

CABRI PEER REVIEW WORKSHOP



TOPIC: HIGH DEBT SERVICE COST CROWDING OUT PRIORITY SPENDING

PRESENTED BY: Team Melting Pot, The Gambia
10th - 13th December, 2018
Radisson Blu Hotel
Dakar, Senegal

TEAM MELTING POT MEMBERS



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ROLES

LAMINE FATTY (DEPUTY DIRECTOR)

BUDGET EXPERT

ALAYE BARRA (PRINCIPAL FISCAL OFFICER)

PRESENTER

OUMIE OOF (SENIOR PLANNER)

PRESENTER

LAMINE TRAWALLY (SENIOR FINANCIAL RISK ANALYST)

DATA ANALYST

ABDOULIE S. BAH (ECONOMIST)

FOLLOW-UP LIAISON

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MEETING CONVENER & ASSIGNMENT COORDINATOR

RENE ANTHONY GOMEZ (PLANNER)

DATA ANALYST SUPPORT / SCRIBE

OUTLINE

- * Problem Statement, Fishbone and Entry Points
- * Key Activities
- * Parties engaged, when & why
- * Key Outputs
- * Lessons Learned
- * Key Challenges
- * Next Steps



Problem Statement

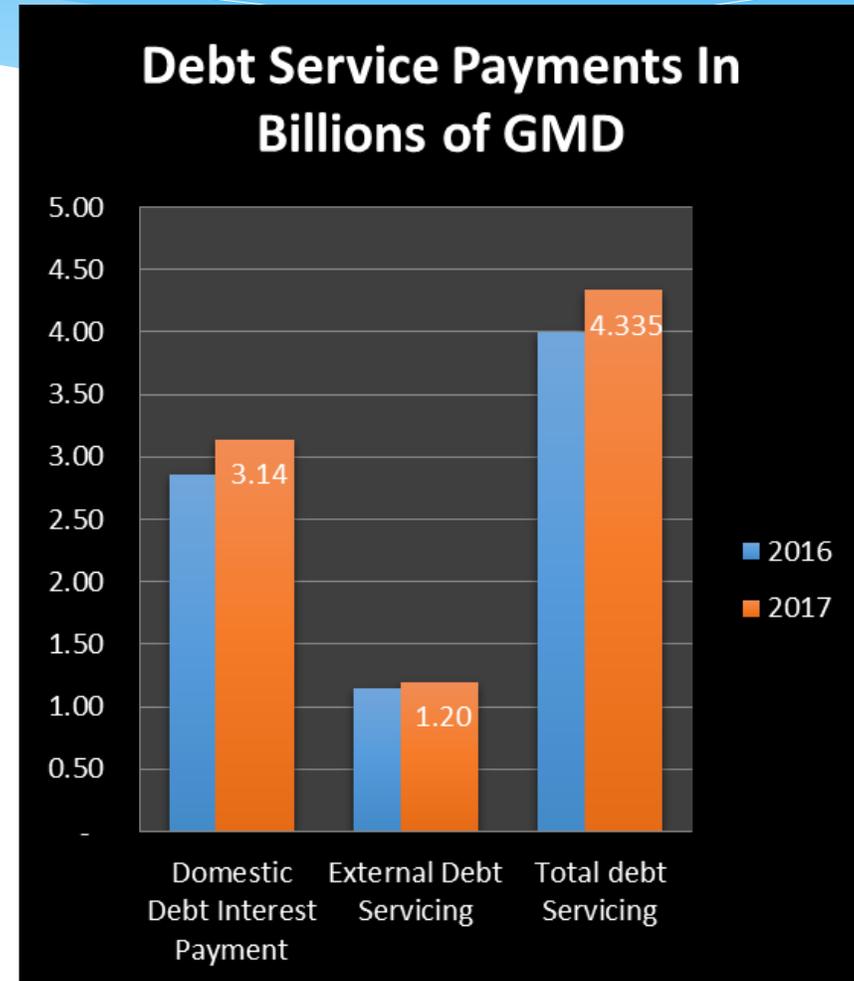


Problem:

- * High Debt service Cost crowding out priority spending.

Why?

- * Debt Service as a % of Domestic Revenue increased from 52.27% in 2016 to 54.97% in 2017.

