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The Status of Public Debt and Public Debt Management In Sierra Leone

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(An Experience Sharing with other African Countries)



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Background and the Role of Public Debt In Sierra Leone

The role of PDMD is defined in section 24 of the Public Debt Management Act 2011 and included the following:

- 1) to prepare an annual medium-term debt management strategy;
- 2) to prepare an annual borrowing plan;
- 3) to prepare the auction calendars;
- 4) to participate in negotiations with creditors, and advise the Minister on all Government borrowings.
- 5) to facilitate the recovery of any payments including interest and other costs incurred by Government due to the honoring of outstanding guarantees; prepare annual reports on outstanding guarantees;

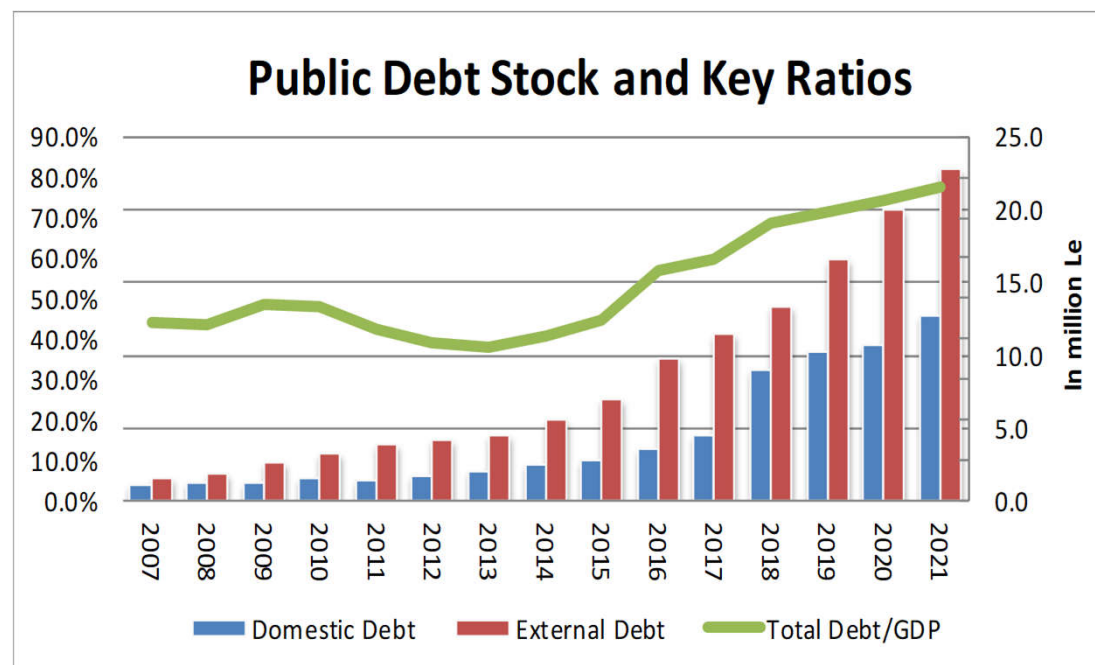
Figure 1:-Public Debt Stock and Key Ratios

Public debt consists of all liabilities that are financial claims and requires payment of interest and/or principal by the Government to domestic and external creditors at a date or dates in the future.

Public debt in Sierra Leone comprises public and publicly guaranteed disbursed and outstanding debt owed to residents and non-residents.

The total public debt stock of Sierra Leone at end-December 2021 amounted to **Le35.44 billion**, of which external and domestic debt accounted for **Le22.76 billion** and **Le12.68 billion**, respectively.

By June 2022, the total public debt stock moved to SLE40.24 billion, reflecting a 13% increase, expected to reach **SLE41.00 billion** by end 2022, climbing close to **about 80 % to GDP**



End June 2022 and Projected Debt Stock

	June-2022	End-2022	End-2023	End-2024	End-2025
	Actual	Projection	Projection	Projection	Projection
Domestic Debt (A)	14,453.81	15,703.68	17,024.45	18,345.22	19,665.99
External Debt (B)	25,797.43	25,534.47	28,688.07	31,197.18	34,285.61
External Debt (in millions of US\$)	1,941.90	1,941.90	2,013.90	1,961.46	1,986.97
Total Debt Stock (Leones) (A + B)	40,251.24	41,238.15	45,712.52	49,542.40	53,951.60

Table 1:- Public Debt Stock in 2020 and 2021 (In thousands new SLL)

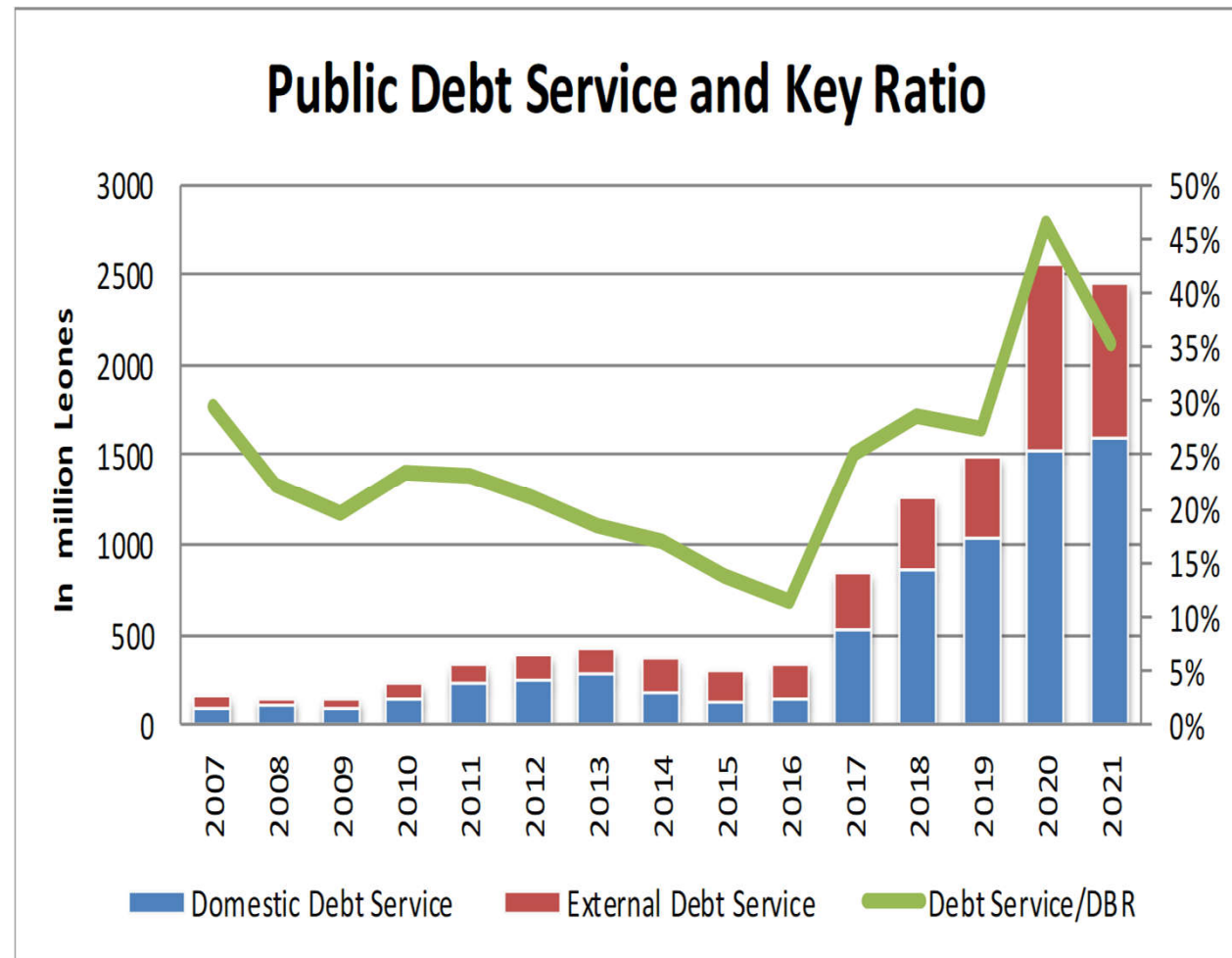
Debt Type	FY2020	FY2021	% Change (2020-2021)
Total Domestic Debt	10,661.10	12,630.14	18.47%
Treasury Bills	6,316.13	8,407.88	33.12%
1-Year T-Bond	0.00	0.00	0.00
1.4-Year T-Bond	161.31	0.00	(1.00)
2-Year T-Bond	235.88	317.60	0.35
2.4-Year T-Bond	48.15	25.07	(0.48)
3-Year T-Bond	314.72	358.87	0.14
Medium Term Bond (5 years)	810.98	733.27	(0.10)
10-Year T-Bond	26.25	18.75	(0.29)
Suppliers/Ex-Ambassador Arrears	0.00	0.00	0.00
Verified Arrears (Pre-April 2018)	2,507.78	2,572.51	0.03
Judgement Debt owed to Thunderball	26.31	0.00	(1.00)
Remaining NNIB	0.00	0.00	0.00
Ways and Means Advances	213.57	196.19	(0.08)
Bridging Loan - BSL	0.00	0.00	0.00
Total External Debt (Le'mn)	20,048.66	22,755.86	13.50%
Multilateral	15,744.75	17,970.94	14.14%
Bilateral	2,467.54	2,874.70	16.50%
Commercial	1,836.37	1,910.22	4.02%
Total Debt	30,709.75	35,386.00	15.23%

