public debt sustainability in the medium to long term. Achieving debt sustainability is a critical requirement in securing an Extended Credit Facility (ECF) with the International Monetary Fund (IMF). In this drive, the Government secured debt restructuring in the form of principal repayment deferral with most of the external creditors for at least five years.

I want to thank the MoFEA team, especially the Directorate of Loans and Debt Management (DLDM), Central Bank of The Gambia, and all other stakeholders for their valuable contribution to this document's production.



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Mambury Njie

Honorable Minister of Finance and Economic Affairs

Ministry of Finance and Economic Affairs

2. INTRODUCTION

The 2020 Public Debt Bulletin demonstrates Government's commitment to transparency and accountability concerning public debt management. The document provides an account of the Government's annual debt management operations by providing information on the public debt stock, debt service payments, composition and structure of public debt; risks in the public debt portfolio; and developments in the domestic debt market. It also reports on the recent macroeconomic developments.

3. OVERVIEW & RECENT MACROECONOMIC DEVELOPMENT

3.1. GDP Growth

Real Gross Domestic Product (GDP) growth declined significantly from 6.1 percent in 2019 to -1.5 percent in 2020. This was mainly due to a contraction in growth in the services sector, emanating primarily from the wholesale and retail trade and tourism sub-sectors. Agriculture and Industry, on the other hand, both registered modest growth during the review period.

3.2. Monetary and External Sector

As 2020 was a period of weak economic performance due to the impact of the Covid-19 pandemic on business activities, the Central Bank maintained an accommodative monetary policy stance, keeping the Policy Rate at 10 percent.

Headline inflation, as measured by the National Consumer Price Index declined by 2 percentage point's year-on-year from 7.7 percent in December 2019, to 5.7 percent in December 2020; which was mainly driven by a significant decline in non-food inflation.

The weighted average T-bill rate remained on a downward trend in the second half of 2020, reflecting the default risk, which is lower than the inflation rate and has rendered the real interest rate negative (-1.43) in the review period. Consequently, the exchange rate of the Dalasi depreciated against all major trading currencies including the US Dollar, Euro, Pound Sterling and CFA Franc over the review period.

Preliminary balance of payments estimates shows that the current account balance worsened to a deficit of US\$119.34 million (6.75 percent of GDP) in twelve months of 2020 from a deficit of US\$36.60 million (2.07 percent of GDP) in the corresponding period of 2019, due to the deterioration in both the goods and service account balances.

3.3. Fiscal Sector

Government Revenue and Grants increased from D16.6 billion in 2019 to D22.6 billion in 2020, which represents 23 percent of GDP. This was largely due to an increase in Grants to support COVID-19 spending and a significant improvement in performance of non-tax revenue, among others.

Expenditure and net lending stood at D26.8 billion in 2020, which represents 27.3 percent of GDP. This increase from D19.3 billion was mostly as a result of increased spending towards COVID-19 response.

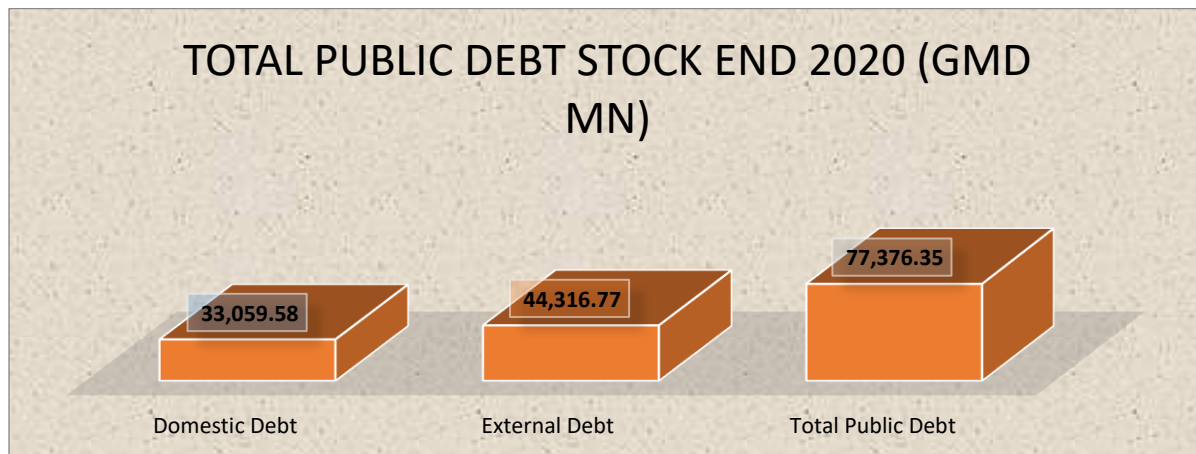
As a result of the significant increase in expenditure, Government fiscal operations registered an increase in budget deficit (including grants) from D2.7 billion in 2019 to D4.2 billion (4.3 percent of GDP).