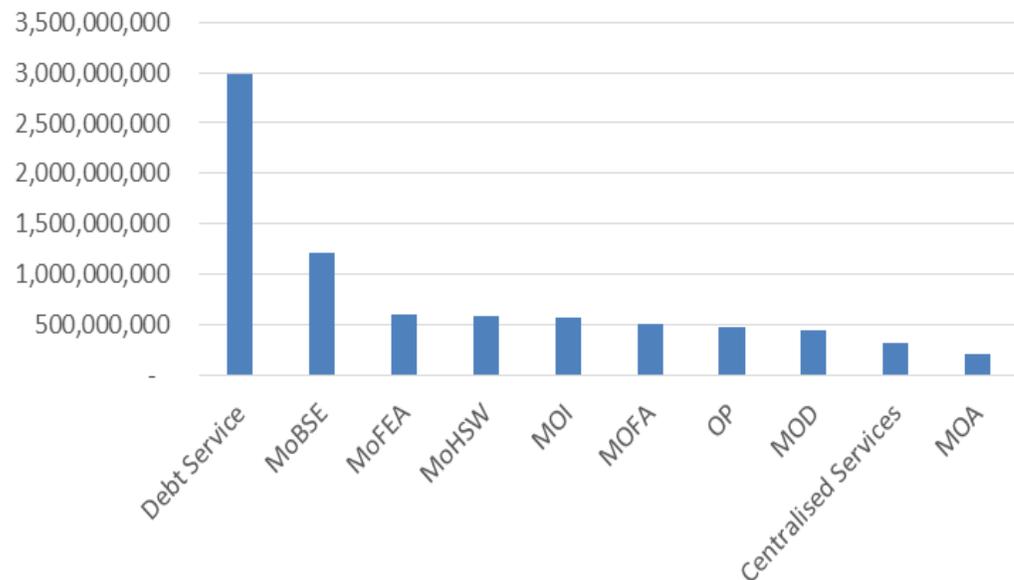


Problem Statement (cont'd)

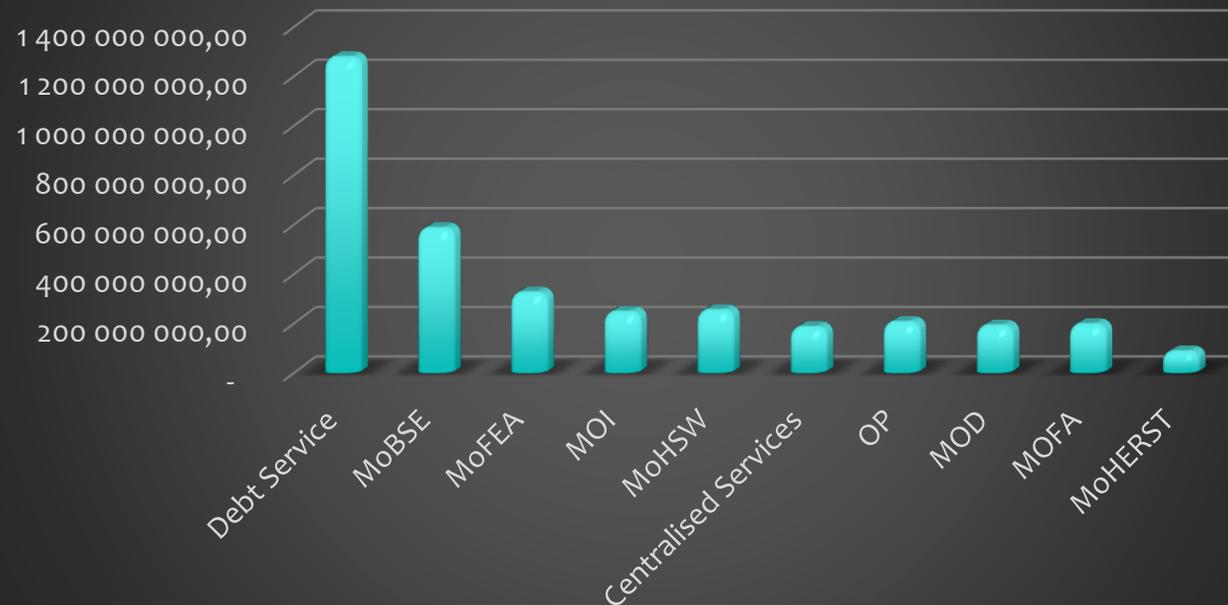


- ❖ What's your problem and why does it matter?
- ❖ Debt Servicing crowding out Spending on Priority areas:

