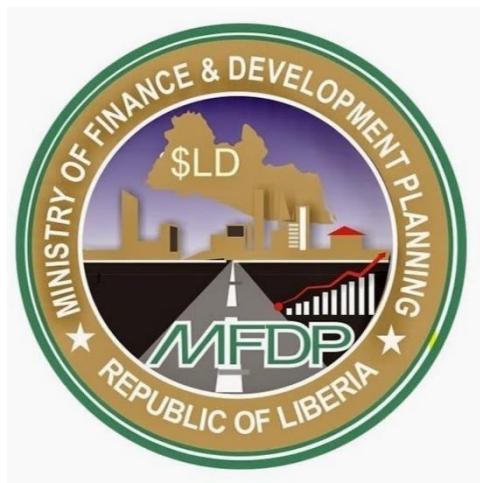


GOVERNMENT OF LIBERIA

MINISTRY OF FINANCE AND DEVELOPMENT PLANNING

Debt Management Unit (DMU)

April 01– June 30, 2019



MINISTRY OF FINANCE & DEVELOPMENT PLANNING (MFDP)

June 2019

FOREWORD

The quarterly debt report covers public and publicly guaranteed debt for both domestic and external stock and flow for the Fourth Quarter (April – June) of FY 2018/2019. Improvements to this report include quarterly debt stock and service trends as well as analysis on the initial projection by the Debt Management Unit (DMU) on debt service against the amount allotted by the Department of Budget at the Ministry of Finance and Development Planning.

EXECUTIVE SUMMARY

Liberia's Gross Domestic Product (GDP) for 2019 has been revised downward to 0.4 percent from initial 4.7 percent projection for 2019 due to slower expansion of the private sector credit and remains below two percent into the medium-term. The significant slowdown in the growth rate of the economy was due to declines in both mining and non-mining sectors of the economy. Growth in the mining sector specifically industrial gold production is expected to fall by 11 percentage point to 13.2 percent in 2019 from an estimated 24.2 percent in 2018; while the non-mining sector is expected to slump by 0.1 percentage point to -1.4 percent from -1.3 percent in 2018 due to slow expansion of the private sector. However, the non-mining sector which accounts for almost 90 percent of GDP contracted by 1.3 percent. Agriculture performance is projected to improve modestly as the returns on earlier investments in agricultural commercial crops (especially, in new rubber and palm oil trees) begin to bear fruit –although the difficult agribusiness environment is expected to constrain productivity, while the service sector remained flat due to weakened demand as a result of UNMIL withdrawal but expects to increase at 2.8 percent in 2019. The Liberian dollars came under extreme pressure which caused the exchange rate to depreciate by 26 percent and triggered the inflation rate to accelerate to double digit figure to about 28 percent over the period of 2018¹.

The performance of the economy deteriorated the Government of Liberia's (GoL) fiscal position amidst growing expenditure demands to improve services delivery for the poor. The risks to growth in 2019 and over the medium term include: continued decline in the price of the country's primary commodity exports (rubber and iron ore) on the global market; and infrastructure challenges, including poor roads and limited energy supply. The limited financing alternatives mainly underpinned by lower limits on borrowing and tight fiscal conditions, unpredictable and low external aid.

¹ Source : [IMF Article 4](#) June 2019

The Government is now faced with the daunting task of pursuing a demanding development agenda, the Pro-Poor Agenda for Prosperity and Development (PAPD), in the face of high expectations. The External resource mobilization through grants and loans are now integral part of undertaking the daunting developmental initiatives.

As at end of the fourth quarter of FY 2018/19, the Government of Liberia's (GoL) public and publicly guaranteed debt stock stood at US\$1.17 billion. The stock of debt is composed of Pre-HIPC restructured debt in the amount of for US\$312.34 million and Post-HIPC debt of US\$793 million and includes the disbursed portion of total new borrowing and restructured (Pre-HIPC) debt.

The total debt stock consists of external debt and domestic debt. At the end of the period, external debt accounted for US\$850.85 million while domestic debt accounted for US\$319.60 million. Domestic debt is comprised of CBL long term loans, Commercial Banks loans, court debt and other vendors' claims; while the external debt component is made up of multilateral and bilateral creditors. At the end of the period, GoL total external borrowing (ratified loans) shows a total of US\$1.14 billion with the portion of the undisbursed post-HIPC loans accounting for US\$411.17million and total disbursed loans which also contain restructured Pre-HIPC amounted to US\$793 million.

During the quarter under review, the stock of external debt increased to US\$850.85 million from US\$796.70 million at the end of the third quarter, accounting for 6 percent increment. The increase in disbursement of the external debt is attributable to new disbursements of US\$12.04 million from the World Bank and AfDB to accelerate on-going programs and projects approved by the National Legislature. Disbursement from external creditors during the fourth quarter increased by 60 percent to US\$54.9 million from US\$22.1 million as compared to the third quarter.

The fourth quarter report for FY 2018/2019 captures outstanding GoL's indirect obligations to seven (7) commercial banks; (LBDI, ECOBANK, GT Bank, IB, UBA, AFRILAND and GN Bank). These obligations have been verified, reconciled and confirmed by staff of the Central

Bank of Liberia (CBL), the Debt Management Unit of the Ministry of Finance and Development Planning (MFDP) and the Commercial Banks.

Public debt service during the period under review amounted to US\$2.70 million, of which total external principal repayments accounted for US\$0.87 million; while interest on external payments amounted to US\$1.83 million. Principal repayment for Domestic Debt accounted for 0.04 million. However, there was no interest payment under domestic debt category.

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ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
BADEA	Arab Bank for Economic Development in Africa
CBL	Central Bank for Liberia
CNY	Chinese Yuan
DMU	Debt Management Unit
ECF	Extended Credit Facility of the IMF
EU/ EIB	European Union/European Investment Bank
EUR	Euro
GBP	Great Britain Pound
GDP	Gross Domestic Product
GoL	Government of Liberia
HIPC	Heavily Indebted Poor Country
IDA	International Development Association of the World Bank
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
KWD	Kuwaiti Dinar
LBDI	Liberia Bank for Development & Investment
LRD	Liberian Dollar
LTL	Long-Term Loan
MFDP	Ministry of Finance and Development Planning
MoJ	Ministry of Justice
MoS	Ministry of State
MTDS	Medium Term Debt Management Strategy
OFID	OPEC Fund for International Development
SAR	Saudi Arabia Riyal
SDR	IMF Special Drawings Rights
TDS	Total Debt Service
TEDS	Total External Debt Service
USD	United States Dollar

KEY DEFINITIONS

- Debt Stock: The Debt stock is disbursed debt only. By definition debt stock includes ratified and approved loans.
- Domestic Debt: Government Guaranteed Debt owed Debt to Domestic Creditors. This includes validated Court Debt.
- External Debt: Total Government Publicly Guaranteed Debt owed to foreign creditors.
- Pre-HIPC debt: Debt arising from disbursed new loans prior to the 2010 HIPC debt relief.
- Post-HIPC debt: Debt arising from disbursed new loans after the 2010 HIPC debt relief and/or debt restructure process.
- Total Borrowing: Is the total ratified debt credit amount and including both disbursed and undisbursed loan amounts.
- Total Public Debt: Includes Domestic Debt + External Debt

1. INTRODUCTION

The report covers the period of April 1, 2019 through June 30, 2019 and represents the outstanding total public and publicly guaranteed debt as at the end of the fourth quarter i.e. 30th June 2019. The report builds on information contained in the third quarter FY2018/2019 Public Debt Management Report as well as previous reports and publications of the Debt Management Unit of the Ministry of Finance and Development Planning. The report also highlights the composition of total public debt including Pre-HIPC outstanding restructured obligations and Post-HIPC new loans for both domestic and external debt.

Liberia's real Gross Domestic Product (GDP) for 2019 declined to 0.4 percent from the initial 4.7 percent projection for 2019, a 4.3 percentage point decline in the initial 2019 GDP growth forecast. Liberia's debt distress level is considered moderate given the debt to GDP position at 36.34 percent with the nominal Gross Domestic Product (GDP) for 2019 estimated at US\$3.22 billion².