4. TOTAL DEBT PORTFOLIO ANALYSIS

4.1. Total Public Debt

The total public and publicly guaranteed (PPG) debt stock as at end 2020 stood at GMD 77.4 billion (USD 1.5 Billion), of which external debt constitute USD 858 million (57%) and USD 640 (43%) is domestic debt. The nominal debt as percentage of GDP increased slightly from 80.1 percent as at end 2019 to 81.2 percent as at end 2020. However the present value (PV) of debt to GDP decreased from 67.8 percent in 2019 to 65.5 percent in 2020 (see figure 1 below).

Figure 1: *Total Public Debt Stock in millions of GMD*



4.2. Total Debt Service

The total debt service payment in 2020 amounted to GMD 4.5 Billion (USD 87.3 Million), of which GMD 1.5 Billion is the External Debt Service payment and GMD 3 Billion is the Domestic Debt Service payment. (see table 1 below).

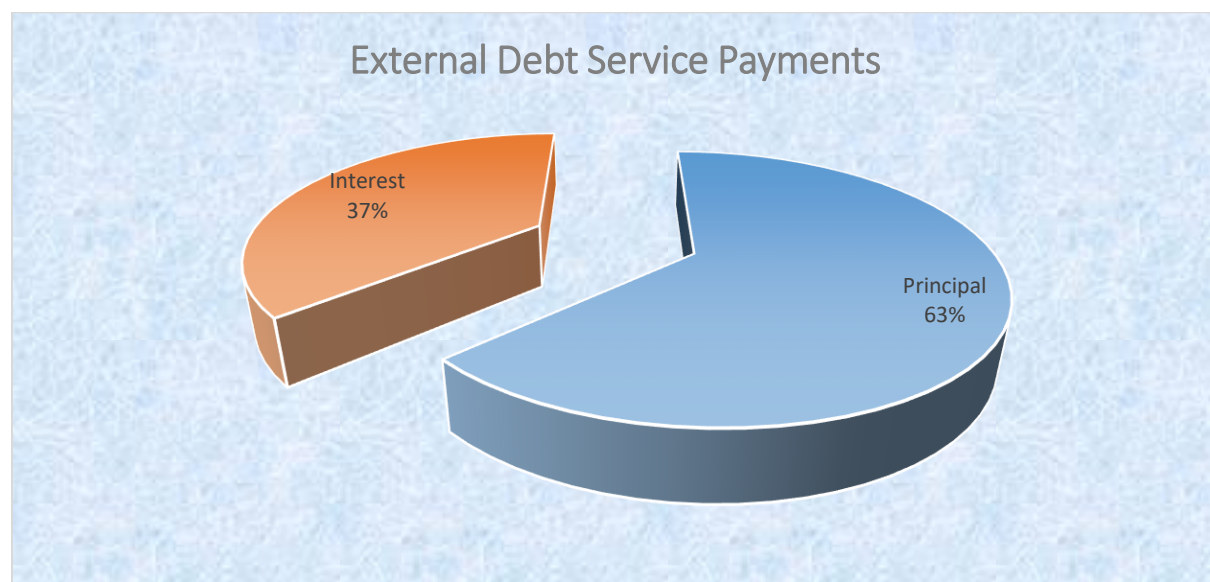
Table 1: Total debt servicing GMD

Debt Service Payments in 2020			
	DOMESTIC DEBT	EXTERNAL DEBT	Total
Interest	2,418,867,089.86	548,022,580.54	2,966,889,670.40
Principal/Amortization	600,226,218.83	940,442,950.57	1,540,669,169.40
Total Debt Service	3,019,093,308.70	1,488,465,531.11	4,507,558,839.81

4.2.1. External Debt Service Payment

Actual External debt service payment for the 2020 fiscal year amounted to GMD 1.49 Billion (USD 28.8 million). Principal payment of GMD 940 Million (USD 18.2 million) represents 63% of the total external debt service payment and the remaining GMD 548 Million (USD 10.6 million) on interest payments representing 37%, respectively. (see figure 2 below).