Main Reasons for Growth in Public Debt 2021 - 2022

❖ The growth was as a result of new domestic borrowing to implement the national budget and net external disbursement to implement donor financed projects across sectors nationwide.

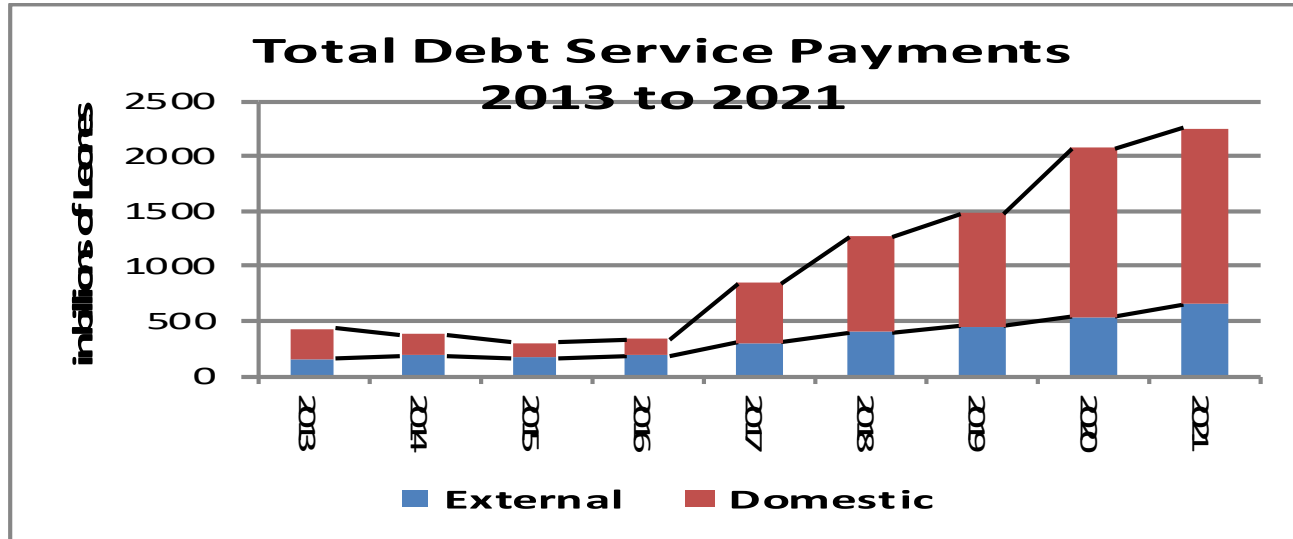
The Public Debt Service in Sierra Leone

- ❖ Debt service comprises amortization (principal repayment), interest and other charges, including commitment and commission fees levied by creditors.
- ❖ Debt Service especially for domestic debt has increased significantly since 2017 to 2021.
- ❖ Majority of the debt service burden is concentrated in Domestic Interest Payment
- ❖ Despite DSSI external debt service burden has also increased.

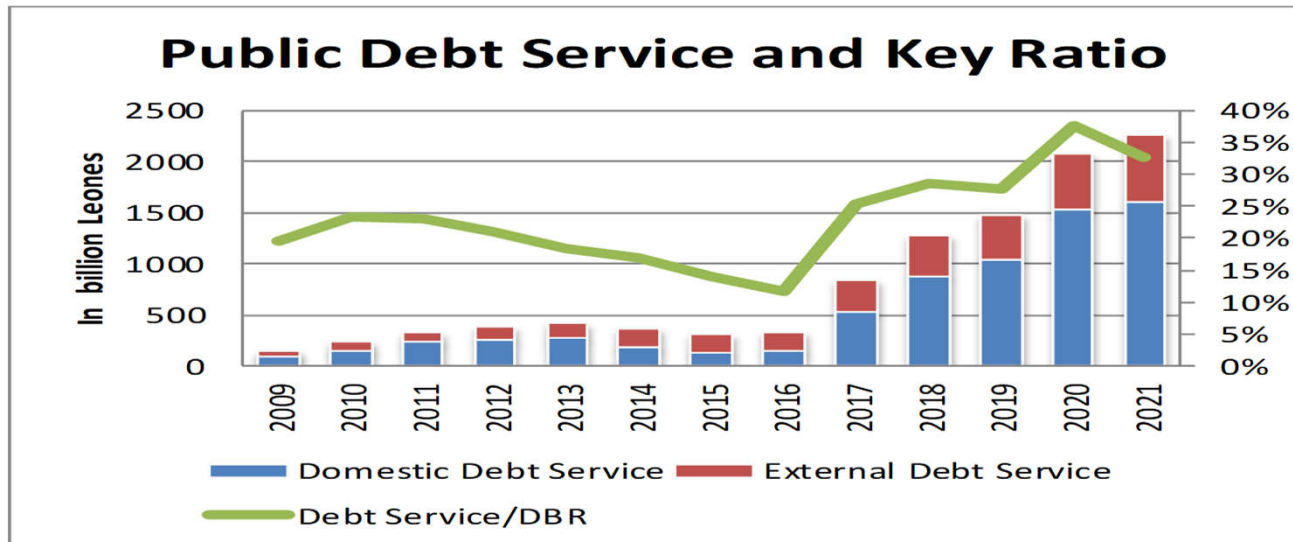




Debt Burden have Increased Significantly



- ❖ As noted above majority of the domestic debt stock is concentrated in the short end which made the debt service burden more intense and competes with critical social sector spending under the Free Quality Education and Free Health Care for Children Under 5 and lactating mothers.



