2023 – 2027 MEDIUM-TERM DEBT STRATEGY

FOR THE

REPUBLIC OF THE GAMBIA

October, 2023

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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

CURRENCIES

CNY	Chinese Yuan
EUR	Euro
GBP	Great Britain Pound Sterling
GMD	Gambian Dalasi
JPY	Japanese Yen
KWD	Kuwait Dinar
SAR	Saudi Arabia Riyal
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
DSA	Debt Sustainability Analysis
DMBs	Deposit Money Banks
ECF	Extended Credit Facility
GBoS	Gambia Bureau of Statistics
GDP	Gross Domestic Product
GRA	Gambia Revenue Authority
GSRB	Gambia Strategy Review Board
MTDS	Medium Term Debt Strategy
MTEFF	Medium Term Economic Fiscal Framework
MoFEA	Ministry of Finance and Economic Affairs
NAWEC	National Water and Electricity Company
NDP	National Development Plan
NDB/NDF	Net Domestic Borrowing/Net Domestic Financing

RCF	Rapid Credit Facility
SAS	Sukuk-Al-Salam
SOE	State Owned Enterprise
SSHFC	Social Security and Housing Finance Corporation

Section 1: Introduction

The 2023-2027 Medium Term Debt Management Strategy (MTDS) is mandated by the Public Finance Act (2014) Section VI, Subsection 38. This MTDS 2023-2027 is to ensure that the Government's financing requirements are met at the lowest possible cost and consistent with a prudent degree of risk.

In 2022, the Government was able to continue the issuance of longer-dated debt instruments (i.e. 3-Year and 5-Year Bonds) in the domestic debt market in pursuit of previous MTDS strategies along with domestic debt market development. The government has also successfully separated monetary bills issuance from fiscal bills issuance and this will provide explicitly the cost of monetary issuance.

The review of the 2023-2027 MTDS is in fulfilment of Section VI sub-section 38 of the Public Finance Act, (2014), which requires the MTDS to review the following:

- Macroeconomic framework;
- Costs and Risks embedded in the existing debt portfolio; and
- Market conditions;

Objective and Scope

The main objective of the MTDS is to identify the refinancing cost and risk involved in the Public Sector Borrowing Requirements in the medium term considering the lowest cost possible and a prudent degree of risk. The (2023-2027) MTDS document aims at achieving specific objectives as mentioned below;

- Meeting the government's financing needs on a timely basis at the lowest possible cost consistent with a prudent degree of risk; and
- Lengthening the maturity profile of the domestic debt by increasing the share of the longer-dated domestic debt instruments in the portfolio during the medium term.

The MTDS covers Public and Publicly Guaranteed (PPG) debt. The time horizon covered under this strategy document is five (5) years starting from 2023 to 2027.

The remaining section of this strategy document is structured into five sections as follows: Section Two evaluates the previous year's performance against its target and a review of the existing debt portfolio; Section Three presents a summary of the 2023-2027 medium-term macroeconomic framework; Section Four describes and analyses the strategies; Section Five

provides the cost-risk indicators of the chosen strategy and the redemption profile and Section Six concludes the document.

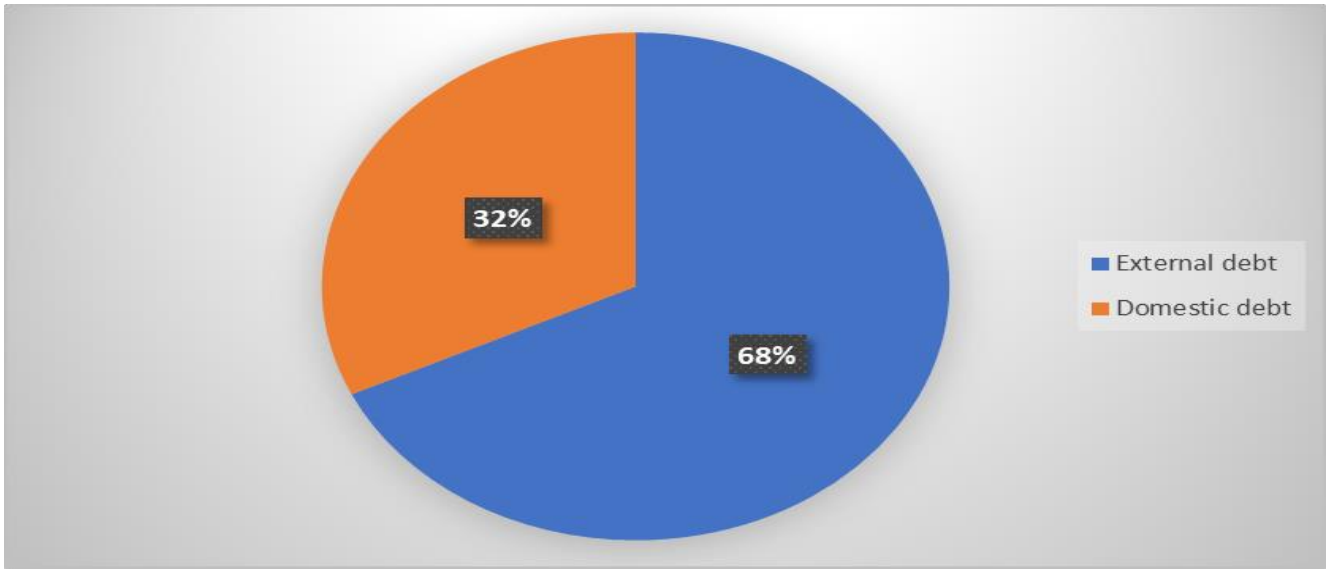
Section 2: Portfolio Review – Costs and Risks on Existing Debt

This section reviews in detail the composition of the Central Government's outstanding debt.