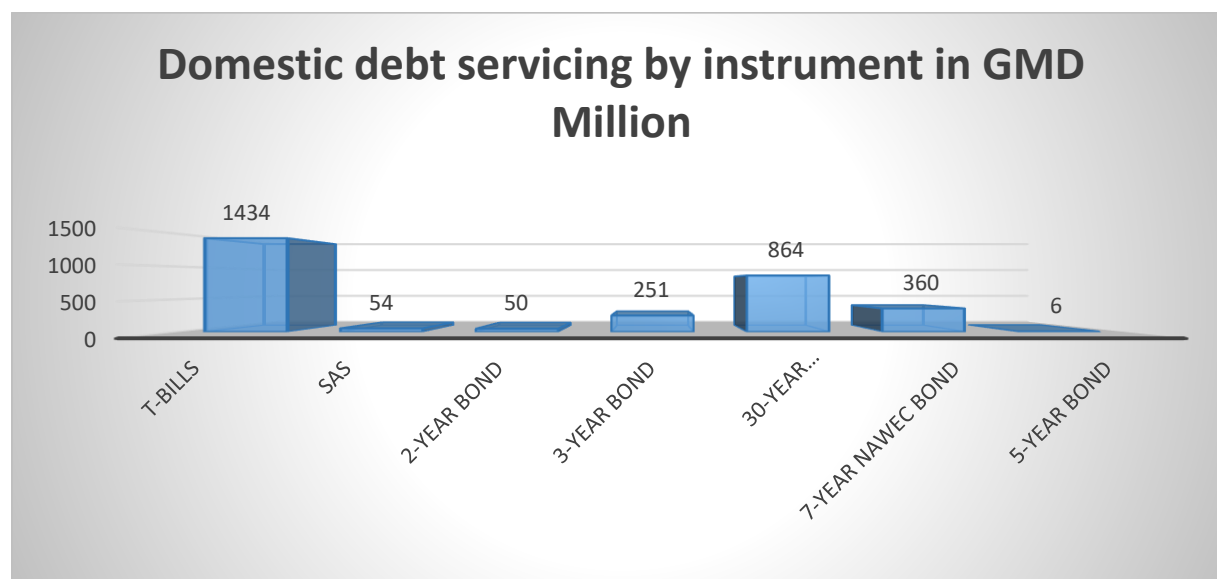
Figure 2: External Debt Servicing



4.2.2. Domestic Debt Service Payment

The total domestic debt service payment in 2020 amounts to GMD 3 billion, of which interest payment on Treasury Bills & Sukuk-Al-Salaam accounts for GMD 2.4 Billion or 46 percent of the total domestic debt service payment. The Interest and amortization of the non-Marketable debt instruments, i.e., the 30 year Government bond and the 7-year NAWEC Bond, accounts for GMD 1.2 Billion (see figure 3 below).

Figure 3: Domestic Debt Service in millions GMD



The total debt service payment has reduced by 5 percent from GMD 4.7 billion in 2019 to GMD 4.5 billion in 2020. External Debt service as a percentage of total debt service decrease by 2 percent from 2019 to 2020. This is as a result of the DSSI in 2020 and debt restructuring on external debt. (see table 2 below).

Table 2: Total Debt Service Payment for 2020 compared to 2019

Debt Service Payments 2020 compared with 2019			
	2020	2019	Diff
Domestic debt service	3,019.09	3,072.66	(53.57)
External Debt Service	1,488.47	1,673.04	(184.57)
	4,507.56	4,745.70	(238.14)