Composition and Structure of External Debt

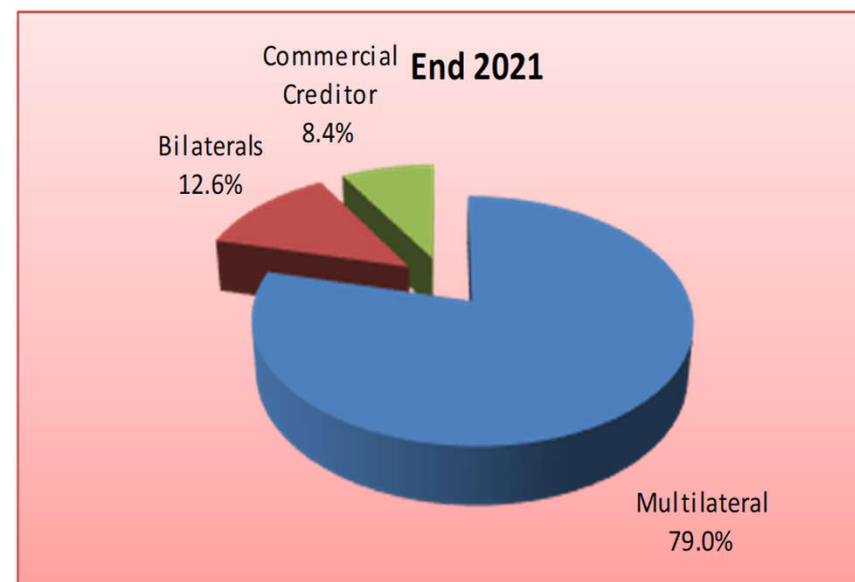
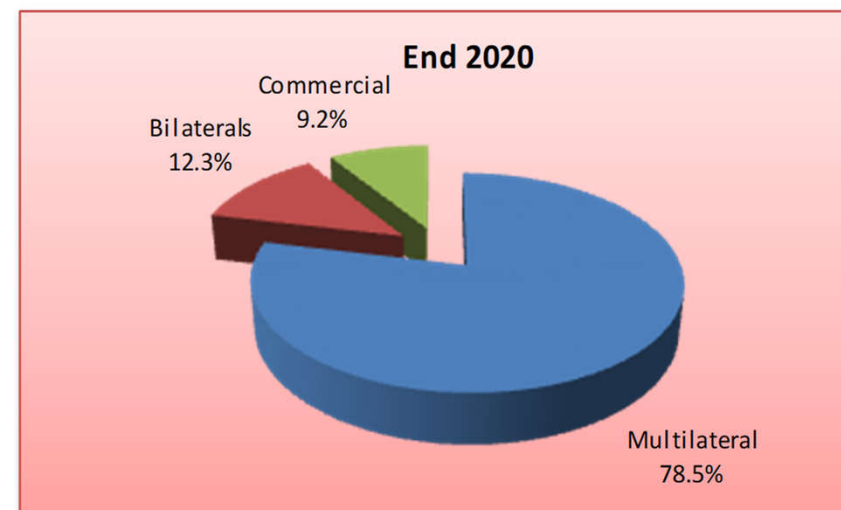
Debt Stock by Economic Sector

Sector	2019		2020		2021	
	Value	%	Value	%	Value	%
Agriculture	114.5	6.8%	122.8	6.3%	130.88	6.5%
Balance of Payments	323.5	19.2%	327.8	16.7%	258.61	12.9%
Budget Support	212.0	12.6%	343.5	17.5%	436.25	21.8%
Education & Training	73.7	4.4%	73.7	3.8%	71.16	3.6%
Energy	198.9	11.8%	242.8	12.4%	281.11	14.0%
General	61.7	3.7%	71.7	3.7%	93.19	4.7%
Maritime and Fishing	12.5	0.7%	39.0	2.0%	11.61	0.6%
Health & Social Welfare	40.1	2.4%	26.7	1.4%	52.80	2.6%
Rehab. & Road Construction	234.4	13.9%	275.7	14.1%	249.40	12.5%
Rural Development	25.9	1.5%	31.9	1.6%	29.19	1.5%
Telecommunications	104.7	6.2%	130.4	6.7%	124.03	6.2%
Water Supply	96.8	5.7%	93.5	4.8%	95.44	4.8%
Private Sector Support 1/	186.5	11.1%	179.4	9.2%	168.03	8.4%
Total	1,685.2	100%	1,958.9	100%	2,001.7	100%

Note:

1/ Private Sector Support represents stock of accumulated arrears owed to external commercial creditors

Debt Stock by Creditor Category



Composition and Structure of External Debt, Cont.

Chart 2:- Multilateral Debt by Creditor

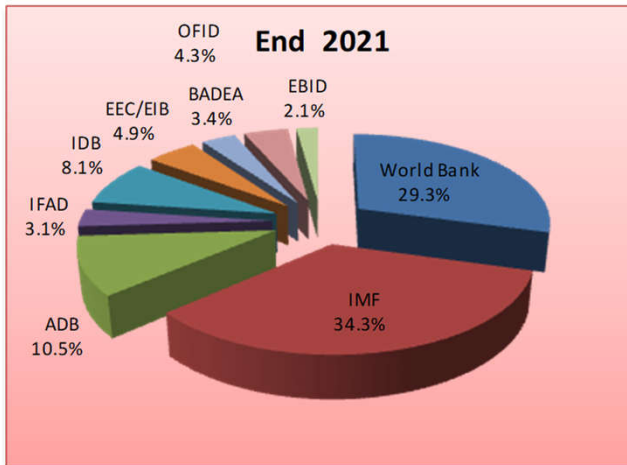
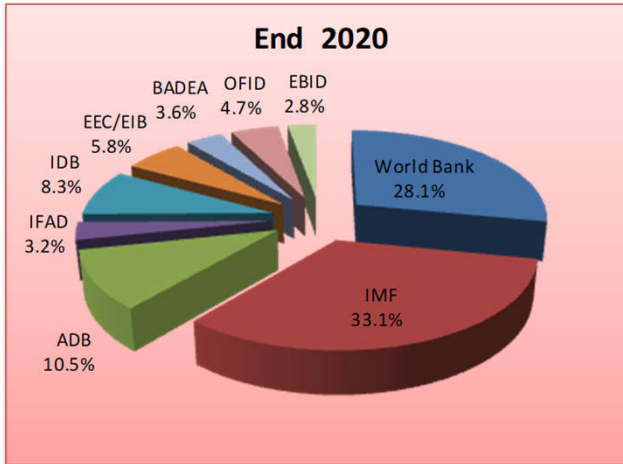