Composition of Central Government Debt Portfolio

As end 2022, the Central Government's total public and publicly guaranteed debt is estimated to be US $1.56 billion. This debt is classified by currency, with 68% (US $1061.0 million) being external debt in foreign currency and 32% (US $499.1 million) being domestic debt in Gambian Dalasi (GMD). The Domestic debt includes both marketable and non-marketable debt. The marketable debt instruments are T-bills, SAS and Bonds while the non-marketable debt instrument includes 30-Year government bond and the NAWEC bond, amounts to US $147.73 million.

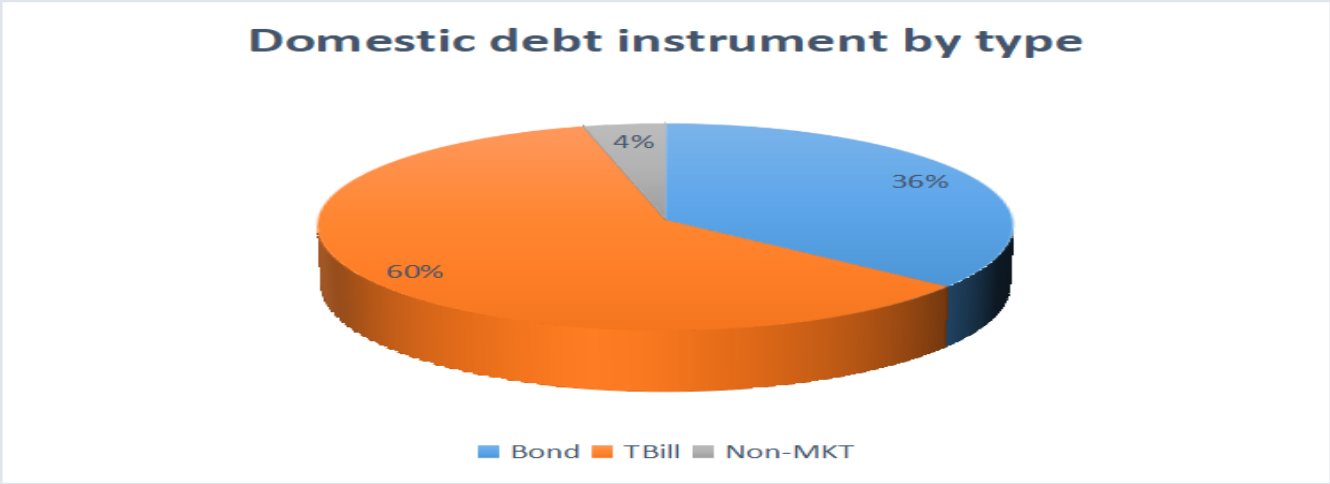
Figure 1: Composition of Total Public Debt



Domestic Debt Instrument Type

Domestic debt constitute 32 percent of the total debt stock in 2022. Treasury bills and SAS constitute 60 percent, marketable bonds 36 percent and non-marketable bonds 4 percent.

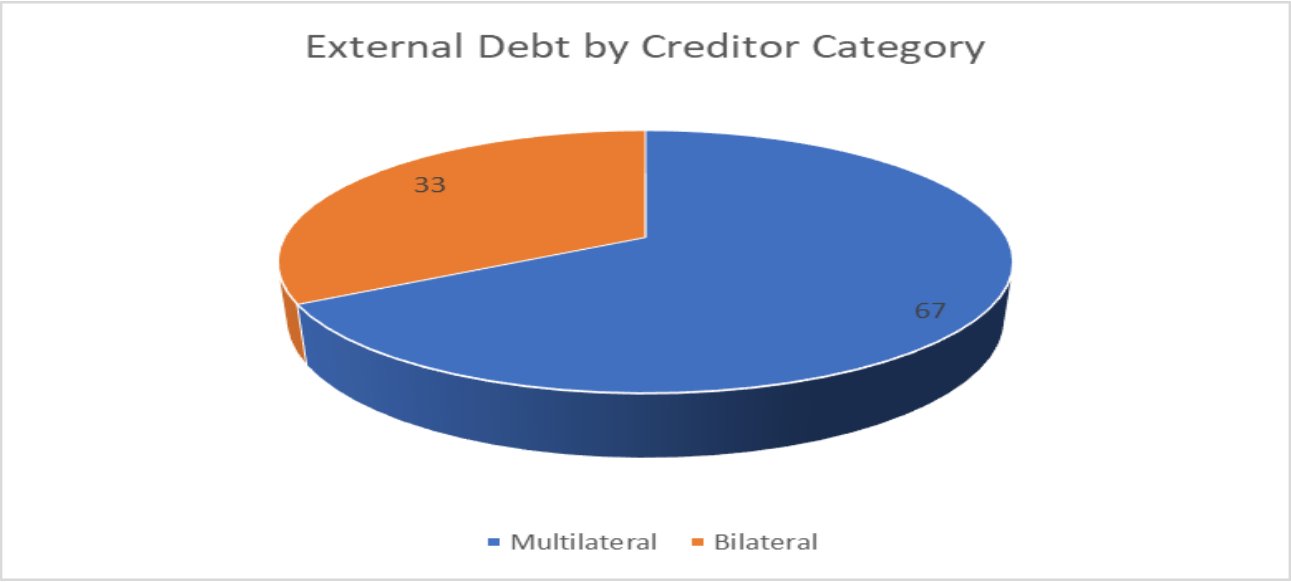
Figure 2: Domestic Debt Instrument by Type



External Debt

The Gambia's external debt composition is divided into multilaterals (67%) and bilateral creditors (33%). Among multilateral creditors, the Islamic Development Bank is the primary lender, followed by the International Development Association. The remaining 33% of external debt comes from bilateral creditors, with the Saudi Fund for Development being the leading bilateral creditor, followed by the Kuwaiti Fund for Arab Economic Development.