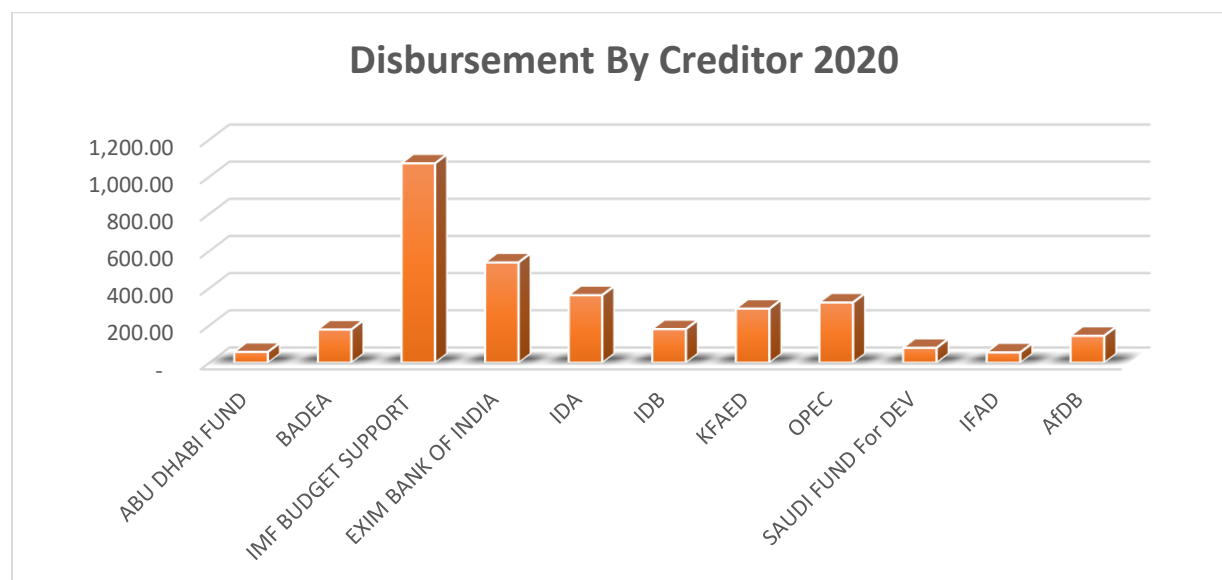
Total Loan Disbursements

The total loan Disbursements for the fiscal year 2021 amounts to USD 63.6 Million equivalent to GMD 3.3 Billion.

4.3.1 Disbursement by creditor

IMF Budget Support provided the highest loan disbursement in 2020, followed by EXIM Bank of India. The rest of the loan disbursements came from IDA, OPEC, KFAED, IDB, BADEA, AfDB, Saudi Fund, ABU DHABI, and IFAD (see the figure below).

Figure 4: Disbursement by creditor



5. DOMESTIC DEBT ANALYSIS

5.1. Domestic Debt Stock

The total domestic debt stock as at end 2020 stood at GMD 33 billion equivalent to 34.7 percent of GDP.

The stock of domestic debt comprises of both marketable and non-marketable debt instruments. The T-bill's, Sukuk-Al-Salaam, 2, 3 and 5-year bonds are the marketable debt instruments whereas, the 7-Year NAWEC Bond and 30-year Bond are the non-marketable instruments (see table below)

Table 3: Summary of outstanding debt

DISTRIBUTION OF OUTSTANDING INTEREST-BEARING DOMESTIC DEBT (By Holder)- December 20			
Instrument	Holder	Face Value	Book Value
T-Bills	Central Bank	0.00	0.00
	Comm Banks	16,354,270,000.00	15,193,693,875.00
	Other Non Banks	3,400,905,000.00	3,169,266,024.00
		19,755,175,000.00	18,362,959,899.00
SAS	Comm Banks	346,755,000.00	322,767,303.00
	Non Banks	402,550,000.00	378,265,955.50
		749,305,000.00	701,033,258.50
7% 30-Year Gov't Bond (held by C	Central Bank	9,341,944,029.98	9,341,944,029.98
10% 5-Year par value Gov't. Bond	Banks& non-banks	120,000,000.00	120,000,000.00
10% 3-Year par value Gov't. Bond	Banks& non-banks	128,500,000.00	128,500,000.00
10% 3-Year par value Gov't. Bond	Banks& non-banks	3,000,000.00	3,000,000.00
9.93% 2-Year Govt. Bond	Banks	500,000,000.00	500,114,665.22
12% 7-Year NAWEC Bond	Banks	843,222,374.46	843,222,374.46
9% 3-Year Govt. Bond	Banks	390,000,000.00	377,431,012.47
9% 3-Year Govt. Bond	Banks	250,000,000.00	242,761,894.62
9% 3-Year Govt. Bond	Banks& non-banks	700,000,000.00	675,124,188.41
9% 3-Year Govt. Bond (iss Nov C	Banks& non-banks	900,000,000.00	894,244,491.30
9% 3-Year Govt. Bond (iss Dec C	Banks& non-banks	869,750,000.00	869,240,494.15
		14,046,416,404.44	13,995,583,150.61
Total		34,550,896,404.44	33,059,576,308.11

5.2. Domestic Debt by Instrument

A more significant proportion of the domestic debt stock is constituted by T-Bills & SAS with 58 percent share, followed by 30-year Government bond with 28 percent, 10 percent on 3-year Bond, 3 percent on the 7-year NAWEC Bond and then the remaining 1 percent on 5-year Bond (see table below).