Chart 3:-Bilateral Debt by Creditor

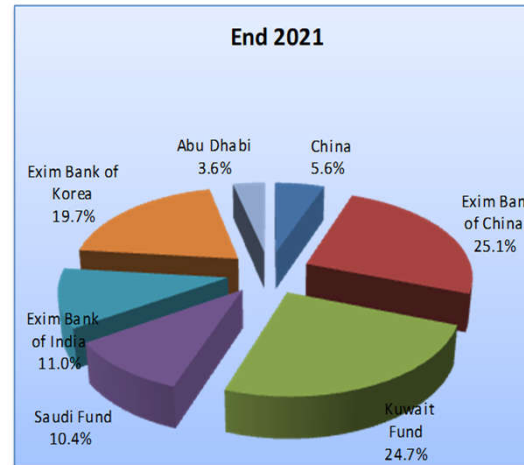
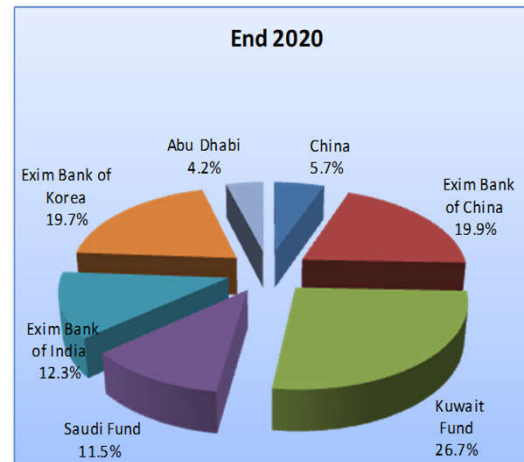
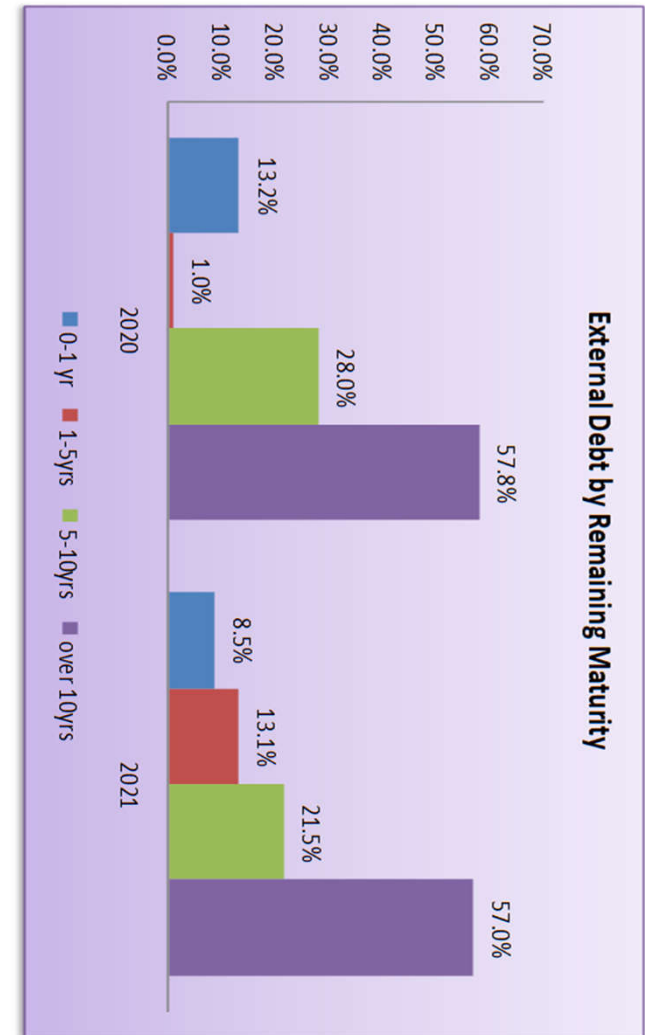


Chart 4:-External Debt by Remaining Maturity (End of 2020 and 2021)



Debt Service Payments, Loan Disbursements by Sector and Net Flows and Transfers

Debt Service Payments

- ❖ External debt service payments in 2021 amounted to US\$80.92 million (equivalent to Le847.65 million) of which principal and interest payments amounted to US\$68.18 million (Le713.36 million) and US\$12.73 million (Le134.29 million) compared to US\$101.55 million (Le1.02 billion) in 2020, of which principal and interest payment amounted to US\$87.65 million (Le877.71 million) and US\$13.90 million (Le138.04 million) respectively.
- ❖ External debt service burden is low relative to domestic debt given the concessional nature of the stock of external debt with longer maturities and low interest rates which are fixed by official creditors for a considerable period of time.

Loan Disbursements by Sector

- ❖ Total loan disbursements in 2021 amounted to US\$188.20 million from US\$267.46 million in 2020, indicating a decrease of 29.6 percent.
- ❖ A total of US\$93.69 million was disbursed by the IMF as budgetary support under the Rapid Credit Facility (RCF) Programme
- ❖ A total of US\$31.43 million was disbursed mainly by the World Bank to the energy sector in respect of the CLSG and Energy Sector Utility Projects, Sierra Leone Skills Development Project, Financial Inclusion Project and Sierra Leone Agro Processing Competitiveness project.
- ❖ Disbursement in both sectors accounted for about 66.5 percent of the total loan disbursed in 2021.

**Table 4: Loan Disbursements in 2019 and
2020 (In Thousand US\$)**

Sector	2020		2021	
Agriculture	10,063.90	3.8%	7,662.10	4.1%
Balance of Payments	21,614.50	8.1%	-	-
Budget Support	142,000.00	53.1%	93,694.00	49.8%
Education & Training	-	-	-	-
Energy (Electricity)	42,630.90	15.9%	31,429.20	16.7%
Health & Social Welfare	21,422.80	8.0%	6,380.10	3.4%
Maritime Transport	-	-	-	-
Rehab. & Reconstruction	4,371.20	1.6%	20,325.10	10.8%
Road Construction	5,839.20	2.2%	11,606.50	6.2%
Rural Development	1,043.90	0.4%	4,000.00	2.1%
Telecommunications	17,732.50	6.6%	11,164.90	5.9%
Water Supply	745.00	0.3%	1,933.40	1.0%
Total	267,463.90	100.0%	188,195.30	100.0%