Figure 3: External Debt by Creditor Category



Risk Analysis of the Debt Portfolio

The debt portfolio has inherent risks related to market conditions; essential cost and risk indicators were calculated and analyzed. For this analysis, the three main risks assessed were refinancing risks, interest rate risks, and exchange rate risks.

Interest Rate Risk

The Average Time to Re-fixing (ATR) is a measure of the weighted average time until all the principal payments in the debt portfolio is subjected to a new interest rate. The Gambia's debt portfolio has an ATR of 7.0 years of which 25.2 percent of total debt is subject to a change in interest rate in one year (figure 1). Interest rate risk is mainly inherent in the domestic debt portfolio with a relatively short ATR of 1.2 years. As reflected, 70.6 percent of its debt is subject to re-fixing in one year. In contrast, the ATR for the external debt is 9.4 years with 6.8 percent of this debt re-fixing in one year. In addition, a relatively large proportion of 96.3 percent of the external debt is being contracted on fixed-rate terms. The remaining percent reflects variable-rate debt owed to multilateral and bilateral creditors.

Refinancing /Rollover Risk

Rollover/refinancing risk shows the vulnerability of the portfolio to higher costs for refinancing maturing debt obligations within a period or in extreme cases if the debt cannot be rolled over at all. With an overall operational target of greater than 8 years, the Average Time to Maturity

(ATM) of The Gambia's debt portfolio is 7.1 years which is below its target. This is mainly skewed towards the external debt portfolio which has an ATM of 9.5 years of which 5.1 percent matures in one year. In contrast, domestic debt is mainly exposed to refinancing risk due to its relatively short maturity profile. The ATM of domestic debt is 1.2 years of which 70.6 per cent will mature in one year and is subjected to refinancing/rollover risks since a significant portion of short-term debts are rolled over.

Foreign Exchange Risk

Foreign exchange risk measures the exposure of the portfolio to changes in the exchange rate. The Gambia debt portfolio is exposed to foreign exchange risk. Debt contracted in foreign currency accounts for 68.0 percent of the total debt portfolio. This is in line with the target of less than or equal to 75 percent set for foreign exchange debt.

Table 1: Cost and Risk Indicators for Existing Debt as at end 2022

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of GMD)		64,531.8	30,352.9	94,884.7
Amount (in millions of USD)		1,061.0	499.1	1,560.1
Nominal debt as percent of GDP		52.7	24.8	77.4
PV as percent of GDP[1]		39.0	24.8	63.7
Cost of debt[2]	Interest payment as percent of GDP[3]	0.7	1.3	2.0
	Weighted Av. IR (percent)	1.3	5.3	2.6
Refinancing risk[2]	ATM (years)	9.5	1.2	7.1
	Debt maturing in 1yr (percent of total)	5.1	70.6	24.0
	Debt maturing in 1yr (percent of GDP)	3.1	17.5	20.6
Interest rate risk[2]	ATR (years)	9.4	1.2	7.0
	Debt refixing in 1yr (percent of total)	6.8	70.6	25.2
	Fixed rate debt incl T-bills (percent of total)	96.3	100.0	97.4
	T-bills (percent of total)	0.0	60.3	17.4
FX risk	FX debt (percent of total debt)			68.0
	ST FX debt (percent of reserves)			13.7

Redemption Profile

The redemption profile depicts the amortization of outstanding debt and it reflects the risks inherent in the structure of the existing debt portfolio (Figure 4). The redemption profile shows a high portion of domestic debt (70.6 percent) is due within one year for redemption. This reflects a significant share of T-bills and SAS which is about 60.3 percent of the domestic debt portfolio. External debt has a relatively smooth redemption profile and a longer maturity period. It is characterized by concessional loans from multilateral and bilateral creditors.

Figure 4: Redemption Profile of Existing Debt, end 2022

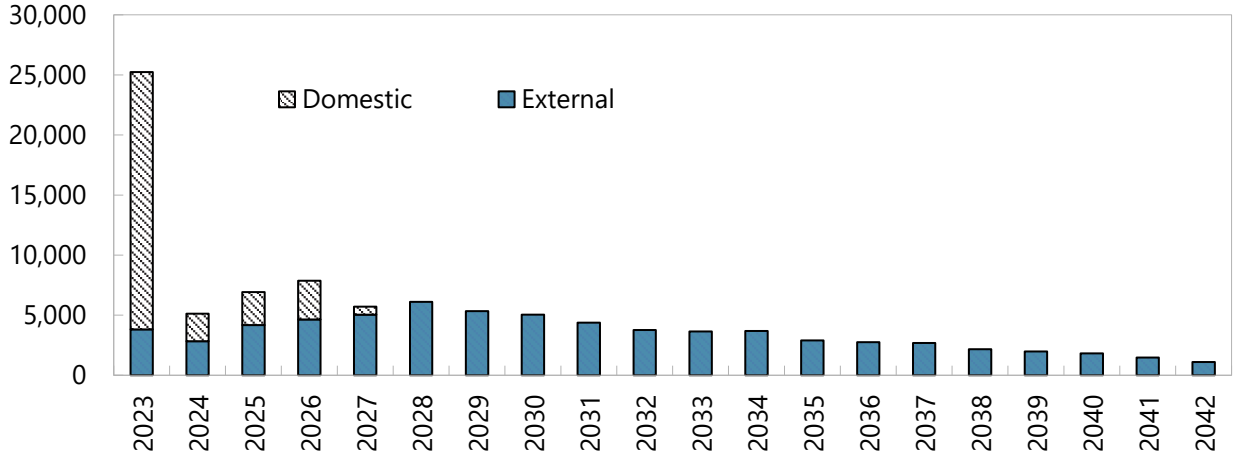


Table 2: Cost and Risk Indicators of existing debt (end 2022 marketable and non-marketable debt).