Table 4: Domestic Debt by Instrument

OUTSTANDING DOMESTIC DEBT(By Instrument)- Dec 2020		
Instrument	Book Value	% Share
Short Term Debt Instruments (1-Year or Less)		
T-Bills	18,362,959,899.00	56%
SAS	701,033,258.50	2%
Total Short Term Debt Instruments	19,063,993,157.50	58%
Medium - Long Term MLT Debt Instrument (Benyond 1-Year)		
7% 30-Year Gov't Bond (held by CBG)	9,341,944,029.98	28%
10% 5-Year par value Gov't.Bond	120,000,000.00	0%
10% 3-Year par value Gov't. Bond	128,500,000.00	0%
10% 3-Year par value Govt. Bond	3,000,000.00	0%
9.93% 2-Year Govt. Bond	500,114,665.22	2%
12% 7-Year NAWEC Bond	843,222,374.46	3%
9% 3-Year Govt. Bond	377,431,012.47	1%
9% 3-Year Govt. Bond	242,761,894.62	1%
9% 3-Year Govt. Bond	675,124,188.41	2%
9% 3-Year Govt. Bond (iss Nov 02 & 18, 2020)	894,244,491.30	3%
9% 3-Year Govt. Bond (iss Dec 07 & 23, 2020)	869,240,494.15	3%
Total MLT Debt Instruments	13,995,583,150.61	42%
Total	33,059,576,308.11	

5.3. Domestic Debt by Holder

The holders of Government domestic debt as at end 2020 comprised of commercial banks, SSHFC, other non-banks, and the Central Bank.

Table 5: Domestic Debt Distribution by Holder

DOMESTIC DEBT DISTRIBUTION- BY HOLDER			
	TREASURY BILLS	SAS BILLS	BONDS
Central Bank	0.00%	0.00%	66.51%
Commercial Banks	82.78%	46.28%	30.36%
SSHFC	0.00%	0.00%	2.45%
Other Non Banks	17.22%	53.72%	0.68%
Total Share	100.00%	100.00%	100.00%

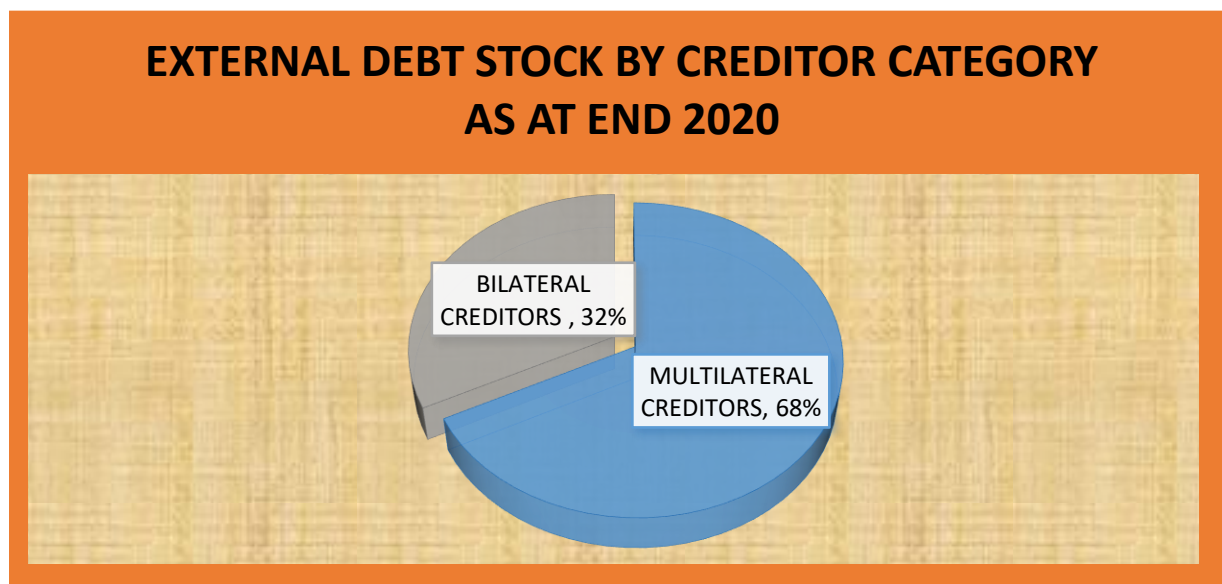
6. EXTERNAL DEBT ANALYSIS

The total external debt stock as of the end of 2020 stood at USD 858 million, equivalent to GMD 44.3 billion, representing 57 percent of the entire debt portfolio. On a year-to-year basis, the total external debt stock increased from USD 814.8 million in 2019 to USD 858 million in 2020, representing a 5.2 percent increment in external debt stock.