Jan-September 2018 Exp. Outturn



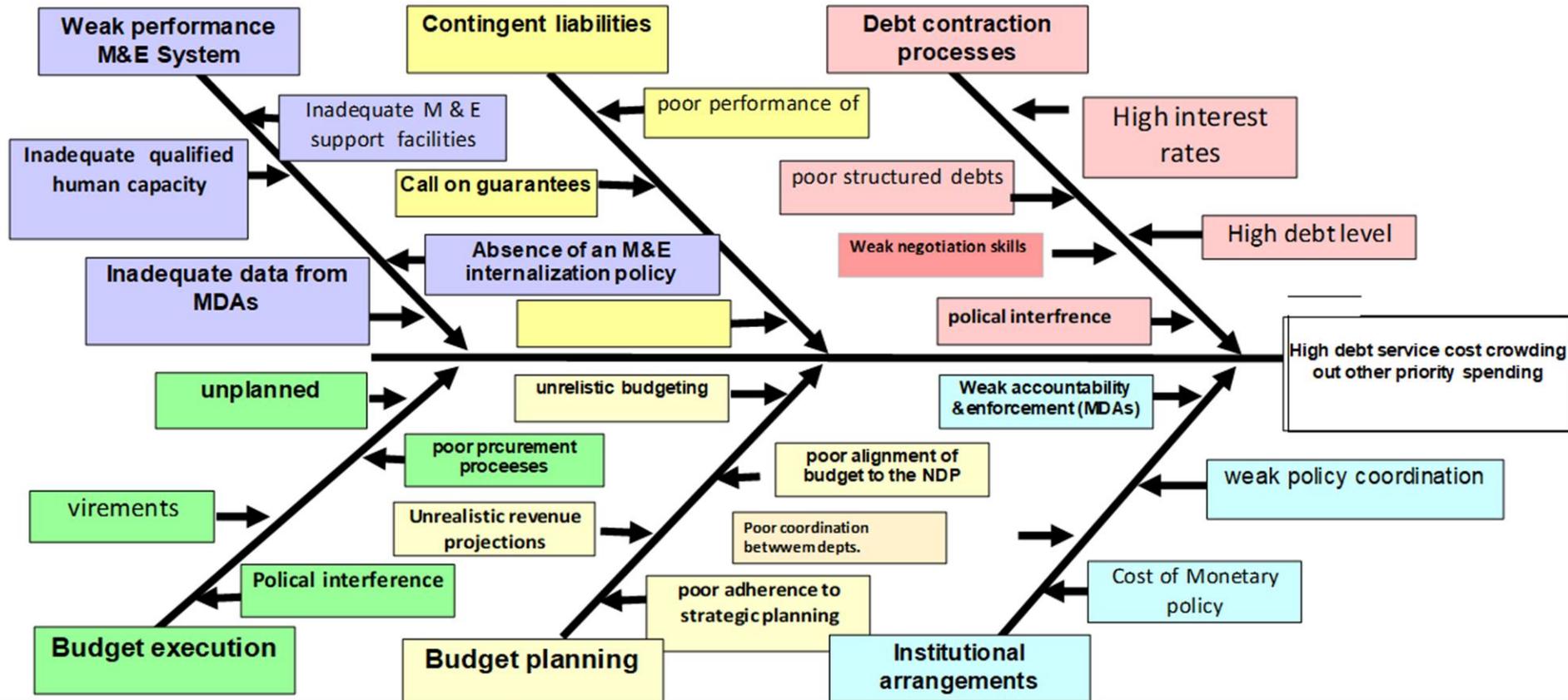
April Exp. Outturn



Fishbone and Entry Points



❖ Initial Fishbone in May:



Key Activities- Entry Point 1-Debt Restructuring



Key Activities	Timeline	Status
i. Ensure high level representation at the T-bills meeting	July – 2018	Executed
ii. Create awareness on debt contraction process	Aug – 2018	Executed
iii. Review and update the MoU on the institutional arrangement of domestic debt management	Aug – Sept 2018	Executed
iv. Sensitize market players on Government's policy direction on domestic debt management	Sept – Oct 2018	Executed
v. Data analysis on key deviations affecting the reliability of expenditure projection	Oct – 2018	Executed
vi. Operationalize the National MTDS	Oct – 2018 ⁷	Executed
vii. Revitalize the bond committee	Oct – Dec 2018	In Progress