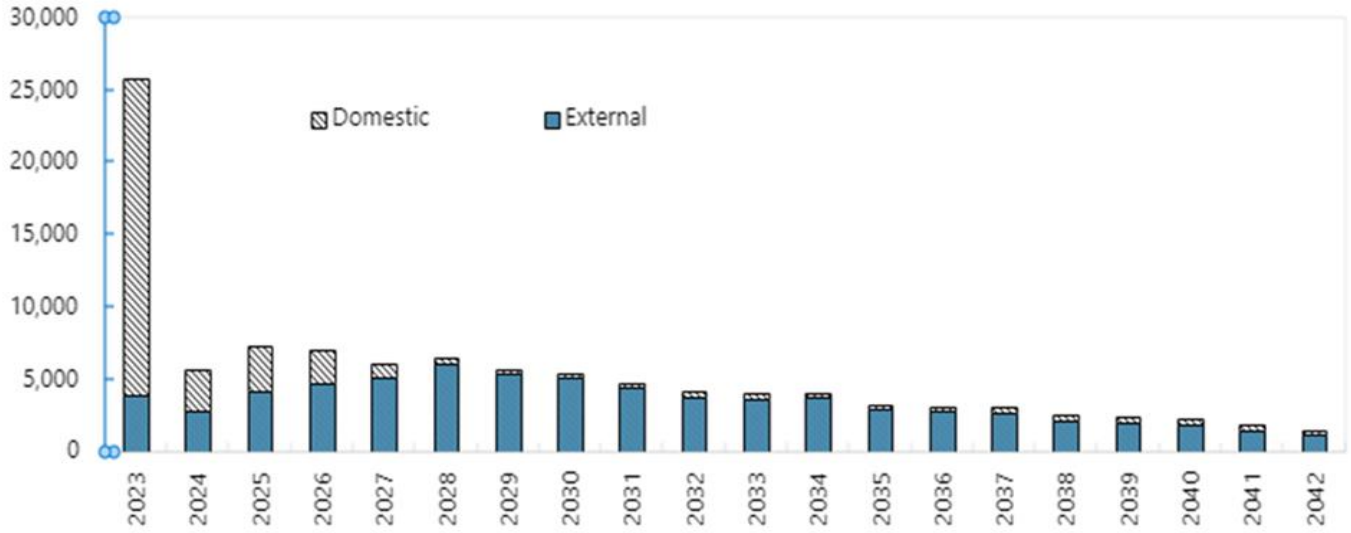
COST AND RISK INDICATORS FOR EXISTING DEBT AS AT END 2022				
Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of GMD)		64,531.80	38,117.30	102,649.10
Amount (in millions of USD)		1,061.00	626.7	1,687.80
Nominal debt as percent of GDP		52.7	31.1	83.8
PV as percent of GDP[1]		39	31.1	70.1
Cost of de	Interest payment as percent of GDP[3]	0.7	1.7	2.4
	Weighted Av. IR (percent)	1.3	5.6	2.9
Refinancir	ATM (years)	9.5	3.5	7.5
	Debt maturing in 1yr (percent of total)	5.1	57.8	22.8
	Debt maturing in 1yr (percent of GDP)	3.1	18	21.1
Interest ra	ATR (years)	9.4	3.5	7.4
	Debt refixing in 1yr (percent of total)	6.8	57.8	24
	Fixed rate debt incl T-bills (percent of total)	96.3	100	97.6
	T-bills (percent of total)	0	48	16.2
FX risk	FX debt (percent of total debt)			62.9
	ST FX debt (percent of reserves)			13.7

The above cost and risk indicators of existing debt are the comparison that includes both marketable and non-marketable debt**.** To show the impact of the non-marketable debt Instruments on the refinancing risk represented by the ATM and reference the true exposure of total debt to GDP, and other indicators from (table 1) cost and risk indicators of the existing debt version which captures the total marketable and non-marketable debt outstanding. Refinancing risk ATM of domestic debt is 3.5 years of which 57.8 percent will mature in one year and is subjected to refinancing/rollover since a significant portion of short-term debts are rolled over.

Redemption Profile for Both Marketable and Non-Marketable Domestic Debt

The redemption profile shows a high portion of domestic debt (57.8 percent) is due within one year for redemption. This is mainly due to the significant share of T-bills and SAS which is about 48 percent of the domestic debt portfolio.

Figure 5: Redemption profile end 2022 (with both marketable and non-marketable domestic debt)



Section 3: Baseline Macroeconomic Assumptions for 2023-2027

The 2023-2027 MTDS is based on the following revised macroeconomic targets set for the 2023-2027 medium-term:

- Average overall Real GDP growth of 5.6 percent;
- End-period inflation is expected to gradually decline towards its medium-term target of 5 percent;
- Primary balance on a commitment basis to average a surplus of 1.8 percent of GDP; and
- Stock of Gross International Reserves to cover at least 5 months of imports of goods and services.

Revised macroeconomic targets for the 2023 fiscal year are set as follows:

- Overall Real GDP growth of 4.8 percent;
- End-period inflation of 14.1 percent;
- Primary balance on commitment basis of a surplus of 0.7 percent of GDP; and
- Stock of Gross International Reserves to cover not less than 5 months of imports of goods and services.

Provisional macroeconomic data, upon which the 2023 MTDS was formulated is detailed in Table 2.