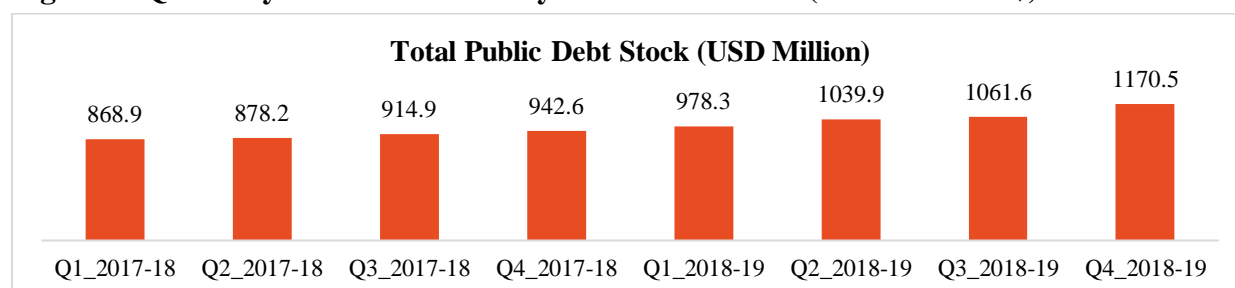
The fourth quarter report for FY 2018/2019 captures outstanding GoL's indirect obligations to seven (7) commercial banks; (LBDI, ECOBANK, GT Bank, IB, UBA, AFRILAND and GN Bank). These obligations have been verified, reconciled and confirmed by staff of the Central Bank of Liberia (CBL), the Debt Management Unit of the Ministry of Finance and Development Planning (MFDP) and the Commercial Banks.

2. COMPOSITION OF PUBLIC DEBT STOCK

The Government's public debt stock as at end-June 2019, i.e., the fourth quarter of FY2018/19 is US\$1.17 billion. Between the fourth quarters FY2017/18 and FY2018/19 the total public debt grew by US \$227.9 million or a net increase of 19 percent. It is expected that the total public debt stock will continue to grow as funds from existing ratified loans continue to be disbursed on mobilized projects and programs.

²Sourced : [IMF Article 4](#) June 2019

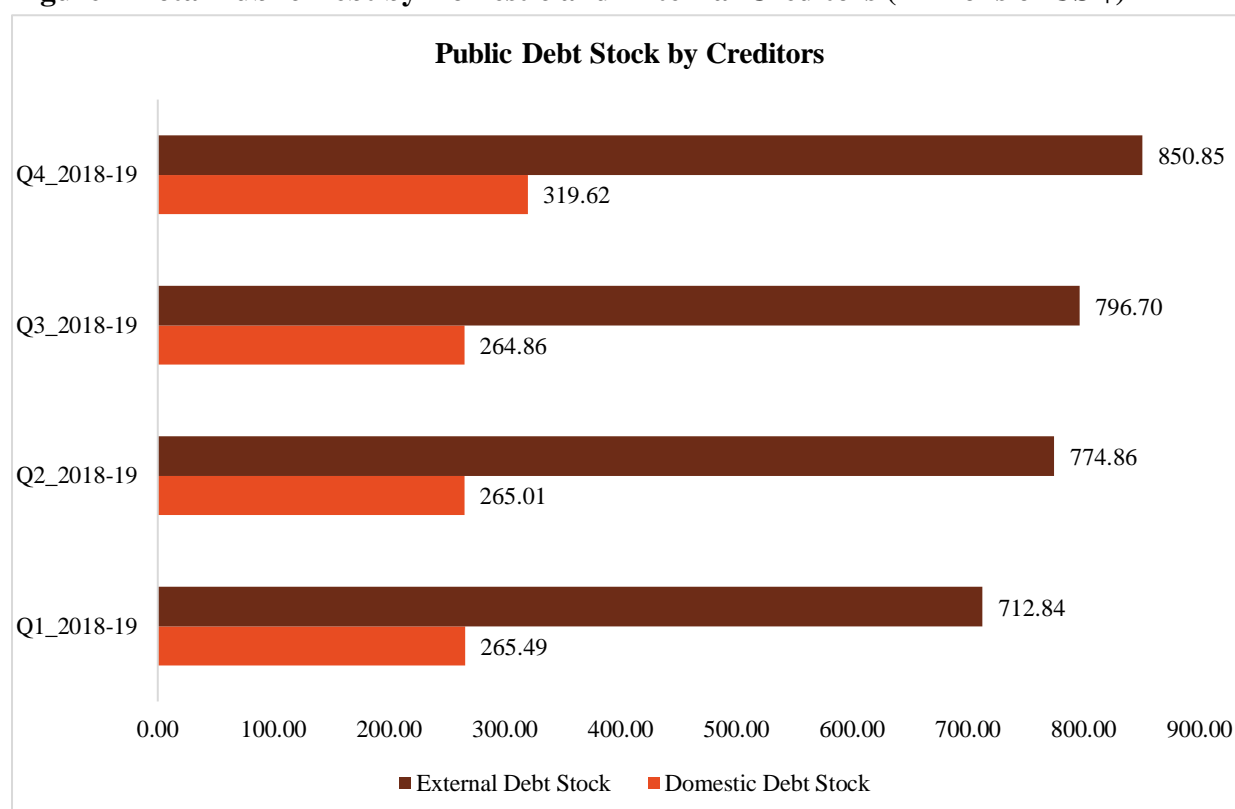
Figure 1. Quarterly Public and Publicly Guaranteed Debt (Millions of US\$)



Source: Debt Management Unit, Ministry of Finance & Development Planning.

The public debt stock including publicly guaranteed debt for quarter four of FY 2018/2019 is comprised of domestic debt (US\$319.62 million or 27 percent) and external debt (US\$850.85 million or 73 percent), respectively.

Figure 2 Total Public Debt by Domestic and External Creditors (Millions of US \$)

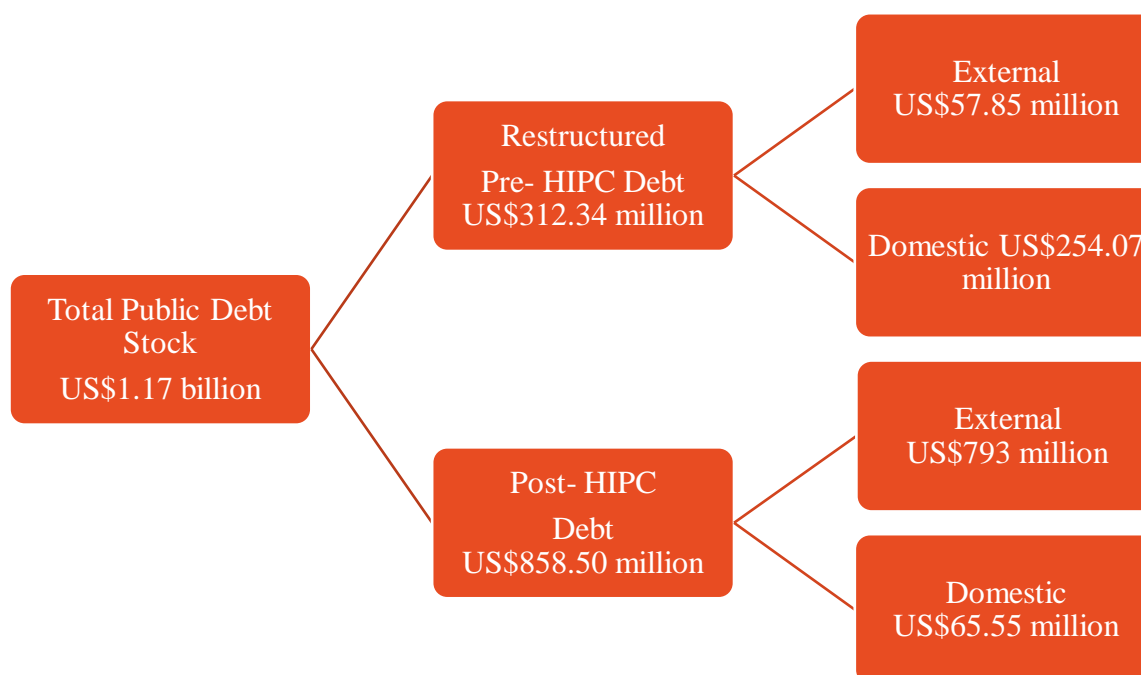


Source: Debt Management Unit, Ministry of Finance & Development Planning.