6.1. External Debt Stock by Creditor Category

The external debt stock comprises of debt from multilateral creditors, which accounts for 68 percent of the total external debt portfolio, and bilateral creditor's accounts for the remaining 32 percent of the portfolio (see figure 5).

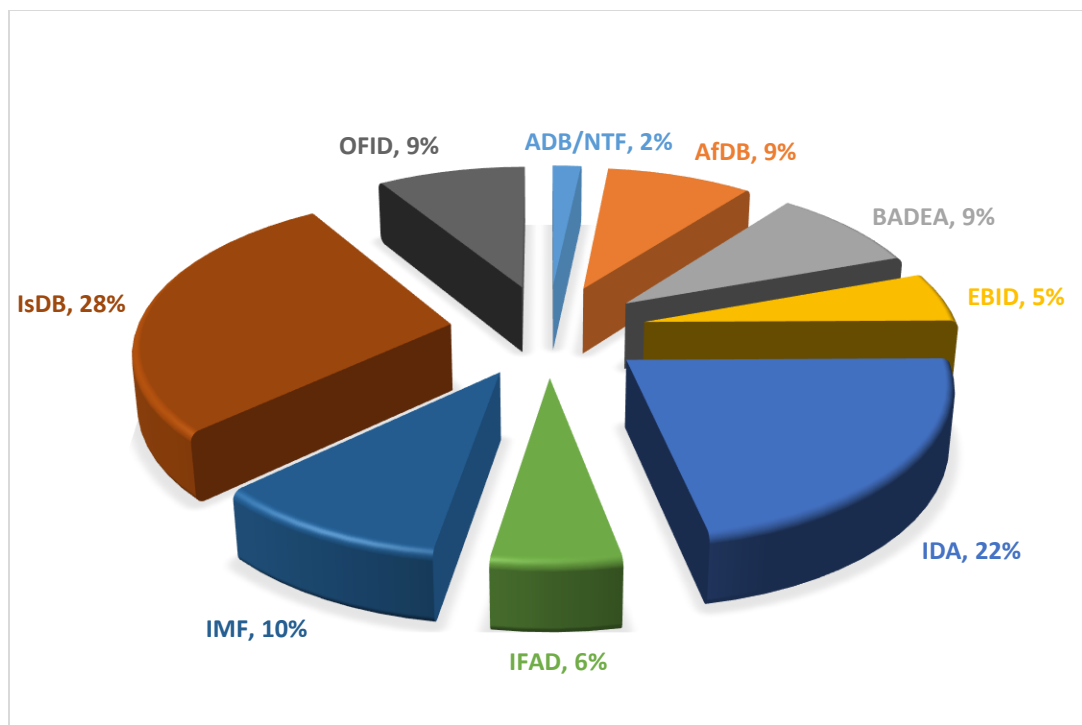
Figure 5: External Debt by Creditor Category



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

A greater chunk of the country's external debt comes from multilateral creditors; the Islamic Development Bank is the leading multilateral creditor to the Gambia followed by International Development Association (see figure 6 below).