Table 2: Macroeconomic Assumptions (in millions of GMD)

	Projections

Indicator	2022 Prov. Outturn	2023	2024	2025	2026	2027
Nominal GDP	122,564	145,204	165,285	188,147	210,321	233,808
Revenue & Grants	22,899	33,919	39,216	46,544	47,894	49,875
Expenditure	29,768	38,069	40,651	42,707	45,842	44,420
o/w Interest Payments	2,562	3,106	4,432	1,855	2,170	1,112
Primary fiscal balance	(4,307)	(1,044)	2,997	5,692	4,222	6,567
Gross International Reserves (in millions of USD)	455	390	434	481	542	615
% change						
GDP at constant prices	4.9	4.8	4.9	6.0	6.2	6.3
% of GDP						
Revenue	18.7	23.4	23.7	24.7	22.8	21.3
Expenditure	24.3	26.2	24.6	22.7	21.8	19.0
Interest Expenditure	2.1	2.1	2.7	1.0	1.0	0.5
Primary fiscal balance	(3.5)	(0.7)	1.8	3.0	2.0	2.8

Assumptions and Potential Financing Sources

The MTDS (FY2023 -2027) embodies the Government's key strategic debt management objectives and as such, the preparation of the Strategy is based on the following assumptions:

- Utilization of a portion of the bond issuance to repay short-term debt; and
- Utilization of committed undisbursed balances and new loans

Over the medium term (2023 –2027), the existing official creditors including multilateral and bilateral creditors will continue to support Gambia's development programs. Generally, external financing will be dominated mainly in USD, at fixed interest rates, although a portion of bilateral credit is contracted at variable rates.

Section 4: Description and Analysis of Strategies

Four strategies were formulated and analyzed, all of which reflect key policy choices. Each strategy assumes borrowing from both domestic and external sources. Common to the four strategies is issuances of Government Treasury bills but with varying amounts, as well as, varying amounts of external concessional borrowing.

Also common to the first three strategies is a gradual introduction of the 2-year bond to reduce refinancing risk and build investors' appetite for more longer-dated instruments. Details of the various strategies are outlined as follows:

Strategy One (S1; Status Quo)

S1 reflects the ***Status quo***. Accordingly, S1 is hinged on the external and domestic borrowing trend in 2020. It reflects the reduced confidence of domestic debt market participants, thereby pushing the Government to rely heavily on short-term domestic instruments.

External financing is also reliant on grant and concessional financing from traditional lenders such as the World Bank, African Development Bank, and Islamic Development Bank, amongst others.

This strategy is susceptible to interest rate hikes given domestic pressures due to heavily reliance on the short end of the domestic debt market.

Strategy Two (S2; Domestic Debt Market Development)

Strategy 2 ***seeks to pursue an aggressive domestic debt market development***; this strategy unlike S1 focuses on the aggressive shift of government financing to the medium-term debt instruments. Net Domestic Financing (NDF) is mainly from the 3 and 5-year bonds. The issuance of the 5-year bonds is to be re-introduced in 2025 and substantially increased in the ensuing years. This will lead to the shift of financing from the short end of the domestic debt market to the medium-term marketable instruments.

The external financing for this strategy mimics S1 with reliance on grant and concessional financing from traditional external lenders.

S2 is reliant on conducive market conditions and therefore, highly dependent on the Government's commitment to ensure economic stability and improve communication with domestic investors in order to successfully implement this strategy.

Strategy Three (S3; Increased External Concessional Financing and Gradual Extension of Domestic Maturities)

S3 mimics S2 but with increased borrowing from external concessional sources. Therefore, the NDF in S3 is reduced as compared to S1 and S2.

Domestic financing in this strategy though pursues a market development agenda, it is less aggressive as compared to S2. There will be a gradual elongation of domestic marketbale debt portfolio.On the external front, more external concessional financing will be pursued to lower the

Government's borrowing costs. The strategy envisages increased concessional financing from multilateral lenders such as IDA, AfDB, IFAD, IsDB, and introduced some bilateral creditors.

Similar to S2, this strategy is heavily reliant on conducive market conditions, stable exchange rates, and improved communication with domestic investors to successfully implement this strategy, as well as prioritizing engagement with multilateral and bilateral creditors to widen the concessional funding source base.

Strategy Four (S4; Total Reliance on T-bills and Introduction of Non-concessional External Financing)

Lastly, S4 depicts ***an alternative scenario to S1 under the assumption that shocks in the domestic market may shift demand for Government securities to the shorter-end of the curve and introduction of non-concessional external financing.***, a pessimistic economic scenario is assumed.

S4 is largely hinged on the assumption of increased external financing, it offers a relatively higher external financing option compared to the other strategies. S4 however poses the biggest foreign exchange rate risk and is highly susceptible to volatilities in international interest rates.

Due to the domestic pressures assumed under this strategy, Government financing under the short-term is faced with rapidly increasing interest rates and an unfavourable macroeconomic environment.