GoL's total public and publicly guaranteed debt also consists of Pre-HIPC restructured loan at completion of the Heavily Indebted Poor Countries (HIPC) debt initiative and Post-HIPC debt. Pre-HIPC restructured debt refers to the portion of renegotiated/restructured public debt before the debt relief program in 2010. Post-HIPC debt refers to debt arising from disbursement of

new loans after the debt relief process. The debt stock includes Pre-HIPC restructured debt of US\$312.34 million and post-HIPC debt of US\$858.55 million. (Figure 3)

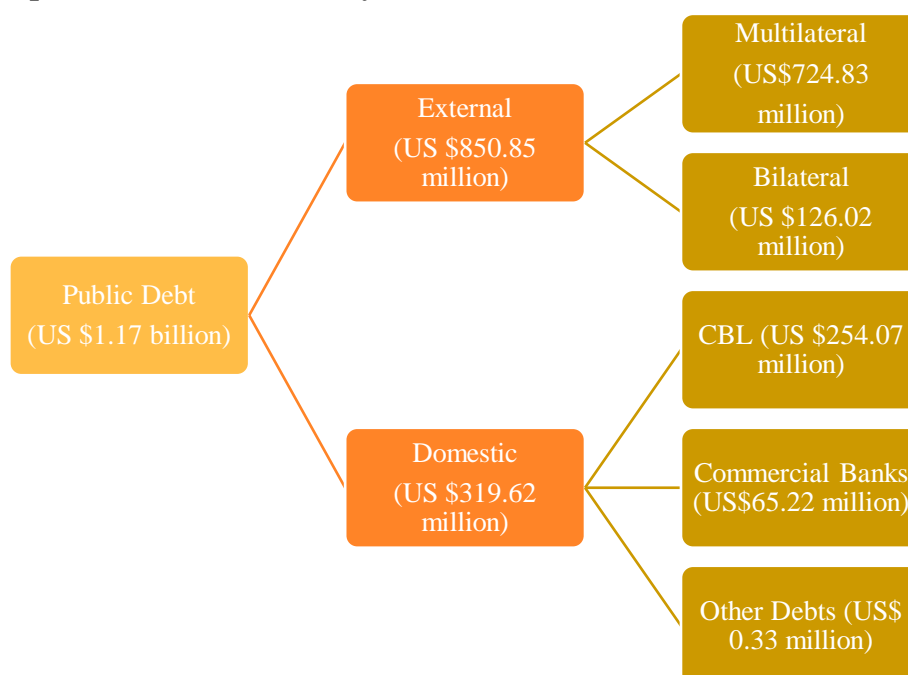
Figure 3: Structure of Public Debt Stock – Pre HIPC & Post -HIPC



3. STRUCTURE OF PUBLIC DEBT STOCK BY CREDITORS

The total public and publicly guaranteed debt of GoL is also made up of external debt and domestic debt. As at end of the period, i.e., June 2019, public and publicly guaranteed external debt accounted for US\$850.85 million, while domestic debt accounted for US\$319.62 million. The domestic debt comprised of Central Bank Liberia (CBL) loans, Commercial Banks loans, processed court debt and verified vendor's claims. Sources of external debt include multilateral and bilateral creditors.

Figure 4 Break-up of Public Debt Stock by Creditors



4. GOVERNMENT OF LIBERIA TOTAL BORROWING

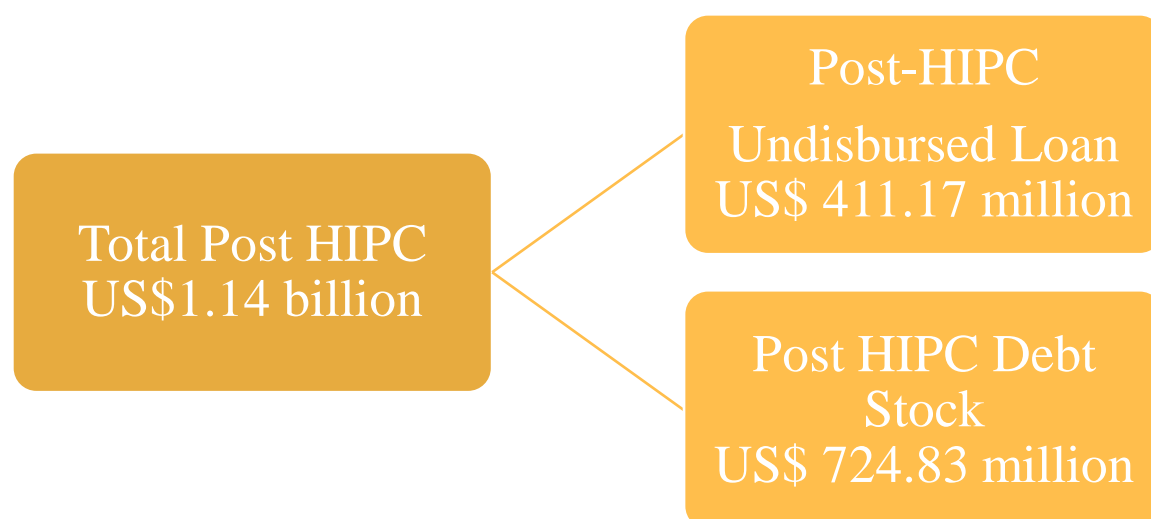
Total borrowing refers to all GoL ratified loans including total disbursed and undisbursed loans; while the stock of public and publicly guaranteed debt is the disbursed portion of the total borrowing. As at end of the fourth quarter, GoL total borrowing showed the amount of US\$1.14 billion (*Figure (5)*). The undisbursed post-HIPC loans portion accounted for US\$411.17 million, while total disbursed loans which also includes restructured Pre-HIPC amounted to US\$724.83million (*referred to as the total public and publicly guaranteed debt stock*).

The domestic component of total debt stock accounted for US\$319.62 million, of which pre-HIPC accounted for US\$254.07 million and Post-HIPC accounted for US\$65.22 million, while court debt and vendor's claims accounted for US\$0.33 million. However, the Debt Management Unit update court debt and vendors claim component of the domestic debt on a continual basis.

As at end June 2019, total disbursement increased by 60 percent from US\$22.14 million in quarter three to US\$54.92 million. Principal repayments increased by 74 percent from US\$0.23 million to US\$0.87 million in the same period. As such, Government and creditors

are re-intensifying efforts on project performance and disbursement execution rates to ensure that loans are translated into capital and economic benefits by timely implementing projects.

Figure 5: Total Post HIPC Borrowing



5. TOTAL DEBT SERVICE

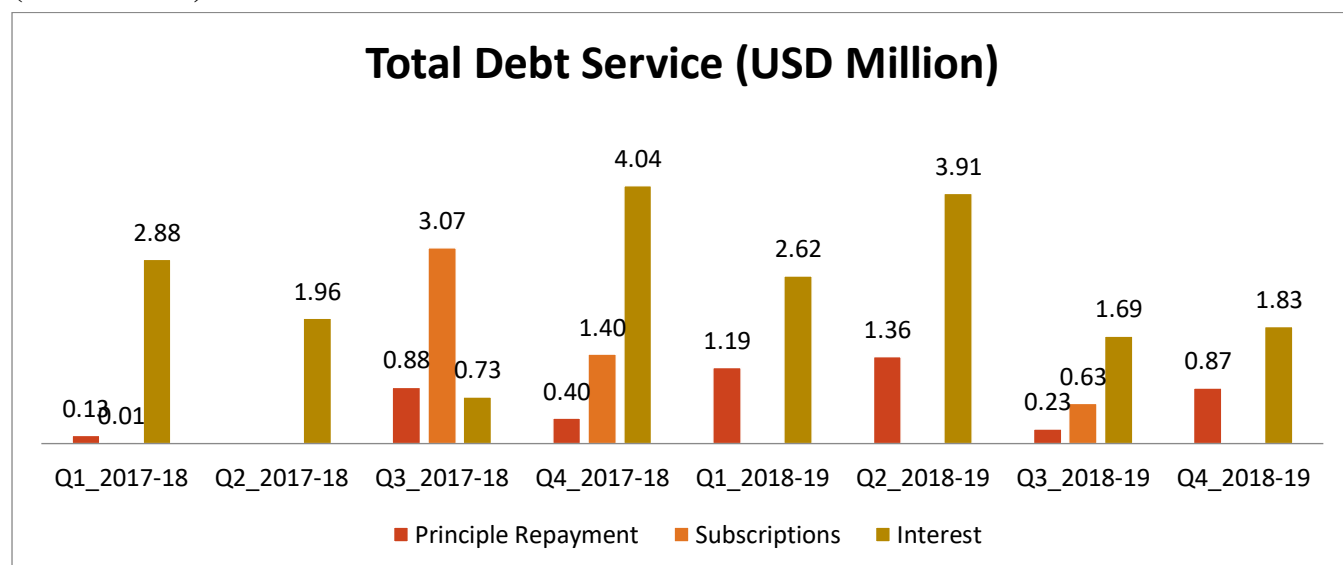
Total public debt service for the fourth quarter amounted to US\$2.70 million, which was used to service both external and domestic debt obligations. Public debt service is made up of principal repayment and interest payments. Total principal repayments accounted for US\$0.87 million while interest payments amounted to US\$1.83 million.