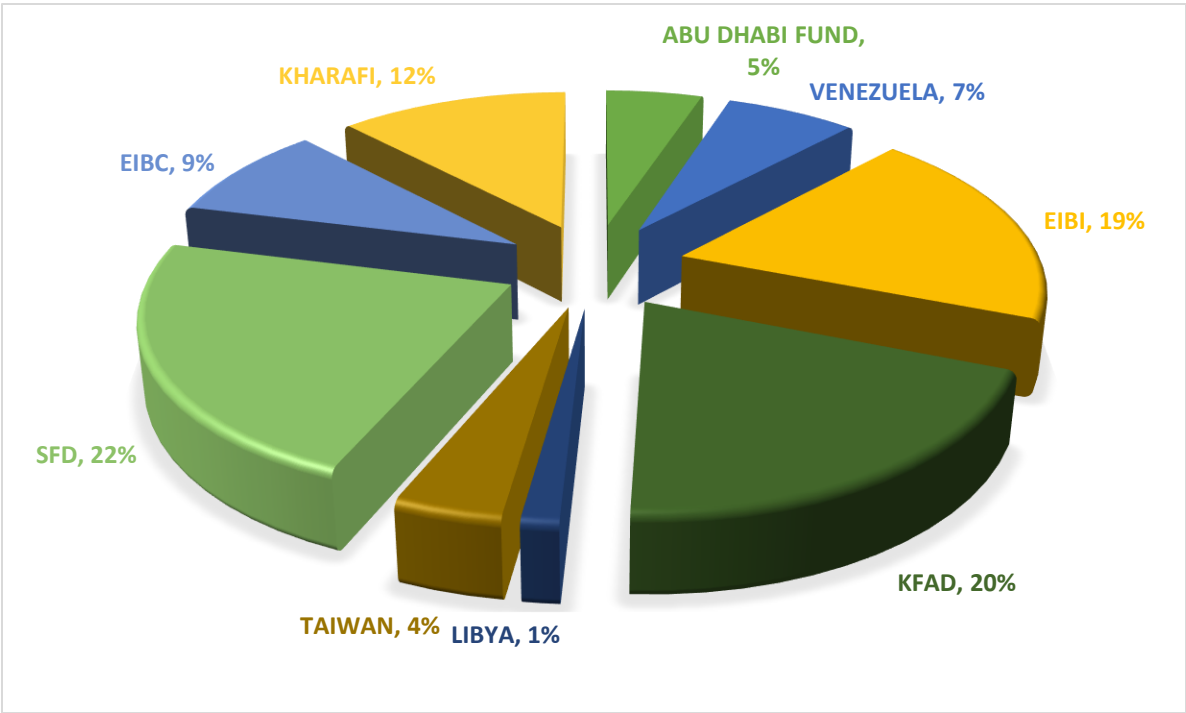
Figure 6: Multilateral Debt by Creditors



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

Bilateral creditors provided 32 percent of the total external debt stock; of which Saudi Fund for Development is leading followed by Kuwaiti Fund for Arab Economic Development (see figure 7 below).

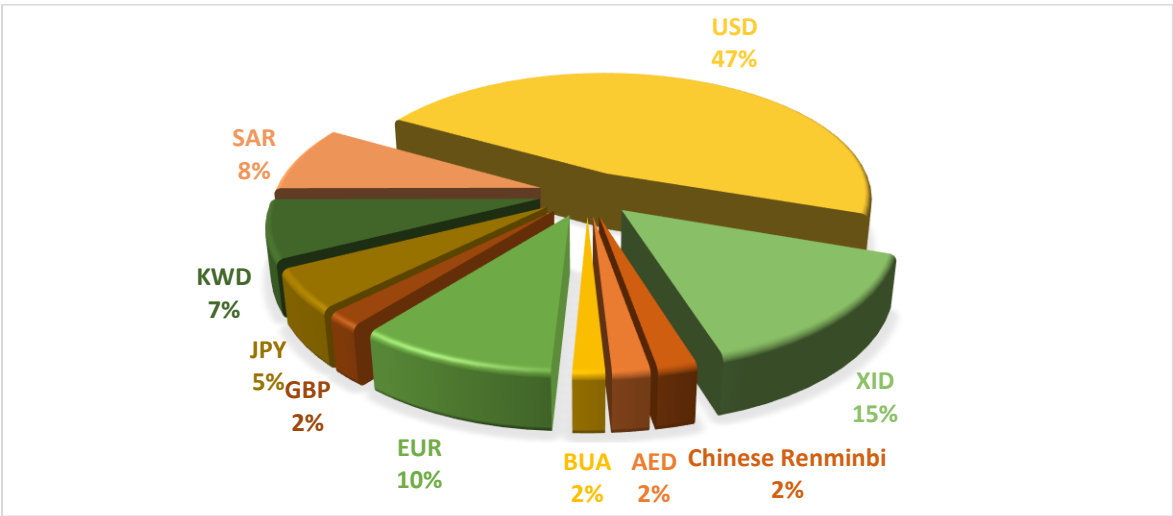
Figure 7: Bilateral Debt by Creditors



6.2. Currency Composition of External Debt

Most of the external debt stock is exposed to the US Dollar accounting for 47 percent share of the currency exposure, followed by Islamic Dinar, Euro, Saudi Riyals, Kuwaiti Dinar, Yen, Chinese Renminbi, Pound Sterling, BUA and AED with 15 percent, 10 percent, 8 percent, 7 percent, 5 percent, and 2 percent respectively (*see figure 8 below*).

Figure 8: Currency composition of external debt



Loans Disbursement

The total disbursement has increase from USD 60.4 million in 2019 to USD 63.6 million in 2020. Net flows have consistently remained positive over the years indicating increasing disbursements to finance capital and development related projects and programs. Net transfers on debt increased from USD 27.7 million in 2019 to USD 34.8 Million in 2020 (see table 3 below).