Net Flows and Transfers

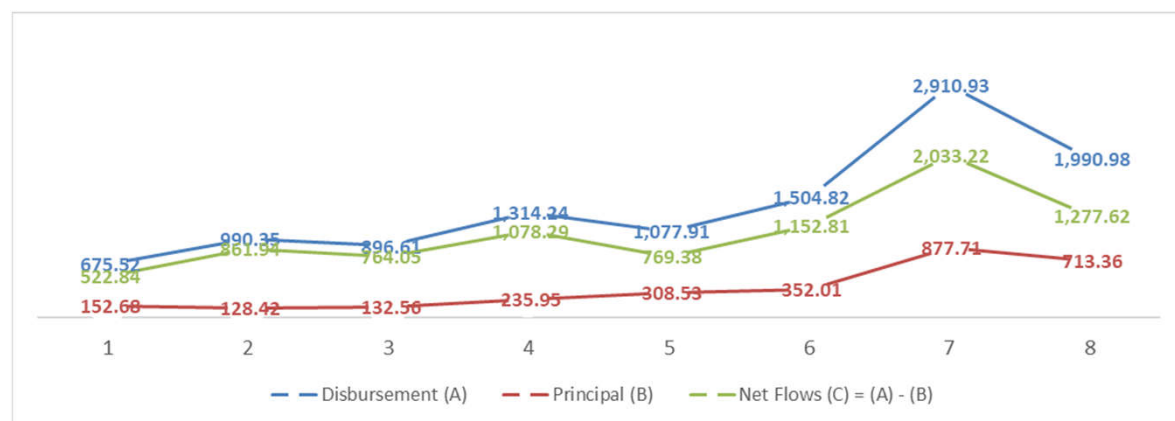
Net-flows are defined as the difference between loan disbursements and principal repayments.

In 2021, net flows were positive, similar to previous years, indicating disbursements of Le1.99 billion compared to principal repayments of Le713.36 million, resulting in a positive of Le1.28 billion.

Net flows decreased by 37.2 percent compared to 2020. Table 5 shows the trend in net flows and transfers from 2014 to 2021.

Table 5:-Net Flows and Transfers of External Debt (in millions of new Leones) 2014 to 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Disbursement (A)	675.52	990.35	896.61	1,314.24	1,077.91	1,504.82	2,910.93	1,990.98
Principal (B)	152.68	128.42	132.56	235.95	308.53	352.01	877.71	713.36
Net Flows (C) = (A) - (B)	522.84	861.94	764.05	1,078.29	769.38	1,152.81	2,033.22	1,277.62
Interest (D)	40.13	39.72	60.51	67.43	94.80	99.96	138.04	134.29
Net Transfer (E) = (C) - (D)	482.71	822.21	703.54	1,010.86	674.58	1,052.86	1,895.18	1,143.33
Debt Service (F) = (B) + (D)	192.81	168.14	193.07	303.38	403.33	451.96	1,015.76	847.65



New Loans

No.	Title of Agreement	Signature Date	Date ratified by Parliament	Funding Agency	Amount Signed	Equivalent in (Million USD) Ratified	Commitment Charge (%)	Maturity Period (Yr)	Grace Period (Yr)	Interest Rate /Service Charge (%)	Grant Element
1	Land and Infrastructure Development	13-Oct-19	14-May-20	Indian EXIM Bank	US\$30 million	30.00	0	25.00	5.00	1.50	35.46
2	Revamping of Aquatic Env. in the Greater Freetown	17-Nov-19	14-May-20	Kuwait Fund	KD5.0 million	17.10	0.5	26.00	6.00	1.00	37.09
3	Agriculture Value Chain Development	27-Nov-19	14-May-20	IFAD	US\$20.8 million	20.80	1.46	40.00	10.00	0.00	45.00
Total 2020						67.90				Average	39.18
1	Maternal, Neonatal and Child Health	27-Jun-20	04-Feb-21	IDB	US\$20.0 million	20.00	0	25.00	7.00	1.50	37.33
2	Partial Financing of the Construction of the Kono University	31-Aug-20	23-Feb-21	EBID	US\$32.0 million	32.00	0	30.00	5.00	1.75	35.97
3	Construction of Pendembu-Kailahun Road	18-Dec-20	15-Jun-21	IDB	US\$10 million	10.00	0	25.00	7.00	0.40	51.39
4	Rehabilitation of existing potable water facilities in four communities	17-Dec-20	21st December 2021	Indian Exim Bank	US\$15 million	15.00	0	25.00	5.00	1.50	35.46
5	Construction of Tikonko-Kpetemba-Matru Jong Road Lot Kpetemba Matru Jong, 1st component /2	22-Dec-20	15-Jun-21	BADEA	US\$20 million	20.00	0	26.00	7.00	1.50	35.60
	Construction of Tikonko-Kpetemba-Matru Jong Road Lot Kpetemba Matru Jong, 2nd component /2	22-Dec-20	15-Jun-21	BADEA	US\$5 million	5.00	0	25.00	6.00	2.50	
6	Supplemental Loan for Developing Three Tertiary Hospitals Project in	17-Dec-20	21st December 2021	Kuwait Fund	KD630,000	2.08	0	25.00	5.00	1.50	35.46
Total 2021						104.08				Average	38.54

Debt Service Suspension Initiative (DSSI)

**Table 7: Debt Service Suspension Initiative May to December 2021
(Amount Rescheduled)**

No.	G-20 Creditor	DSSI Proj. US\$'000	Actual DSSI Agreements Signed US\$'000
2020			
1	Kuwait Fund	2,925.00	2,925.00
2	Exim Bank of India	2,308.40	2,308.40
3	Exim Bank of China	1,801.20	1,742.76
4	Govt. of the People's Rep. of China	1,209.40	1,209.40
5	Abu Dhabi	796.10	796.10
6	Saudi Fund For Economic Development	689.10	689.10
7	Exim Bank of Korea	4.40	4.40
Total		9,733.60	9,675.16
2021			
1	Kuwait Fund	5,723.60	
2	Exim Bank of China	3,670.60	2,038.07
3	Exim Bank of India	3,560.80	2,578.71
4	Govt. of the People's Rep. of China	1,803.10	1,803.10
5	Saudi Fund For Economic Development	1,374.00	1,374.00
6	Abu Dhabi	1,147.30	1,147.30
7	Exim Bank of Korea	4.50	4.50
Total		17,283.90	8,945.68

Sierra Leone received debt service suspension from seven bilateral creditors under the G-20 Debt Service Suspension Initiative (DSSI) by rescheduling principal and interest payments which fell due from May 2020 to December 2021.

A total of US\$9.73 million was rescheduled under the DSSI initiative.

In 2021, a total of US\$17.28 million was rescheduled under the DSSI initiative.

Government of the Peoples Republic of China, Saudi Fund and Abu Dhabi suspended US\$1.80 million (10.43 percent), US\$1.37 million (7.95 percent) and US\$1.15 million (6.64 percent) respectively. Exim Bank of Korea suspended the least amount of US\$4,500 (0.03 percent).

Composition and Structure of Domestic Debt

Stock of Domestic Debt 2021

- ❖ The total stock of domestic debt as at end-December 2021 stood at Le12.64 billion, reflecting an increase of 18.56 percent from its end December 2020 stock of Le10.66 billion.
- ❖ The stock of domestic debt comprises of Marketable, Non-Marketable and Other Non-Marketable Treasury Instruments.
- ❖ The Marketable securities included treasury bills and treasury bonds, whilst the Non-Marketable securities were treasury bonds.
- ❖ The Other Category of treasury instruments included Ways and Means Advances and Bridging Loan granted to the state by the Bank of Sierra Leone; also Suppliers/Contractors Arrears and Judgement Debt formed part of the Other Non-Marketable domestic stock.