Table 1 Total Public Debt Service (Million USD)

Detail	Principal	Interest	Total	Percentage (%)
External	0.83	1.83	2.70	98.5%
Domestic	0.04	0.00	0.04	1.5%
Total	0.87	1.83	2.74	100%

Source: Debt Management Unit, Ministry of Finance & Development Planning.

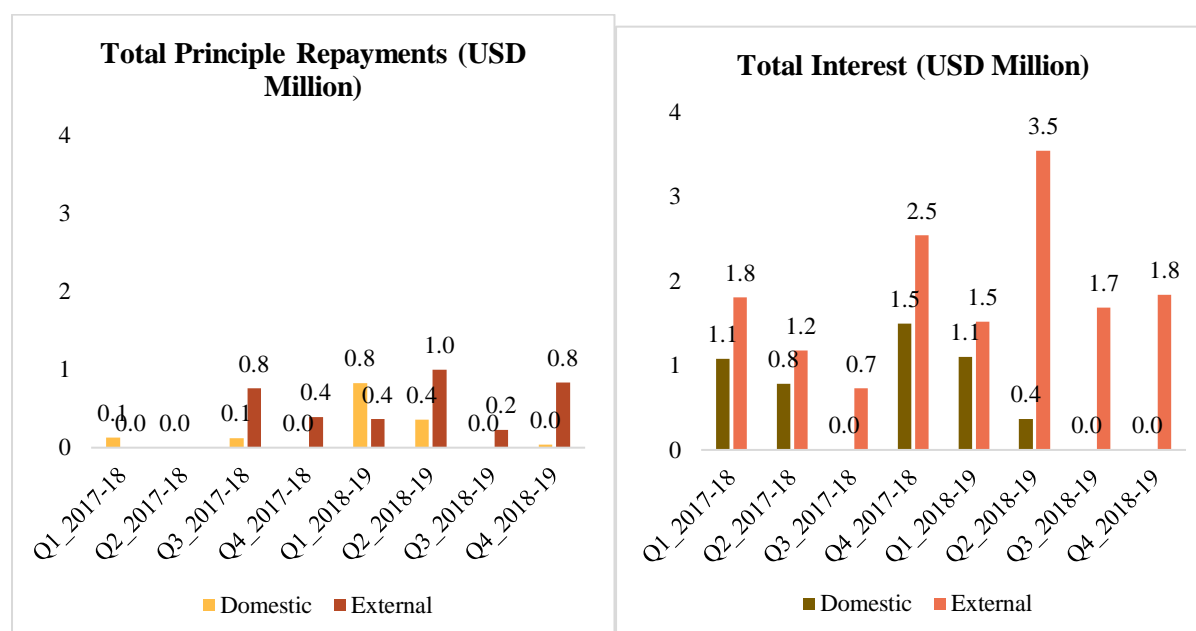
Figure 6: Quarterly Debt Service Trends by Domestic Creditors and External Creditors (USD Million)



Source: Debt Management Unit, Ministry of Finance & Development Planning.

Debt service between Quarter three and four FY 2018/2019 indicates that interest payments accounted for the majority of debt service. It is expected that external debt payment will continue to form a larger share of future debt service.

Figure 7: Quarterly Debt Service by Principle and Interest (USD Million)

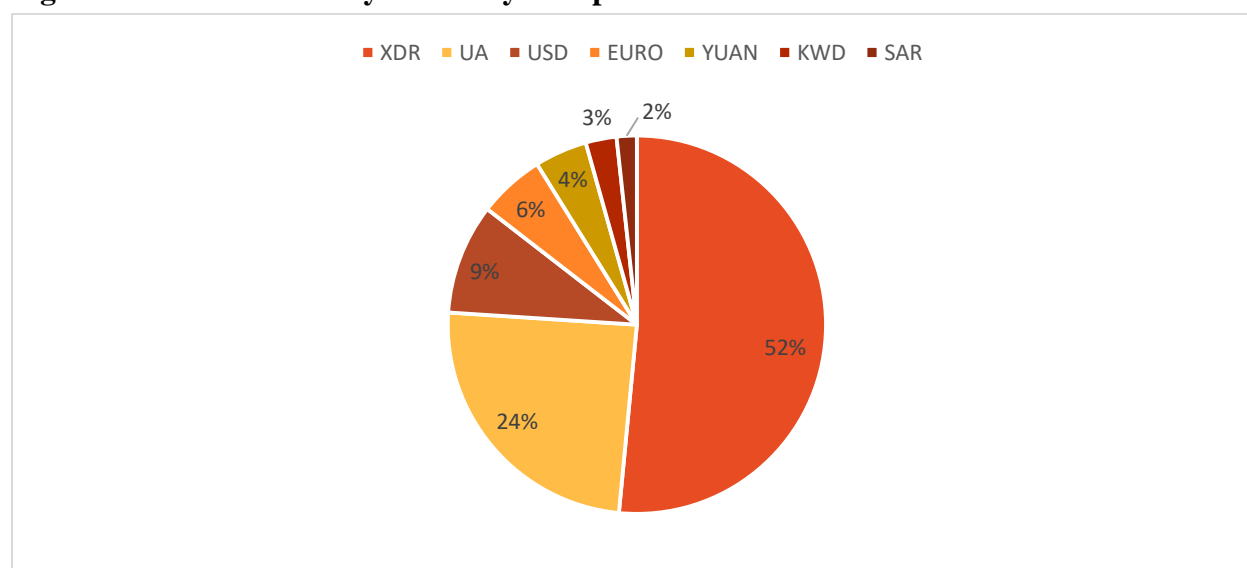


Source: Debt Management Unit, Ministry of Finance & Development Planning.

As at end June 2019, interest payments increased by 8 percent from US\$1.69 million in quarter three to US\$1.83 million in quarter four for FY2018/2019, while principal repayments increased by 74 percent from US\$0.23 million to US\$0.87 million in the same period.

The currency composition of the public and publicly guaranteed external debt stock is mainly comprised of the Special Drawing Rights (XDR), Units of Account (UA), US Dollars (USD), Euro, Chinese Yen (CNY), Saudi Riyal (SAR), and other currencies.

Figure 8: External Debt by Currency Composition



Source: Debt Management Unit, Ministry of Finance & Development Planning.

As at end June 2019, the XDR accounts for about 52 percent of the total public and publicly guaranteed external debt stock. This is followed by the UA (24 percent); USD (9 percent); EUR (6 percent); YUAN (4 percent); KWD (3 percent); and the SAR (2 percent) among others.

6. EXTERNAL FINANCING SOURCES

External financing is a vital source of support to GoL, particularly for the construction/rehabilitation of major roads, energy, ports, and other infrastructure projects contained in the Public Sector Investment Plan (PSIP). Multilateral creditors such as the World Bank Group, the African Development Bank (AfDB), the International Monetary Fund (IMF),

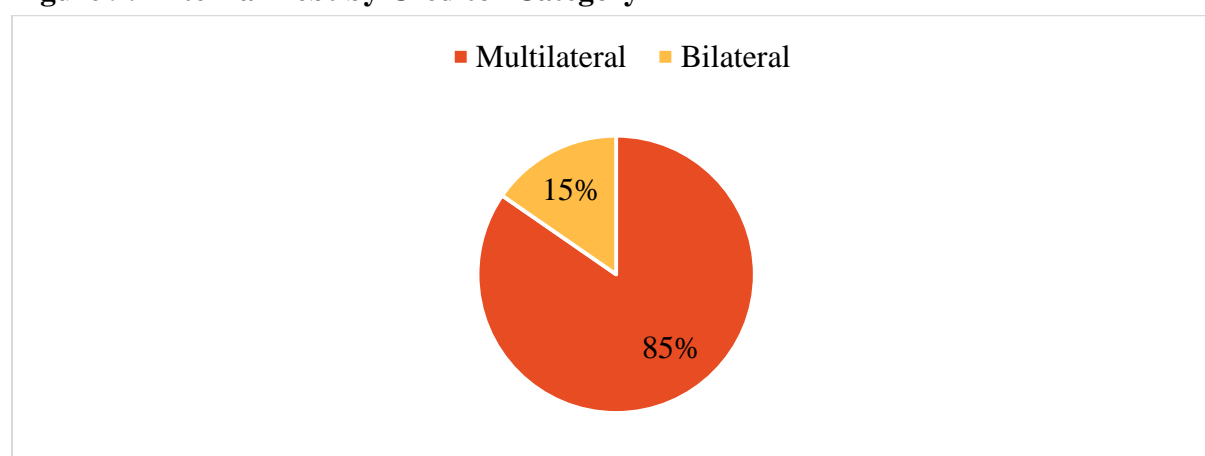
the European Investment Bank (EIB) BADEA etc. as well as bilateral creditors such as China, Saudi Arabia, Kuwait etc., continue to be supportive of the Government's Infrastructural Development Programs.