Key Outputs- Entry point one



- * A Memorandum of Understanding detailing out the inter alia, a framework for cooperation between MoFEA and CBG in the domain of domestic debt management has been signed by both parties for implementation.
- * A memo was signed by the Permanent Secretary urging all relevant directors to regularly attend the T-Bills meeting at the CBG so as to have influence in governments domestic borrowing.
- * Market players were updated on government's current policy direction on domestic debt management i.e. the need to subscribe to government long-dated instruments.
- * We were able to establish key challenges affecting the full subscriptions to Government bonds;
 - * Lack of a vibrant secondary market to induce effective trading within market players
 - * Narrow investor base for long-dated Government debt instruments

Key Activities- Entry Point 2-M&E



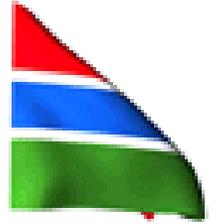
Key Activities	Timeline	Status
i. Designing of the M&E framework	May – June 2018	Completed
ii. Sector bilaterals on the M&E framework	June – 2018	Completed
iii. Analysis of the M&E submissions (identification of weaknesses)	June 2018	Completed
iv. Study tour to Ghana on budget Monitoring & Evaluation	Sept – 2018	Completed
v. Establishment of a steering committee on strategic planning and monitoring	Oct – 2018	Completed
vi. Workshop on the operationalization of PBB & alignment of indicators to NDP M&E framework	Nov – 2018	Completed

Key Outputs- Entry point Two



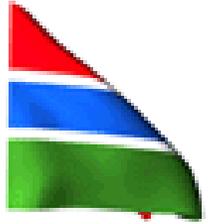
- ❖ An M&E Framework was designed and rolled out to MDAs.
- ❖ Received M&E Quarterly reports from Sectors.
- ❖ Assessment of reports and provision of feedback on how to improve the reports going forward.
- ❖ A steering committee is established to operationalize PBB & the M&E Tool
- ❖ Alignment of program indicators to NDP and M&E indicators.

Parties engaged, when & why?



- * MoFEA Management (PSs, Minister and Directors) were informed about the team's problem statement right from the start to get their support and buy-in
- * MDAs were engaged at the budget bilateral workshop with a presentation on the debt contraction process: this is to avoid unsolicited loan agreements from MDAs
- * Market players in October to inform them on government's current direction on domestic debt management
- * Meetings with MDAs and Key sectors have been held. This is to ensure they align their resources according to the NDP priority areas
- * Regular engagement with the Directorate of Loans and Debt Management to help with the team's iteration process

Approach to bring others on-board



- * Data analysis to develop a convincing narrative to gain the attention of policy makers.
- * Continuous engagement with the authorities and relevant stakeholders

Lessons Learnt



Problem

- Complex/Dynamic
- Long-term problem
- Inadequate understanding of gravity and nature of problem
- Political will

Team

- Complexity in diversity
- Constant Communication
- Timely Co-ordination and implementation
- Self motivation and commitment

Lessons Learnt



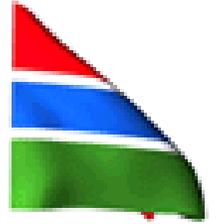
Stakeholders

- Extremely important
- Need to involve in iteration process

Authorizing Environment

- Constant engagement
- Highest level engagement
- Strategy to get buy-in
- Openness and Willingness to support team

Key Challenges



- ❖ Busy work schedules of team members made it a challenge for all members to meet regularly.
- ❖ The presence of senior officials like PSeS, MDs and CBG Governors attend workshop organize on operationalizing the MTDs was a challenge.
- ❖ MDAs inadequate knowledge on the impact of high debt and their contribution to incurring high debt

Next Steps



- ❖ Continuous engagement with MoFEA and CBG management on the implementation of the MOU.
- ❖ Ensure the steering committee meets regularly with MDAs in order to align their PBB to the NDP and use the M&E tool to keep track of progress and challenges in the implementation of their outlined activities on their PBB.
- ❖ The team will prepare a detailed report and present it to the MoFEA management upon completion of the peer review workshop to ensure recommendations provided on the teams problem statement are implemented.
- ❖ Improve forecasting on government expenditure to avoid unnecessary borrowing
- ❖ Engage relevant stakeholders on how to control contingent liabilities