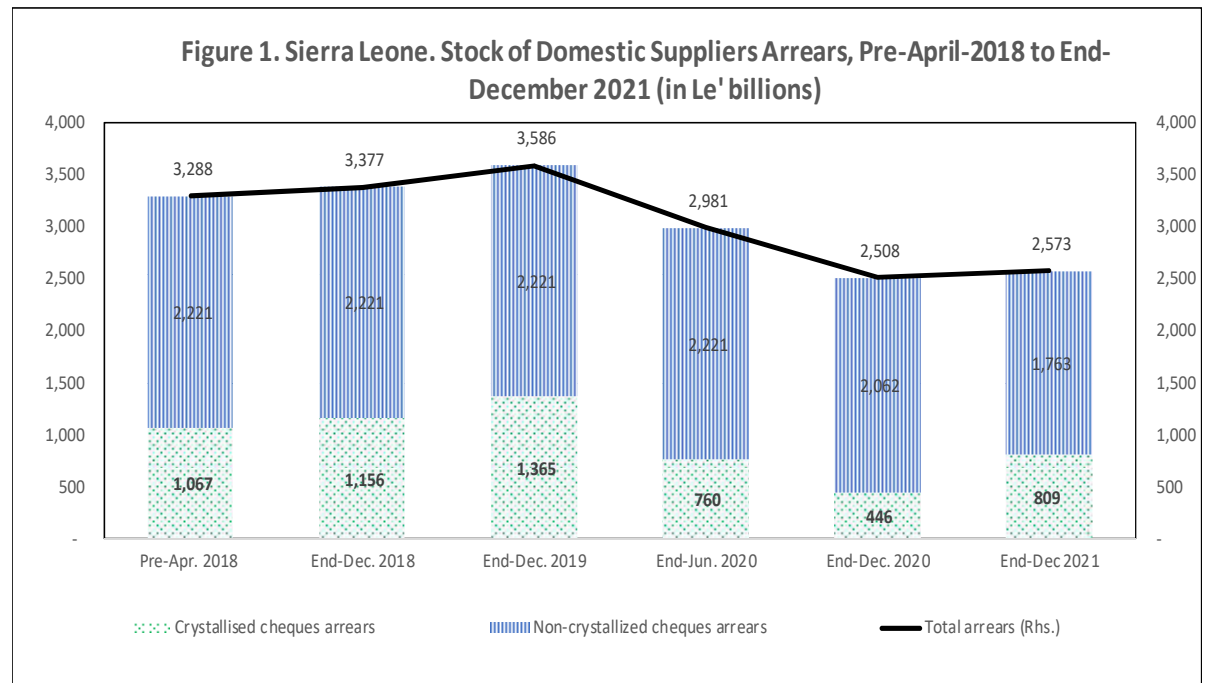
Table 8a: Domestic Debt Position end December 2018-2021 (In new Leones '000)

Treasury Securities	2018	2019	2020	2021	% Share 2021	% Change (Dec 2020- Dec 2021)
A. Marketable T-Securities	4,163,870.05	4,693,659.95	6,341,133.65	8,432,875.00	66.49	32.99
91-day T-Bills	13,165.75	3,608.65	20,490.80	-	-	(100.00)
182-day T-Bills	14,384.35	3,334.30	133,264.15	1,996.60	0.02	(98.50)
364-day T-Bills	4,136,319.95	4,661,717.00	6,162,378.70	8,405,878.40	66.28	36.41
1yr T-Bond	-	-	-	-	-	-
2-yr T-Bonds	-	-	-	-	-	-
3-yr T-Bonds	-	25,000.00	25,000.00	25,000.00	0.20	-
B. Non-Marketable T-Securities	1,424,965.92	1,765,984.49	1,572,301.52	1,428,292.86	11.26	(9.16)
1.4yr - 1.9yr Bonds	-	104,390.63	161,313.50	-	-	(100.00)
2-yr T-Bonds	202,655.03	356,731.04	235,883.95	317,597.85	2.50	34.64
2.44-yr T-Bonds	-	24,534.70	48,154.22	25,067.06	0.20	(47.94)
3-yr T-Bonds	279,062.98	306,982.62	289,722.83	333,874.24	2.63	15.24
5-yr T-Bonds	901,997.92	939,595.49	810,977.03	733,003.71	5.78	(9.61)
10-yr T-Bond	41,250.00	33,750.00	26,250.00	18,750.00	0.15	(28.57)
C. Other (Non-Treasury Securities)	3,362,842.52	3,777,909.92	2,747,661.88	2,820,830.61	22.24	2.66
Ways and Means	75,234.77	192,403.90	213,568.64	196,193.52	1.55	(8.14)
Bridge Loan	-	-	-	-	-	-
Contractors/Suppliers Arrears /1	3,287,607.75	3,585,506.01	2,507,779.85	2,624,637.09	20.70	4.66
Judgement Debt owed to Thunderball	-	-	26,313.39	-	-	(100.00)
Grand Total (A+B+C)	8,951,678.49	10,237,554.36	10,661,097.05	12,681,998.47	100.00	18.96

1/ Arrears include stock of unpaid cheques at AGD and BSL.

Domestic Arrears (verified arrears and Cheque payable)

- ❖ The total stock of domestic arrears (verified arrears and cheque payable) increased slightly from Le2.51 trillion as at end-December 2020 to Le2.57 trillion in 2021 mainly because of accumulation of cheque payables from Le446 billion in December 2020 to Le809 billion in 2021.
- ❖ However, the stock of verified arrears decreased from Le2.06 trillion to Le1.76 trillion.
- ❖ Implementation of the arrears clearance strategy and principles 2020-2025 commenced in 2020 but application of the full discount outlined in the strategy was rejected by vendors mainly because Government do not have the liquidity to made upfront payment of the discounted amount and contractors/suppliers rejected the discount in the first instance.



4.5 Domestic Debt Interest Payments in 2021

The total interest paid on Government's domestic debt due to borrowing via treasury securities, including Treasury bills, Treasury bonds and other domestic facilities in 2021 amounted to Le1.33 billion.

SECURITY TYPE	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021	% Change (2020-2021)
Marketable Interest (A)	926,688.47	329,597.51	256,934.42	209,065.31	173,085.90	968,683.14	4.53
Treasury Bills	922,589.80	328,888.17	255,474.92	208,457.65	172,091.40	964,912.14	4.59
1 -yr Bond	-	-	-	-	-	-	-
3-yr Bond	4,098.67	709.33	1,459.50	607.67	994.50	3,771.00	(7.99)
Non-Marketable Interest (B)	162,477.76	45,561.10	35,429.95	46,730.31	36,821.34	164,542.70	1.27
Total T-bonds	150,966.96	42,602.03	34,219.16	46,175.52	35,880.81	158,877.52	5.24
Bridge Loan	46.08	-	-	-	-	-	-
Interest on Outstanding Ways & Means	3,192.79	1,837.96	-	-	-	1,837.96	(42.43)
Interest on W&M	8,271.92	1,121.11	1,210.79	554.79	940.53	3,827.22	(53.73)
Grand Total (A+B)	1,089,166.23	375,158.61	292,364.37	255,795.62	209,907.24	1,133,225.83	4.05

The rise in the interest payments was mainly due to the gradual increase in the stock of domestic debt over the years coupled with the high interest rate environment. The Increase in interest payments on the marketable instrument were mainly due to the increase the volume of the 364-day treasury bills.