7. EXTERNAL DEBT STOCK BY CREDITOR

As at end-June 2019, the stock of the public and publicly guaranteed external debt category (Figure 9) showed the amount of US\$850.85 million. The share of multilateral creditors amounted to 724.83 million (85.2 percent), while the share of bilateral creditors accounted for US\$126.02 million (14.8 percent), respectively.

Compared to the third quarter, the stock of public and publicly guaranteed external debt rose by 54.14 million or 6 percent from US\$796.70 million in the third quarter to USD\$ 850.85 in the fourth quarter FY 2018/2019. The multilateral component of the public and publicly guaranteed external debt stock rose by US\$ 53.32 million or 7 percent while the bilateral component rose by US\$ 0.83 million or 1 percent. The increase in the external debt stock was largely attributed to disbursement of US\$54.92 million. Disbursements primarily include the World Bank (US\$ 35.1 million), AFDB (US\$ 18.99 million) and China Exim Bank (US\$ 0.69 million) for the rehabilitation and upgrading of the Roberts International airport (RIA) Terminal. Even though the debt stock increased on the average, OFID recorded a decline in the stock due to principal repayments, there is also a recorded exchange rate loss to the IMF Rapid Credit facility owing to the appreciation of the USD against the SDR.

Figure 9: External Debt by Creditor Category

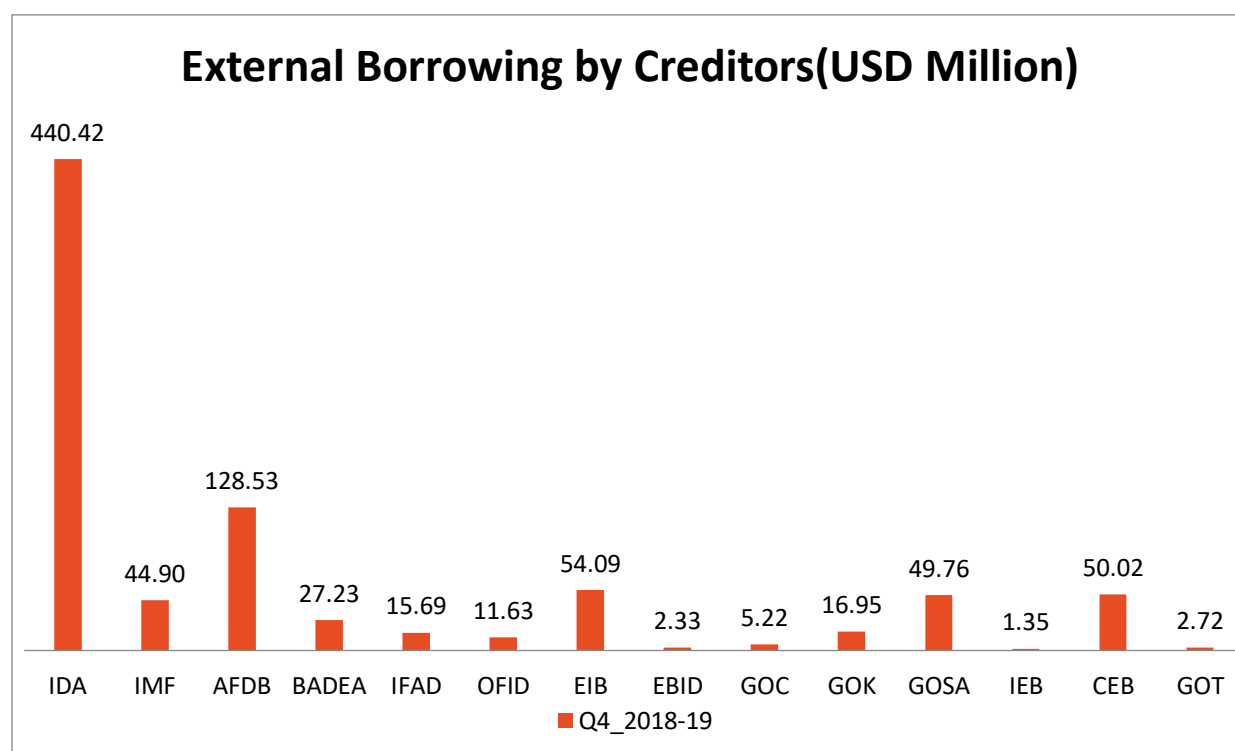


Source: Debt Management Unit, Ministry of Finance & Development Planning.

8. OUTSTANDING PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY CREDITOR

At end of June 2019, The World Bank Group maintained the highest share of the country's external creditor composition at US\$440.42 million or 51.76 percent, followed by The AfDB Group at US\$128.53 million (15.11 percent); the EU/EIB at US\$54.09 million (6.36 percent); IMF at US \$44.90 million (5.28 percent) representing ECF/RCF support; Saudi Arabia at US\$49.76 million (5.85 percent); China Exim Bank at US\$50.02 million (5.88 percent); Kuwait Fund at US\$16.95 million (1.99 percent); BADEA at US\$27.23 million (3.20 percent); IFAD at US\$15.69 million (1.84 percent); China at US\$5.2 million (0.61 percent); India Exim Bank at US\$1.35 million (0.16 percent); and Taiwan Restructured at US\$2.72 million (0.32 percent).

Figure 10: External Debt by Creditors (USD Million)



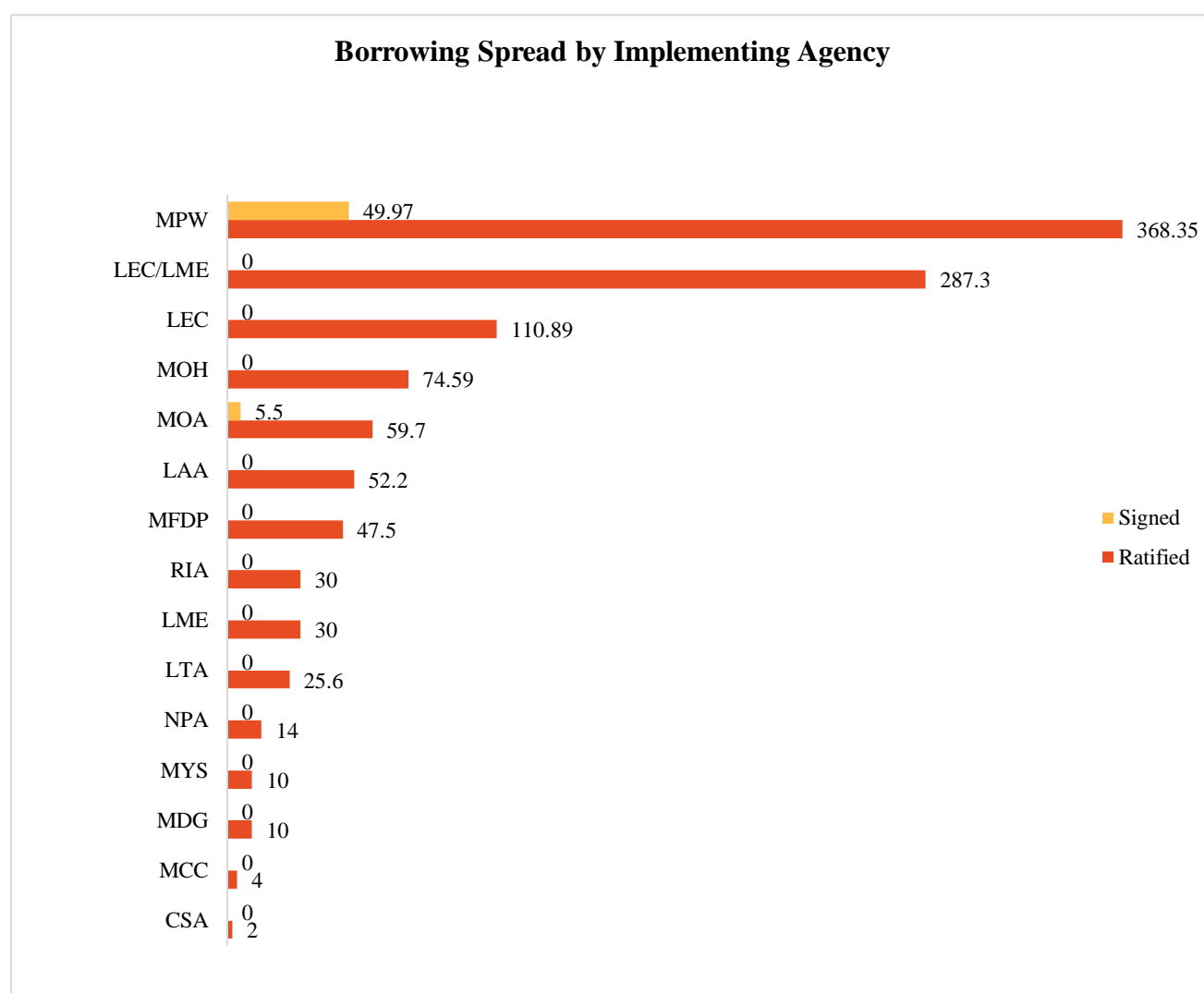
Source: Debt Management Unit, Ministry of Finance & Development Planning.