Baseline Pricing Assumption and Description of Shock Scenarios

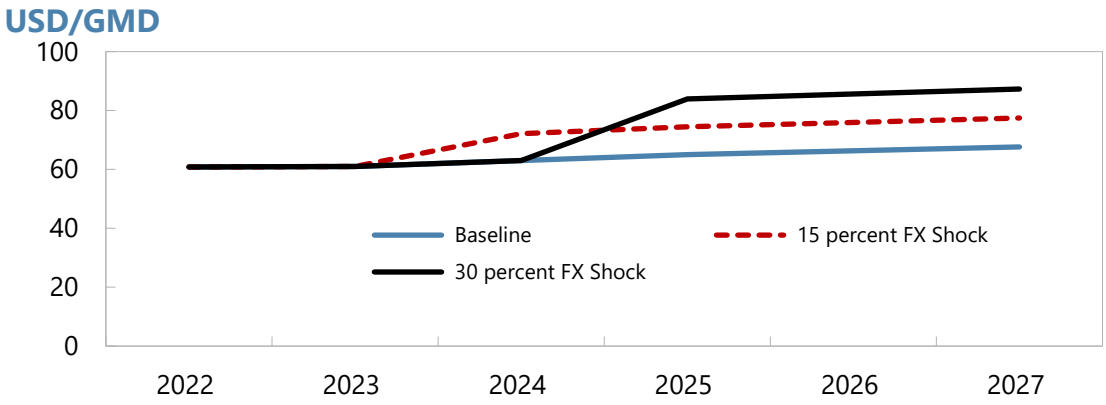
The MTDS was assessed under four alternative scenarios and the magnitudes of the shocks were informed by the historical trend of domestic interest and exchange rates over the years. For the purpose of this analysis, three shocks stemming from exchange rates, interest rates and a combination of both are considered. It is assumed that the shocks are applied in 2023 and 2024 and sustained throughout the simulation horizon.

Exchange Rate Shock

In addition to a projected natural rate of depreciation in the baseline, a 15 percent shock was introduced in 2023 to the exchange rate combined with an interest rate shock included in the analysis in 2024. This will lead to a one-time depreciation shock to the baseline. This shock is to assess the impact of a substantial change in market variables on the cost of financing. In the

worst-case scenario, a 30 percent shock was introduced in 2024 to the exchange rate and projected to weigh more on the domestic currency in 2025 *figure (8)*.

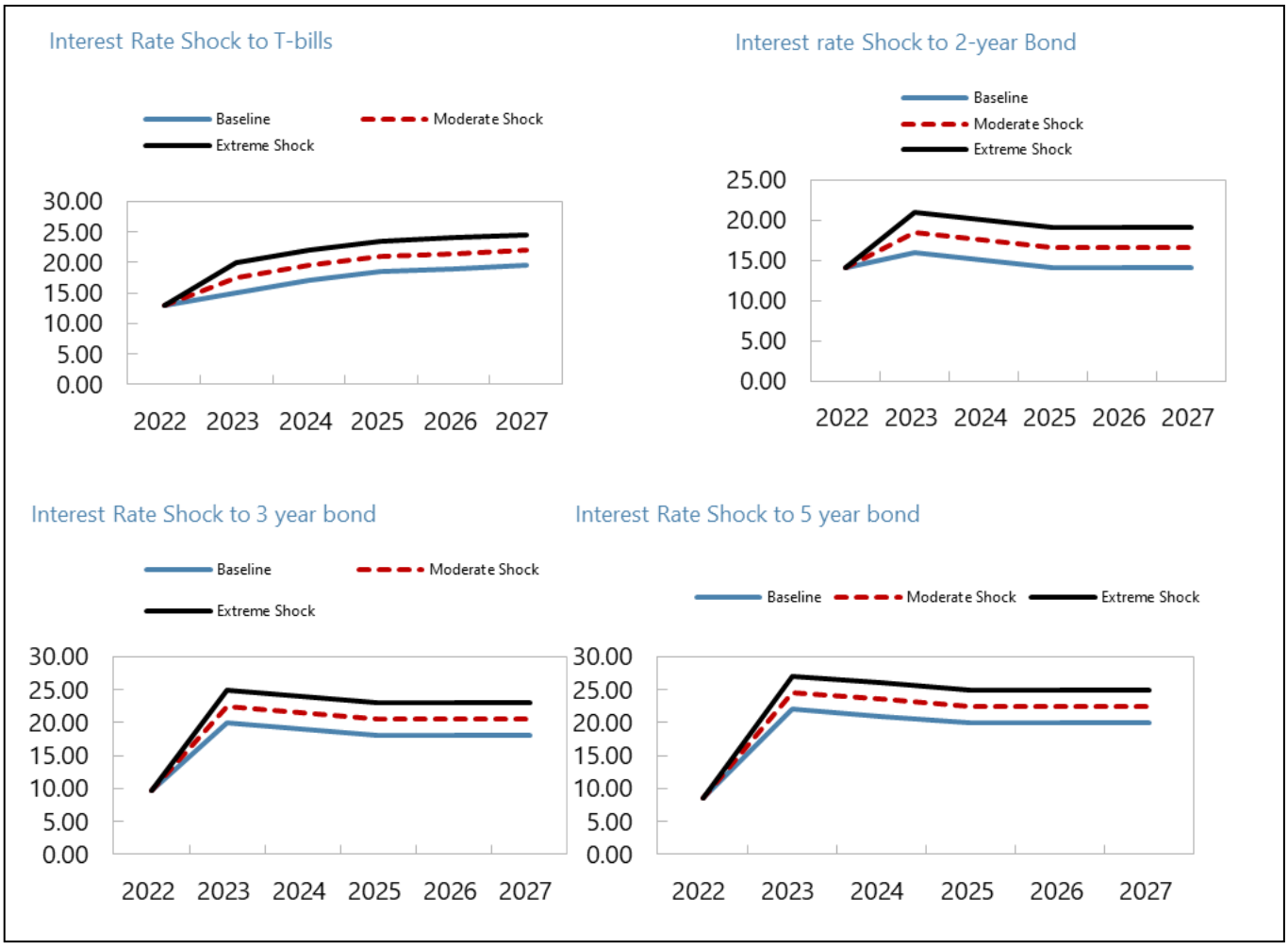
Figure 6: Baseline Exchange Rate Projection and shock



Interest Rate Shock

A moderate and extreme interest rate shock of 2.5 percent and 5.0 percent, respectively is applied to the baseline interest rates on all domestic instruments (T-bills, 2-years, 3-years & 5-years bonds). In the worst-case scenario, the cost of financing will average around 22.8 percent for T-bills, 19.6 percent for the 2-year bond, 23.6 percent for 3-year bond and 25.6 percent for the 5-year bond.