Table 6: External Net flows and Transfers

Flows	2019	2020
Disbursement (A)	60.4	63.6
Principal Repayment (B)	26.4	18.2
Net Flows on Debt (C) = (A-B)	34.0	45.4
Interest Payments (D)	6.3	10.6
Net Transfers on Debt E = (C-D)	27.7	34.8

7. COSTS AND RISK OF EXISTING DEBT PORTFOLIO

Cost of Debt

As of the end of 2020, the total public and publicly guaranteed debt have a weighted average interest rate of 3.5 percent, representing a fall in borrowing cost from 3.8 percent in 2019. The weighted average interest rate for external debt was 1.1 percent reflecting a mix of debt contracted on mostly concessional and some semi concessional terms.

The weighted average interest rate on domestic debt was 6.9 percent. The interest rates over the past year have been declining due to fiscal consolidation, transparency, and predictability in debt security issuances and inflows in the form of budget support.

Table 7: Cost and Risk Indicators of existing debt

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of GMD)		44,316.8	33,059.6	77,376.3
Amount (in millions of USD)		858.0	640.1	1,498.1
Nominal debt as percent of GDP		46.5	34.7	81.2
PV as percent of GDP ¹		30.8	34.7	65.5
Cost of debt ²	Interest payment as percent of GDP ³	0.5	2.4	2.9
	Weighted Av. IR (percent)	1.1	6.9	3.5
Refinancing risk ²	ATM (years)	10.4	4.6	8.2
	Debt maturing in 1yr (percent of total)	6.5	65.7	28.7
	Debt maturing in 1yr (percent of GDP)	3.7	22.2	25.9
Interest rate risk ²	ATR (years)	10.1	4.6	8.0
	Debt re-fixing in 1yr (percent of total)	11.1	65.7	31.6
	Fixed rate debt incl T-bills (percent of total)	91.9	100.0	94.9
	T-bills (percent of total)	0.0	56.5	21.2
FX risk	FX debt (percent of total debt)			56.7
	ST FX debt (percent of reserves)			26.2

Refinancing Risk

The average time to maturity for the public and publicly guaranteed debt as at end 2020 is 8.2 years, in which the external portfolio has 10.4 years, and the domestic portfolio has 4.6 years.

Interest Rate Risk

The Average Time to Re-fixing for the total debt portfolio is 8 years as at end 2020 which shows a high composition of fixed interest denominated debt.

FX (Foreign exchange) Risk

More than half of the total public and publicly guaranteed debt (56 percent) is exposed to exchange rate risk, the main exposure of the external debt portfolio is to the USD (see the table above).

8. PROJECTED ISSUANCE CALENDAR FOR THE NEXT 3 MOTNHS (APRIL, MAY & JUNE 2021)

Table 8: Second Quarter Issuance Calendar

Week starting	91-Day T/Bills	182-Day T/Bills	364-Day T/Bills	91-Day SAS	182-Day SAS Bills	364-Day SAS Bills	3 year Bond	5 year Bond	Total
7-Apr	15	50	450	5	10	30			560
14-Apr	15	50	430	5	10	30			540
21-Apr	15	50	450	5	10	30			560
28-Apr	15	50	430	5	10	30			540
5-May	15	40	300	5	5	10			375
12-May	15	40	300	5	5	10			375
19-May	15	40	300	5	5	10			375
26-May	15	40	300	5	5	10			375
2-Jun	-	-	-	5	5	10	750		770
9-Jun	20	50	500	5	5	10			590
16-Jun	20	50	400	5	5	10			490
23-Jun	20	50	400	5	5	10			490
30-Jun	20	50	400	5	5	10			490
Total	200	560	4,660	65	85	210	750	-	6,530

The above table is a proposed Issuance Calendar for the second quarter of 2021. However, this data will be subjected to monthly review and update, which would be available at the MoFEA and CBG website accessible at <https://mofea.gm/directorates/loans-and-debt-management> and <https://www.cbg.gm/Calendars>

CONCLUSION

The Gambia Government would continue pursuing prudent debt management practices to ensure that the government's financing requirements are met at the lowest cost possible consistent with a prudent degree of risk, and promote domestic debt market development.

In ensuring transparency and accountability, the Ministry of Finance and Economic Affairs would continue to provide regular publications of Debt management operations in the country. These publications include the monthly debt issuance calendar on a rolling basis, quarterly statistical debt bulletins, annual debt bulletin, and the Medium Term Debt Strategy.