9. SIGNED & RATIFIED EXTERNAL LOANS BY IMPLEMENTING AGENCY

Government of Liberia borrowing is primarily targeted to high-return infrastructure projects; ie ports, energy and infrastructure, as enshrined in the expired 2017 Medium Term Debt Management Strategy (MTDS). The current debt portfolio by implementing agencies reflects this prioritization. As at end June 2019, total signed and ratified loan amounted to US\$1.25 billion. Of this amount, the Ministry of Public Works (MPW) had an allocation of US\$548 million (46.01 percent) of total signed and ratified loans (*Figure 11*), which is the highest allocation among all implementing agencies. The purpose of the loans was to facilitate projects including; the Liberia Road Asset Management Project (LIBRAMP), Liberia Urban and Rural Infrastructure Rehabilitation Project (LURIRP), Fish Town Harper Road Project, Mano River Union Road Development Transport Facilitation Program, etc.

The energy sector has the second largest allocation with the amount of US\$300 million (25.19 percent) through the Liberia Electricity Corporation (LEC) and Ministry of Mines and Energy (MME). Funding to the MME/LEC is to facilitate critical energy projects including the regional West Africa Power Pool CLSG- Power systems redevelopment, Liberia Accelerated Electricity Expansion Project (LACEEP), Liberia Electricity System Enhancement (LASEP) Additional Financing, etc.

Figure 11: Signed and Ratified Loan Amount by Implementing Agency (USD million)



Source: Debt Management Unit, Ministry of Finance & Development Planning.

10. CHANGES IN EXTERNAL DEBT STOCK

As at end of quarter four FY 2018/2019, the stock of public and publicly guaranteed external debt increased by US\$54.14 million to US\$850.85 million Q4 FY 2018/2019 from US\$796.70 million Q3 FY 2018/2019. The 6 percent increase is attributable to total new disbursement from multilateral and bilateral institutions including the World Bank Group, African Development Bank (AfDB), BADEA, Saudi Arabia and China Exim Bank and validation of total debt stock in the CS-DRMS. However, US\$0.83 million principle repayment reduced the amount of stock owed to Open Fund for International Development (OFID). Moreover, the

stock of the IMF debt recorded a slight reduction by US\$0.05 million due to exchange rate loss as a result of depreciation in the value of the SDR. Interest payments during the period increased by 8 percent to US\$1.83 million from US\$1.69 million reported for the third quarter.

Table 2: Changes in External Debt Stock (million USD) for the last 4 quarters

Details	Q4	Q3	Q2	Q4
	FY2018/19	FY2018/19	FY2018/19	FY2017/18
Disbursed Outstanding Debt(period Start)	796.70	671.51	651.94	676.40
Disbursement (borrowing)	54.92	22.14	63.16	29.34
Principal Repayments	0.83	0.23	1.36	0.19
Exchange rate/Other Adjustments	0	0	0	0
Net Flows on Debt Stocks	54.05	21.91	61.80	28.94
Interest Payments	1.83	1.69	3.91	4.04
Exchange rate/Other Adjustments				
Net Interest Payments	1.83	1.69	3.91	4.04
Disbursed Outstanding Debt(period Ends)	850.85	796.70	671.51	651.94

Source: Debt Management Unit, Ministry of Finance & Development Planning.

11. DISBURSEMENT PROFILE

Disbursement for the fourth quarter of FY2018/19 by external creditors increased by 60 percent from US\$22.14 million during the third quarter to US\$54.92 million in the fourth quarter. This increase was mostly triggered by disbursements by the World Bank, AfDB, China Exim Bank, and Saudi Arabia.

Table 3: Disbursement Profile (million USD)

Creditor	Q4 FY2018/19	Q3 FY2018/19	Q2 FY2018/19	Q4 2018/19: Purpose
European Investment Bank (EIB)	-	-	-	Mount Coffee Rehab.
International Fund for Agriculture Dev. (IFAD)	-	-	-	Small Tree Crop Revitalization Support.
AfDB Group	18.99	10.90	16.14	Fish town harper phase-1 and CSLG Power Systems Re-development.
World Bank / IDA Credits	35.10	89.04	23.55	Small Tree Revitalization Support, CSLG Power Systems Re-development, Red Light Ganta High Way Additional Financing, Liberia Health Systems Strengthening, Liberia Accelerated Electricity Expansion Project and Youth Opportunities Projects.
Kuwait		-	2.01	Support for Gbarnga-Salayea Road Project
Saudi Arabia	-	2.27	-	Support for Gbarnga-Salayea Road Project
China Exim Bank	0.69	-	34.27	RIA Upgrade and Expansion Project.
BADEA	-	-	1.71	RIA Runway Rehabilitation.
OFID	-	0.68	-	Upgrading of Gbarnga – Salayea Road Project
Total Disbursements	54.92	22.14	63.16	

Source: Debt Management Unit, Ministry of Finance & Development Planning.

Table 3 shows that the African Development Bank and the World Bank have been consistent with disbursements over the last two quarters. The World Bank disbursement of US\$35.10 million was to facilitate road construction projects, electricity enhancements, and Small Tree Crop Revitalization. The AfDB disbursement of US\$18.99 million was targeted towards the Small holder Tree Crop Revitalization Project in Liberia; while CEB disbursed US\$ 0.69 million for the upgrading and expansion of the RIA Terminal Project.

12. TOTAL EXTERNAL DEBT SERVICE AND SUBSCRIPTIONS

Total external debt service (inclusive of subscriptions) for the fourth quarter of FY2018/2019 increased by 6 percent from US\$2.55 million in quarter three to US\$2.70 million in quarter four. Of the total debt service, principal repayment constituted about US\$0.83 million while interest payment constituted about US\$1.83 million. **Table 4** shows Principle repayments as well as interest payments to external creditors (The World Bank, The AfDB Group, BADEA, EU/EIB, China Exim Bank and capital subscription) paid during the period. Interest payment increased by 8 percent to US\$1.83 million during the period from US\$1.69 million during the previous period, while principal repayment increased by 74 percent to US\$0.87 million from US\$0.23 million reported for the previous period.

Table 4: Total External Debt Service by Quarter (million USD)

Category	Q4 2018/19	Q3 FY2018/19	Q2 FY2018/19
Principal	0.87	0.23	1.36
Interest	1.83	1.69	3.82
Subscription	0.00	0.63	0.00

Source: Debt Management Unit, Ministry of Finance and Development Planning

13. FORECAST OF EXTERNAL DEBT PRINCIPAL RE-PAYMENTS

Based on debt service forecast of GoL's debt management process, Post-HIPC principal repayment on external debt is projected to be low and sustainable during the periods of 2017 to 2020. However, based on the redemption profile, a significant amount of repayments on principal is expected to commence in the year 2020 up to 2024, the peak period for principle repayment.

14. DOMESTIC SOURCES OF FINANCING

Government of Liberia borrowing options within the domestic market are challenging given the lack of developed domestic debt market and other related financial activities. Borrowings from domestic sources are being channeled through the Central Bank of Liberia (CBL) financing and commercial banks' lending facilities. However, some notable efforts have been made by the CBL in advancing the operationalization of Treasury Bills (T-Bills) issuances.