Figure 7: Shock to Interest Rates



Source: DLDM

Cost and Risk Analysis under Different Strategies

This section analyses the cost and risks associated with each alternative strategy compared to the baseline, which is the “status quo”. The "status quo" assumes that the financing of the public sector borrowing requirements follows historical trends, consistent with the current borrowing pattern. Table 3 shows the cost and risks of the simulated strategies at the end of the strategy period, which is 2027. It also shows the existing cost and risks associated with the portfolio as of the end of 2022, this excludes all non-marketable debt in the existing debt portfolio.

Table 3: Cost-Risk Indicators by end of 2027

Risk Indicators		2022	As at end 2027			
		Current	S1	S2	S3	S4
Nominal debt as percent of GDP		77.4	48.6	48.4	48.1	48.3
Present value debt as percent of GDP		63.7	40.5	40.4	39.5	41.4
Interest payment as percent of GDP		2.0	3.4	3.3	3.1	3.5
Implied interest rate (percent)		2.6	7.3	7.1	6.7	7.8
Refinancing risk2	Debt maturing in 1yr (percent of total)	24.0	30.2	15.8	20.3	38.2
	Debt maturing in 1yr (% of GDP)	20.6	14.7	7.7	9.8	18.5
	ATM External Portfolio (years)	9.5	8.9	8.9	9.2	8.1
	ATM Domestic Portfolio (years)	1.2	0.9	1.9	1.6	0.5
	ATM Total Portfolio (years)	7.1	6.3	6.6	6.8	5.8
Interest rate risk2	ATR (years)	7.0	6.3	6.6	6.8	5.6
	Debt refixing in 1yr (percent of total)	25.2	30.3	15.9	20.4	45.7
	Fixed rate debt incl T-bills (percent of total)	97.4	99.2	99.2	99.2	91.5
	T-bills (percent of total)	17.4	20.6	2.4	7.7	32.5
FX risk	FX debt as % of total	68.0	65.0	64.9	67.4	67.5
	ST FX debt as % of reserves	13.7	14.7	14.7	14.7	15.6

Public debt to GDP is projected to fall to less than 50 percent across all the strategies by end of 2027 from 77.4 percent end of 2022, in line with the fiscal consolidation path underpinning the approved medium-term macroeconomic framework. Strategy 3, which is a combination of increasing external concessional financing and gradual issuances of medium-term bonds, is the least-cost strategy with a nominal debt to GDP of 48.1 by end of 2027. On the basis of the PV of debt to GDP, the strategy performs better compared to the other strategies, recording the lowest of 39.5 percent, driven by projected new external concessional financing.

Similarly, S3 attracts the least cost in terms of the interest payment as a percentage of GDP of 3.1 percent, compared to the worst performing strategy, which is S4, attracting an interest cost to GDP of 3.5 percent. S3 is less costly given the significant presence of concessional external financing, compared to the S4 where over-reliance on T-bills and SAS, as the only domestic financing source, exertspressure on T-bills rate. S4 also attracts non-concessional financing which increases the fiscal cost of this strategy.

S3 also performs better than the other strategies in terms of implied interest rate, attracting a rate of 6.7 percent compared to 7.1, 7.3, and 7.8 percent for S2, S1 and S4 respectively by end of 2027.

Portfolio Risks Indicators

Roll-over/refinancing risks

As of the end of 2022, Refinancing risks appeared to be quite high in the debt portfolio which the proposed strategies attempted to address. By the end of the strategy period (2027), S2 appeared to better address refinancing risks as debts maturing within one year amounted to

the least of 15.8 percent compared to the strategy (S4) of 38.2 percent which is quite unrealistic to implement. S2 is associated with market development predicated on the issuance of medium-term bonds to support domestic market development unlike S4 which heavily relies on T-bills which are short term, propelling roll-over, and refinancing risks.

Similarly, the Average Time to Maturity (ATM) is the highest under S2, attracting 1.9 years for the domestic debt portfolio while S4 is the least of 0.5 years. S3 is the best performing strategy based on ATM attracting an ATM of 9.2 years, while S4, is the worst performing strategy attracting an ATM of 8.1 years. S3 is the best performing strategy based on ATM on overall portfolio basis.

Interest Rate Risks

S4 is the worst performing strategy in terms of Average Time to Refixing (ATR) of 5.6 years, compared to S3 of 6.8 years, which allows authorities more room to respond to interest rate shocks. On the basis of debt maturing within one year which are to be refixed, S4 is the worst performing, attracting 45.7 percent of the total debt, compared to the best performing strategy of S2, attracting only 15.9 percent of the portfolio to be refixed. On a fixed interest rate basis, S2, S3, and S4, are better compared to maintaining the status quo.

Exchange Rate Risks

Exchange rate risks are still dominant in the total debt portfolio given the relatively high share of foreign currency debt in the overall debt portfolio. S3 and S4, which prioritise concessional and non-concessional external financing would trigger increased exchange rate risks on the debt portfolio. S2, which accommodates more of domestic issuance of T-bonds appears to suppress foreign currency risks compared to S3 and S4. Given the concessional nature of external debt of the Gambia, the share of short-term external debt as a percentage of foreign currency reserves is relatively low across all strategies at 14.7 percent in S1, S2 and S3, except for S4 which attracts a share of 15.6 percent due to the reliance of non-concessional external borrowing which will increase foreign currency risks in the debt portfolio.