Interest Rates Movement in the Market January-December 2021

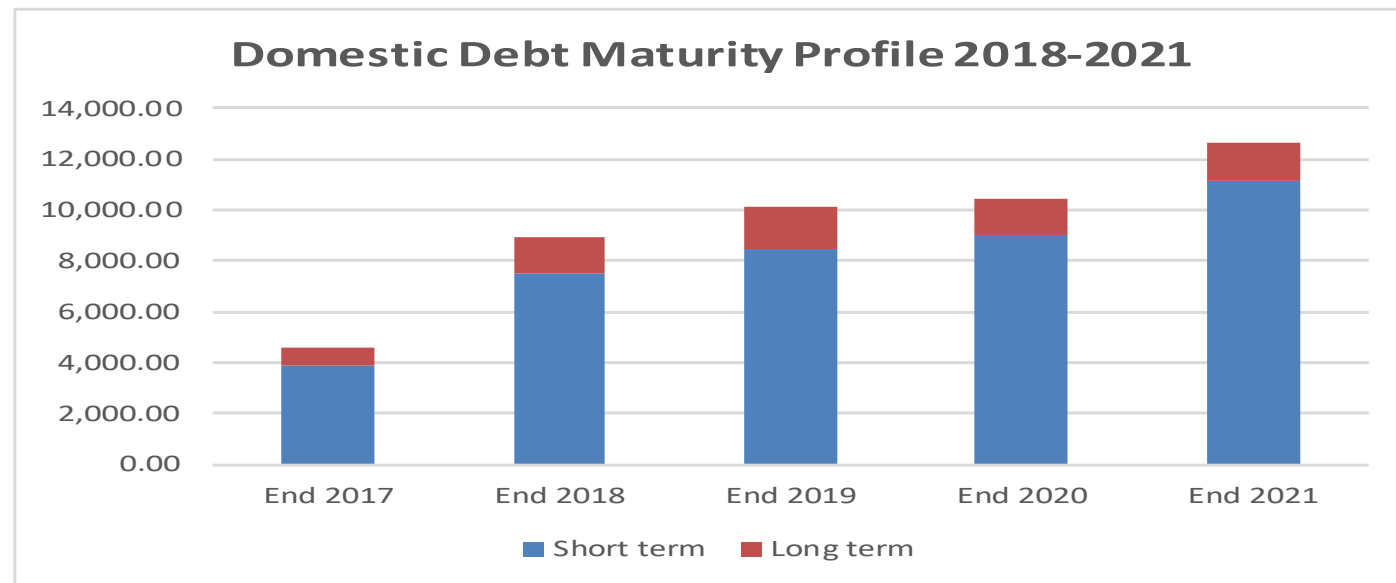
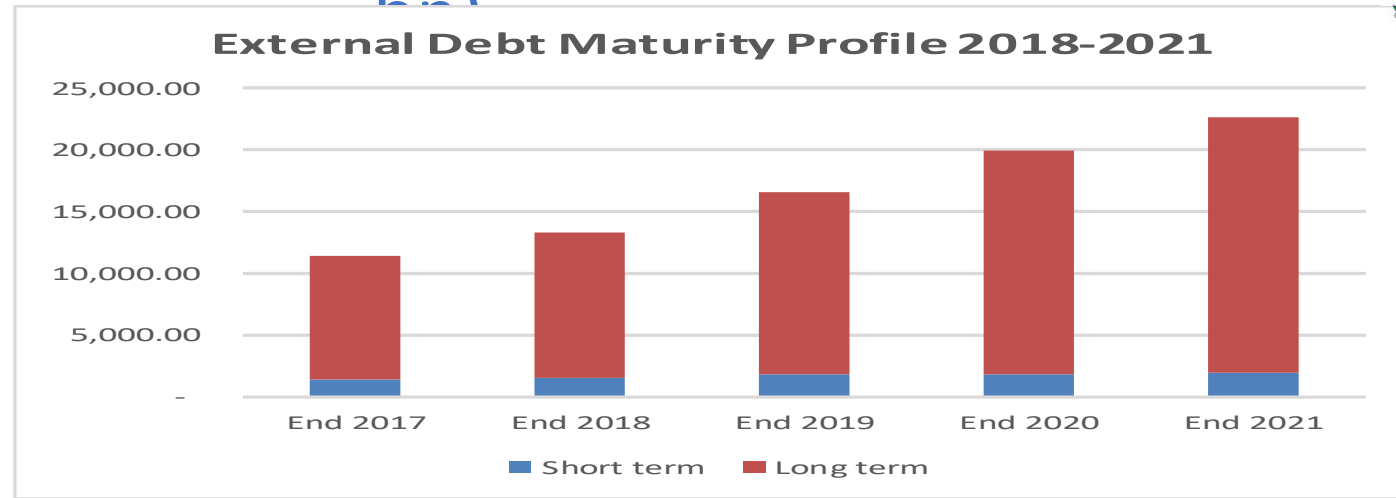
- ❖ The FY2021 yields in the Marketable Securities remained relatively stable over the period January- December, 2021. The end December 2021 rates in the 91, 182 and 364-days treasury securities reached 4.11, 9.78 and 20.30 percent respectively.
- ❖ The FY2020 annual average yields for the 91-day treasury bills was 8.01 percent, when compared to the FY 2021 average yield of 4.11 percent, it reflected a significant drop. The decrease on the 91-day treasury bills was mainly as a result of the appetite of investors shifting their investment to the 364-day treasury bills with attractive rates. Intact, there was no new issuances in the 91-day T-bills market in May and June to December, 2021.
- ❖ This might be in relation to the low yield and less appetite for the 91-day tenure.
- ❖ As at end 2021, the average annual interest rate for the 182-day treasury bills decrease to 9.78 percent in 2021 from it 2020 annual average rate of 10.80 percent.
- ❖ Finally, the annual average interest rate for the 364-day treasury-bills increased to 20.30 percent in 2021 compared to the end 2020 interest rate of 18.72 percent.