The primary purpose of issuing these treasury instruments is to sterilize the Liberian dollar to achieve stability in the foreign exchange market.

Between April and June 30, 2019, there was no T-Bills issuances. It is important to note that the debt stock does not include T-Bills in that proceeds are being held in an escrow account from where repayments are made. Hence, T-bills repayments are effected through a roll-over from the T-bill escrow account with only interest payments recorded by the Debt Management Unit.

15. DOMESTIC DEBT BY CREDITORS

Domestic debt obligations for the fourth quarter are mainly owed to financial institutions as well as claims arising from court litigation and vendor arrears. However, the domestic debt stock increased (**Table 5**) from US\$254.5 million at end of quarter three to US\$319.61 million in quarter four for FY2018/2019. The increase in total domestic debt were due to exchange rate adjustments over the period as a result of the seven commercial banks liabilities as well as depreciation of the Liberian Dollar against the US Dollar (since the CBL instruments are denominated in Liberian Dollars but recorded in US Dollar)

The fourth quarter report for FY 2018/2019 captures outstanding GoL's indirect obligations to seven (7) commercial banks; (LBDI, ECOBANK, GT Bank, IB, UBA, AFRILAND and GN Bank). The obligations resulted from loans given by the Commercial Banks include: Direct infrastructure (HFO) loan, Rubber Planters Association (RPAL) 2014 loan guaranteed by the Government, Direct payments made on behalf of Government of Liberia, and loans given to companies (contractors) for pre-financing of various Government's infrastructural projects.

The obligations have been verified, reconciled and confirmed by staff of the Central Bank of Liberia (CBL), the Debt Management Unit of the Ministry of Finance and Development Planning (MFDP) and the Commercial Banks.

Table 5: Domestic Debts owed to Financial Institutions

Category	Q4 2018/2019 Debt Outstanding	Q3 2018/19 Debt Outstanding	Q2 2018/19 Debt Outstanding	Q1 2018/19 Debt Outstanding
Financial Institutions	319.61	264.5	264.64	264.76
O/w CBL	254.06	254.5	254.64	254.76
Commercial Banks	65.22	10	10	10
O/w				
Afriland	2.75	0.5	0.5	0.5
Ecobank	11.57	3.5	3.5	3.5
GN Bank	1.38	0.0	0.0	0.0
GT Bank	3.03	1.0	1.0	1.0
International Bank	10.05	1.0	1.0	1.0
LBDI	32.06	2.0	2.0	2.0
UBA	4.39	2.0	2.0	2.0

Source: Debt Management Unit, Ministry of Finance & Development Planning.

16. DOMESTIC DEBT BY INSTRUMENT

As at end-June 2019, the United States Dollar component of the CBL Long-Term Loan (LTL) constituted the largest share of the domestic debt, accounting for 76%. Both CBL Long-Term Loan - Liberia Dollar component and the CBL Capital Notes account for 2.0 percent each. Debt owed on the infrastructure loan was restructured into seven promissory notes issued to commercial banks as described in the previous section. Reductions on CBL-LTLII (LRD) were due to (LRD-USD) exchange rate adjustments.

Table 6: Domestic Debt by Instrument

Instrument	FY18/19	FY17/18	FY16/17
CBL Capital Notes	6.99	6.99	6.99
CBL-LTLI	241.79	241.79	241.79
CBL-LTLII (LRD)	5.28	5.71	5.86
Promissory notes	65.22	10	10
Other Debt	0.33	0.37	0.37
Total Debt owed to Financial Institutions	319.61	264.86	265.01

Source: Debt Management Unit, Ministry of Finance & Development Planning

17. STATE OWNED ENTERPRISES (SOEs) REPORTING

As at the production of the fourth Quarter Quarterly Debt Management Report, no new SOE debt data was available to be included in the final output. It is expected that SOE debt data will be made available in the soonest possible time. In an effort to strengthen oversight, it is intended that SOE contingent debt shall be added to the DMU systems (CS-DRMS) for tracking, once the system is fully updated and upgraded to a newer version. It should be noted that under the MFDP Strategic Plan, SOE borrowing fully falls within the remit of the Debt Management Committee and Debt Sustainability Analysis (DSA) is also required prior to the approval of new loan obligations.

18. DOMESTIC DEBT SERVICE

Principal repayment for Domestic Debt Service accounted for US\$ 0.04 million; and there was no interest payment during the reporting period. There was no domestic debt service in Q3 FY 2018/19.

Table 7: Domestic Debt Service (million USD)

Category	Q4 FY2018/19	Q3FY2018/19	Q2FY2018/19
Principal	0.04	0.00	0.36
Interest	0.00	0.00	0.37
Total Domestic Debt Service (TDDS)	0.04	0.00	0.73

Source: Debt Management Unit, Ministry of Finance & Development Planning.

19. DEBT SUSTAINABILITY INDICATORS

Liberia has an estimated Nominal Gross Domestic Product (GDP) of US\$3.22 billion³ and total public debt stock of US\$1.17 billion, which placed the Debt to GDP ratio at 36.34 percent.

Government has placed emphasis on external borrowing based on concessional terms; low interest rates and long maturity period. Such steps will not only reduce the risk profile but will also improve the safety margin for the preservation of debt which is set at 60 percent of the previous year GDP as enshrined in the PFM Act 2009, as well as macroeconomic stability over the medium term horizon.

However, Liberia's debt sustainability dynamics has substantially weakened in the last two fiscal years as a result of unfavorable external environment, particularly spurred by further slump in commodity prices as a result of deteriorating global conditions which could further weakened Liberia's fragile fiscal space; a lower foreign exchange inflow; significant revenue shortfall as a result of slower than projected economic recovery due lingering effect of external shocks and macroeconomic imbalances.

Liberia is particularly constrained by falling exports, which reduces the space available based on the debt-to-exports indicator threshold. Although debt service has the first priority on the country's resources, the annual budget continued to face some shocks, thus affecting debt to annual revenue indicators. The debt stock is also expected to rise as funds continue to be disbursed on existing loans. Liberia's debt distress level is currently moderate as characterized by the IMF. It is however at risk of being pushed into a high debt distress level.

³IMF Framework Summary 6 June 2017. Selected Economic and Financial Indicators

The GoL maintains its effort to ensure a sustainable debt level while balancing funding needed for critical and high-return investments that would improve economic productivity and are confident of economic recovery in the medium to longer term.

Table 8: Debt Service Forecast against Actual Appropriation for FY 2018/2019

Name/Title	Projection/Forecast (US\$ million)	Appropriation (US\$ million)	Variance
Domestic Debt	123.07	6.79	-94%
External Debt	23.95	23.21	-3%
Total	146.96	30	-80%

Source: Debt Management Unit, Ministry of Finance & Development Planning.

	FY_2018-19(Plan)	FY_2018-19 (Actual)	Difference
Total Debt Service	30.0	14.3	15.7
Total Repayments	7.9	3.6	4.3
Domestic Repayments	1.6	1.2	0.3
Court Debt	1.6	1.2	0.3
External Repayments	6.3	2.4	3.9
Multilateral	5.2	2.1	3.1
Bilateral	1.1	0.3	0.8
Total Interest	16.6	10.1	6.5
Domestic Interest	5.2	1.5	3.8
CBL	4.6	1.5	3.2
Commercial Banks	0.6	0.0	0.6
External Interest	11.3	8.6	2.7
Multilateral	9.2	6.3	2.8
Bilateral	2.2	2.3	-0.1
Subscriptions	5.5	0.6	4.9

During the formulation of the FY 2018/2019 draft National Budget, the Debt Management Unit submitted a debt service projection in the amount of US\$146.96 million to the Department of Budget and Development Planning to service its obligations to its partners. The domestic debt service portion accounted for US\$123.07 million, while external debt accounted for US\$23.95 million. With respect to the projection of US\$123.07 million for domestic debt, US\$60.25 million was appropriated for CBL long-term principle payments, US\$3.37 million for NASSCORP obligations, and US\$45.96 million for settlement for Road Contractors' obligations to commercial banks. Due to the limited fiscal space, the Government of Liberia appropriated US\$30.0 million - an 80 percent reduction in the original projection of US\$146.96

million to service its debt and debt related obligations. Of the US\$30.0 million appropriation for debt service payments, domestic debt accounted for US\$6.79 million (22.63 percent), while external debt accounted for US\$23.21 million (77.37 percent) of the total debt service forecast.