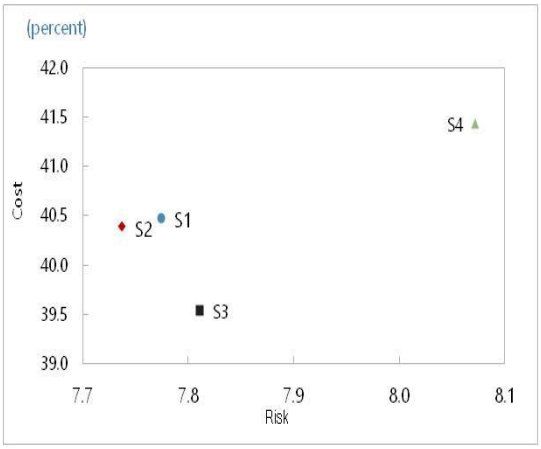
Basis of Preferred Strategy

On the balance of cost and risks narratives above, the quest by the Government of the Gambia to continue to access concessional external financing to lower the risk of debt distress, while also gradually developing the domestic debt market by the introduction of medium-term bonds, Strategy 3 is the most preferred choice. Strategy attracts the least costs

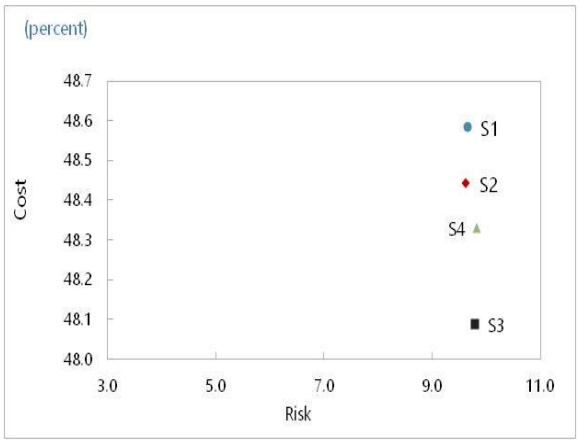
and attempts to improve roll-over and refinancing risks associated with the public debt portfolio.

Figure 8: Cost-Risk Indicators, end 2027

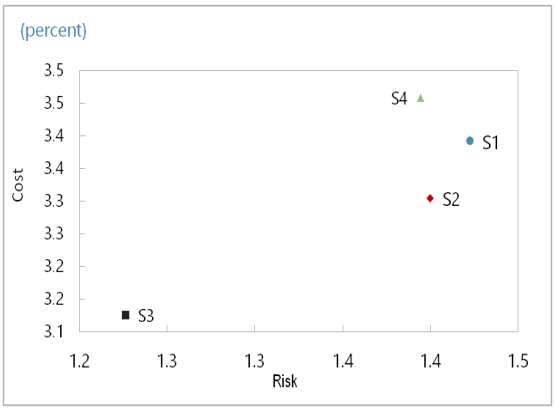
PV of Debt to GDP as at end 2027



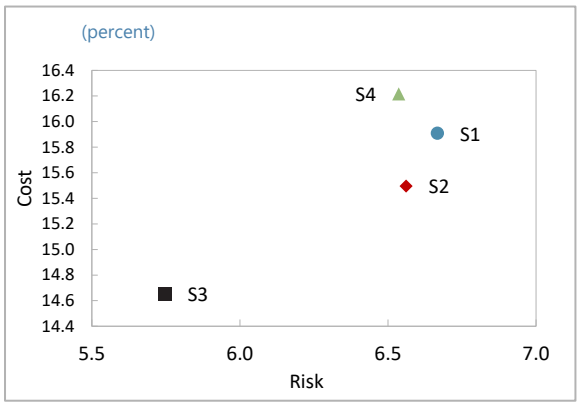
Debt to GDP as at end 2027



Interest to GDP end of 2027



Interest to revenue end of 2027



Section 5: Conclusions and Recommendations

The public debt portfolio of the Gambia is exposed to several portfolio risks such as rollover or refinancing risks, interest rate risks and foreign currency risks. The basis of the current MTDS was to simulate varying strategies with the aim of recommending the most preferred strategy that would lower the identified portfolio risks, accommodate Government financing requirements underpinned by the approved medium-term macroeconomic framework, and also support Government's objective of developing the domestic debt market.

The most preferred strategy is Strategy 3, **Increased External Concessional Financing and Extension of Domestic Maturities,** which is recommended for implementation from 2023 to 2027. This strategy will allow the Government to access additional concessional resources without compromising the risk of public debt distress, while also supporting the gradual development of the domestic debt market by increasing the issuance of long-term bonds. It carries less fiscal cost compared to the other strategies and lowers overall refinancing or rollover risks the public debt portfolio is exposed to.

In this respect, the Government of the Gambia should pursue the following policy actions to better manage costs and risks the public debt portfolio is exposed to from changing market conditions:

(i) Ensure the development of an effective communication strategy with both existing and potential market participants to support the issuance of medium to long-term bonds, which is an indication of progress in developing the domestic debt market.

(ii) In the context of limited concessional financing globally, the Government of The Gambia should re-engage Paris Club Creditors and non-traditional creditors for the delivery of concessional or semi-concessional resources to support infrastructure development.

(iii) Develop policies that support diversification of the economy that would promote export and increase foreign currency reserves, aimed at lowering exchange rate risks.

(iv) Until fiscal outturns improve significantly, the Government of The Gambia should limit its portfolio to fixed interest rate instruments to lessen the impact of interest changes on the public debt portfolio.

(v) The Government of The Gambia to pursue fiscal consolidation, anchored on enhanced revenue mobilization and careful vetting and rationalization of expenditure, without undermining the growth potential of the Gambia.

(vi) Develop policies and pursue green and climate-linked growth to leverage on associated grant and concessional financing to support climate adaptation and mitigation.

(vii) Develop and implement a fiscal risk framework to track and mitigate the materialization of contingent liability which has the propensity to worsen debt portfolio risks.