20. KEY RISKS AND CONSTRAINTS GOING INTO THE NEXT QUARTER

Key risks going into the next quarter include a tight fiscal envelop and associated cash flow constraints potentially limiting the ability to sign and service additional loan, commitment charges and interest from new loans in the short term. Though November 2017 concluded the IMF ECF program, it is important to adhere to prudent borrowing and managing interest rate, foreign exchange risk and economic shocks. Given the high level of undisbursed funds on existing loans – it is important to maximize disbursements on existing loans going forward in order to maximize realized project benefits. This is particularly important where existing implementing agencies may have a low absorptive capacity for the delivery of new projects.

APPENDIX A: LIST OF POST-HIPC RATIFIED LOAN (MILLION USD)

CSDR MS Loan ID	CSDRMS Project Name	Creditor/Account	Implementing Agency	Credit Amount	Disbursed to date	Date Ratified	Grant element	Interest Rate	Grace Period (Years)	Maturity (Years)
201048420	IDA-LESEP 1	IDA	LEC	\$ 10	\$ 9.8	5/30/11	60%	1%	10	40
201148550	IDA-WARCIP 1	IDA	LTA	\$ 26	\$ 25.3	5/30/11	60%	1%	10	40
201149080	IDA-EMUS Project-2	IDA	MCC	\$ 4	\$ 3.9	9/2/11	60%	1%	10	40
201149070	IDA-EGIRP-AF/MOF/02	IDA	MFDP	\$ 7	\$ 6.7	10/26/11	60%	1%	10	40
201148830	IDA-WAAPP-1C	IDA	MOA	\$ 6	\$ 5.9	9/2/11	60%	1%	10	40
201149500	IDA-LIBRAMP (Red Light-Ganta Highway)	IDA	MPW	\$ 68	\$ 55.9	4/5/12	60%	1%	10	40
20125550	Liberia Electricity Enhancement Prpject	IDA	LEC/LME	\$ 22	\$ 20.6	8/13/12	60%	1%	10	40
201250260	IDA-LIPFM	IDA	MFDP	\$ 5	\$ 4.8	8/13/12	60%	1%	10	40
201251010	Small Tree Crop Revitalization Project	IDA	MOA	\$ 15	\$ 13.6	4/30/13	60%	1%	10	40
201251100	West Afrian Power Pool	IDA	LEC/LME	\$ 145	\$ 77.9	4/5/13	60%	1%	10	40
201251670	Liberia Road Asset Management Project (LIBRAMP-II)	IDA	MPW	\$ 50	\$ 29.0	11/11/14	60%	1%	10	40
201352440	Liberia Health Systems Strenthning	IDA		\$ 10	\$ 8.1	4/10/14	60%	1%	10	40
201352770	Liberia Poverty Reduction Strategy Credit I	IDA	MFDP	\$ 10	\$ 10.0	4/10/14	60%	1%	10	40
201352520	Liberia Accelerated Electricity Expansion Project	IDA	LEC/LME	\$ 35	\$ 29.0	8/29/13	60%	1%	10	40
201453510	LR Urban & Rural Infrastructure Rehabilitation	IDA	MPW	\$ 20	\$ 17.9	11/11/14	60%	1%	10	40

	Project									
201453 590	LR-Public Sector Modernization Project	IDA	CSA	\$ 2	\$ 0.5	11/11/14	60%	1%	10	40
201455 500	LR Poverty Reduction Support Credit I	IDA	MFDP	\$ 20	\$ 18.9	5/1/15	60%	1%	6	38
201657 590	Liberia Renewable Access Energy Project	IDA	LME	\$ 2	\$ -	9/5/17	60%	1%	6	38
201656 210	Liberia Road Asset Management Project (LIBRAMP-II)	IDA	MYS	\$ 10	\$ 5.2	9/7/16	60%	1%	6	38
201657 740	Liberia Health Systems Strengthening	IDA	MPW	\$ 10	\$ 3.5	12/27/16	60%	1%	6	38
201556 800	Additional Financing for the Accelerated Electricity Expansion Project	IDA	LEC/LME	\$ 60	\$ 28.6	9/7/16	60%	1%	6	38
201657 910	Liberia Poverty Reduction Strategy Credit I	IDA	MDG	\$ 10	\$ 1.2	8/29/17	60%	1%	6	38
201761 500	LR-Public Sector Modernization Project	IDA	LEC	\$ 23	\$ -	-	33%	1%	10	40
201222 4313	LR Poverty Reduction Support Credit I	EIB	LEC	\$ 65.9	\$ 61.6	8/30/13	37%	1%	4	24
201222 4744	Smallholder Agricultural Productivity Enhancement & Commercialization Project (SAPEC)	AFD B	MOA	\$ 6	\$ 2.6	6/27/12	60%	1%	10	40
201369 3004	ADF-Fish Town-Harper Road Phase-I	AFD B	MPW	\$ 34	\$ 19.0	9/7/13	60%	1%	10	50
201318 9004	NTF -Fish Town-Harper Road Phase-I	AFD B	MPW	\$ 10	\$ 3.7	9/7/13	42%	1%	7	27
201330 094	CLSG Power Project	AFD B	LEC	\$ 12	\$ 2.1	8/26/14	59%	1%	10	50
201330 095	CLSG Rural Electrification Project	AFD B	LEC/LME	\$ 26	\$ 0.3	8/26/14	59%	1%	10	50

201431 846	AFDB Ebola Support Loan-2	AFD B	MOH	\$ 52	\$ 49.2	11/11/14	58%	1%	10	40
201484 5	AFDB Ebola Support Loan-1	AFD B	MOH	\$ 8	\$ 7.3	11/11/14	58%	1%	10	40
201222 4857	KFD GREENVILLE PORT REHABILITATION	GOK	NPA	\$ 14	\$ 5.9	4/10/14	33%	2%	4	26
201285 2	IFAD-SMALLHOLDER TREE CROP REVITALIZATION	IFAD	MOA	\$ 17	\$ 15.3	6/27/12	56%	1%	10	50
201418 5	Agricultural Sector Rehabilitation Project	IFAD	MOA	\$ 3	\$ 1.9	7/11/14	58%	1%	10	40
201400 9	BADEA RIA Rehab Project	BAD EA	RIA	\$ 10	\$ 7.0	8/12/15	51%	1%	10	30
201563 5	RIA Rehabilitation Project	GOS A	RIA	\$ 20	\$ 12.6	8/12/15	49%	1%	10	30
201554 4	Mano River Union Road Development Transport Facilitation Program	AFD B	MPW	\$ 38	\$ 9.3	5/1/15	52%	1%	10	30
201535 1	Mano River Union Road Transport Program	AFD B	MPW	\$ 36	\$ 0.4	5/1/15	52%	1%	10	30
201693 9	Gbarnga-Salayea Road Project	GOK	MPW	\$ 17	\$ 2.0	12/14/17	35%	1%	5	20
201617 02	Upgrading of Gbarnga-Salayea Road Project	OFI D	MPW	\$ 20	\$ 0.8	8/19/16	35%	1%	5	20
201608 27	Development of Gbarnga-Salayea Road Project	BAD EA	MPW	\$ 12	\$ 0.6	8/19/16	54%	1%	10	20
201663 2	Tree Crops Expansion Project	IFAD	MOA	\$ 13	\$ 0.2	5/12/17	56%	1%	10	40 year
201639 7	MRU/RDTFP	AFD B	MPW	\$ 35	\$ 15.3	10/5/16	51%	1%	10	40
201659 4	RIA Upgrade and Expansion Project	CEB	LAA	\$ 52	\$ 49.3	10/3/16	27%	2%	7	20
201768 5	Saudi Gbarnga Salayea Road Project	GOS A	MPW	\$ 20	\$ 0.8	7/13/17	49%	1%	10	30

201759 690	IDA-REDISSE	IDA	MOH	\$ 15	\$ 1.2	9/5/17	60%	1%	6	38
201761 160	Third Poverty Reduction Support-IDA	IDA	MFDP	\$ 6	\$ 5.7	6/27/17	58%	1%	6	38
201765 43	Liberia Energy Efficiency Access Project (LEEAP)	AFD B	LME	\$ 13	\$ -	11/6/17	51%	1%	10	40
201710 51	Liberia Energy Efficiency Access Project 1	AFD B	LME	\$ 6	\$ -	11/6/17	58%	1%	10	40 years
201719 89	Liberia Energy Efficiency Access Project	AFD B	LME	\$ 10	\$ -	FY 12/13	42%	1%	7	27
		IDA	MOA	\$ 25	\$ -	10/6/19	41%	1%	6	38