Instruments	Average FY2020	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Average FY2021	% Change 2020-2021
91-day T-bills	8.01	3.96	4.88	3.69	3.90	-	-	4.11	-	-	-	-	-	4.11	(48.69)
182-day T-bills	10.80	5.98	8.22	10.00	10.03	10.13	9.61	9.67	9.54	9.67	10.14	11.30	13.13	9.78	(9.44)
364-day T-bills	18.72	12.44	18.09	21.10	23.31	21.83	21.59	23.39	21.68	18.40	19.94	20.52	21.38	20.30	8.48

Conclusion:- Public Debt Maturity Profile 2018 -2021 (Lebanon)



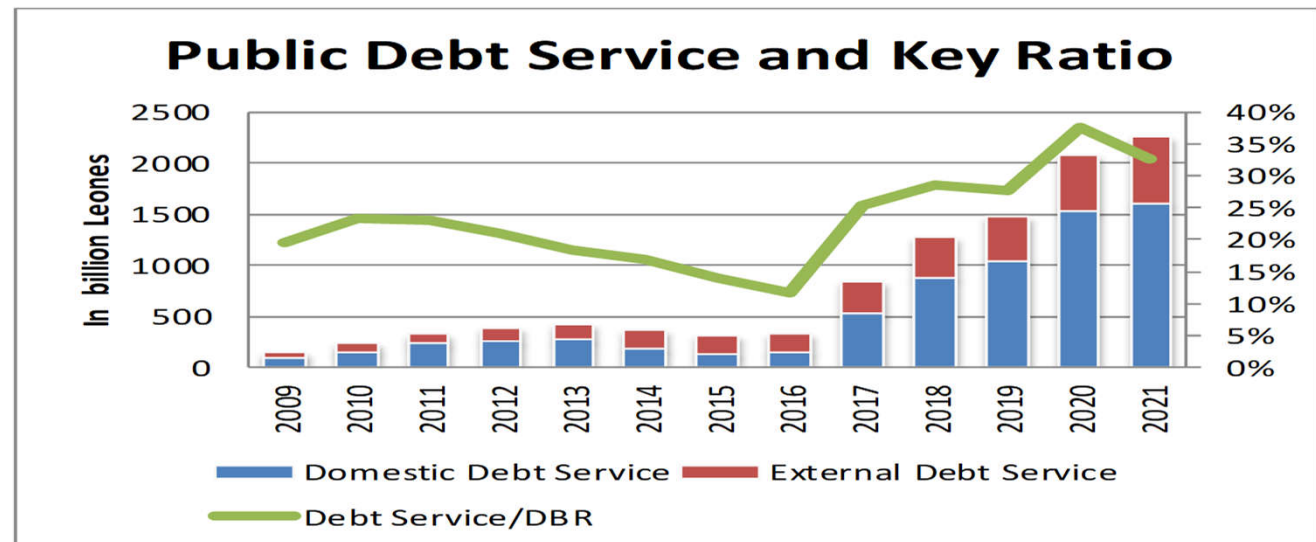
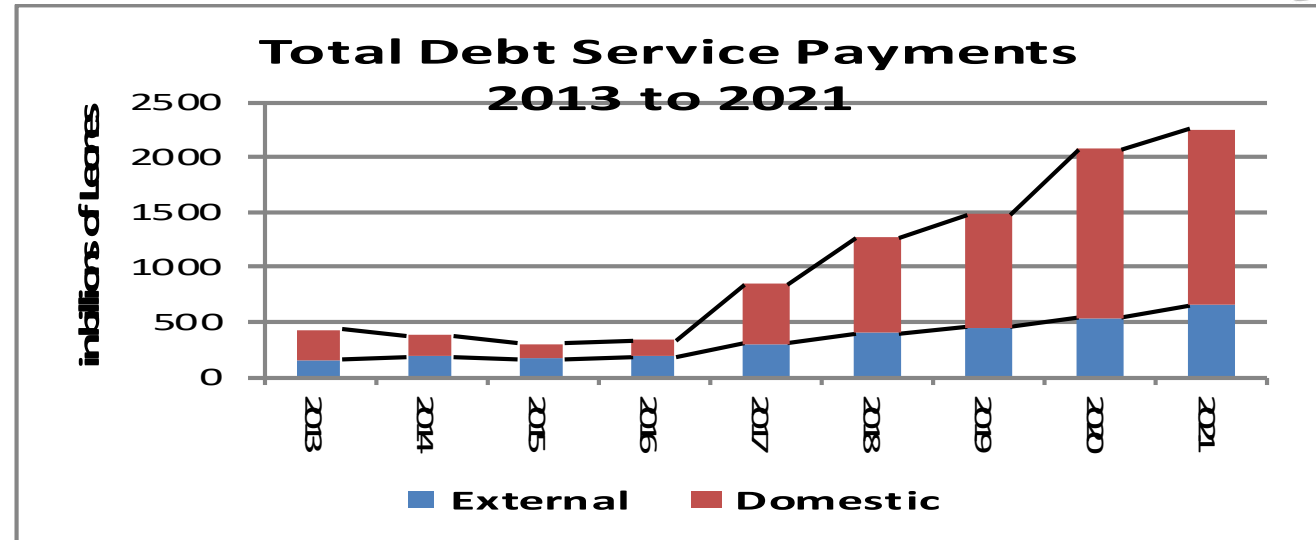
- 91.2 percent of the External Debt Portfolio in 2021 is concentrated in the long end.
- 88.6 percent of Domestic Debt Portfolio in 2021 is concentrated in the short-term.
- Debt Burden Paradox. The most expensive debt is short-term and the less expensive debt is long-term—debt burden is high



Debt Burden have Increased Significantly

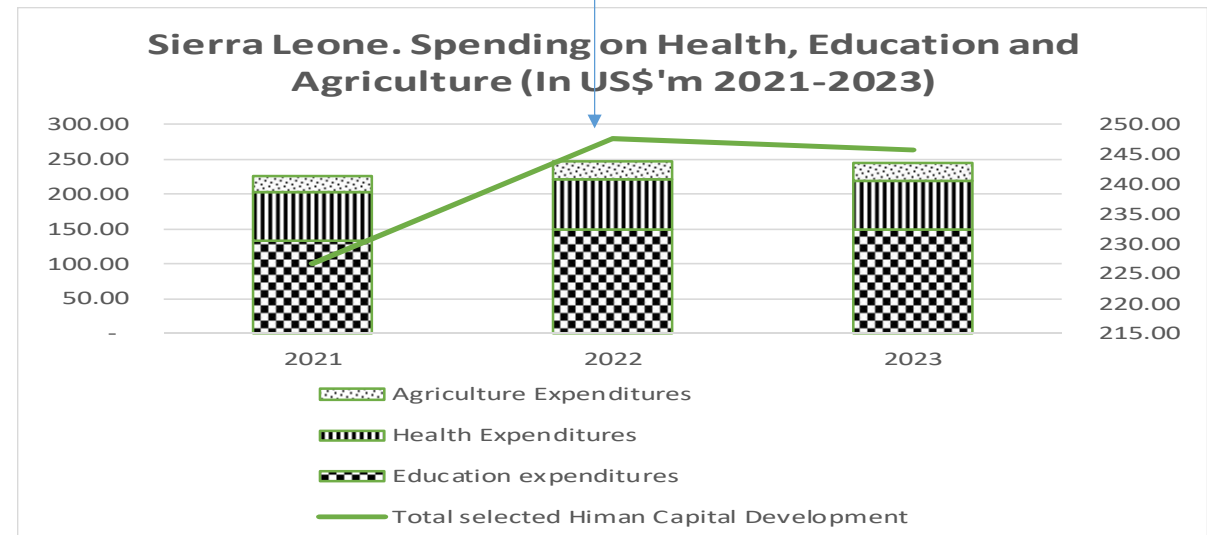
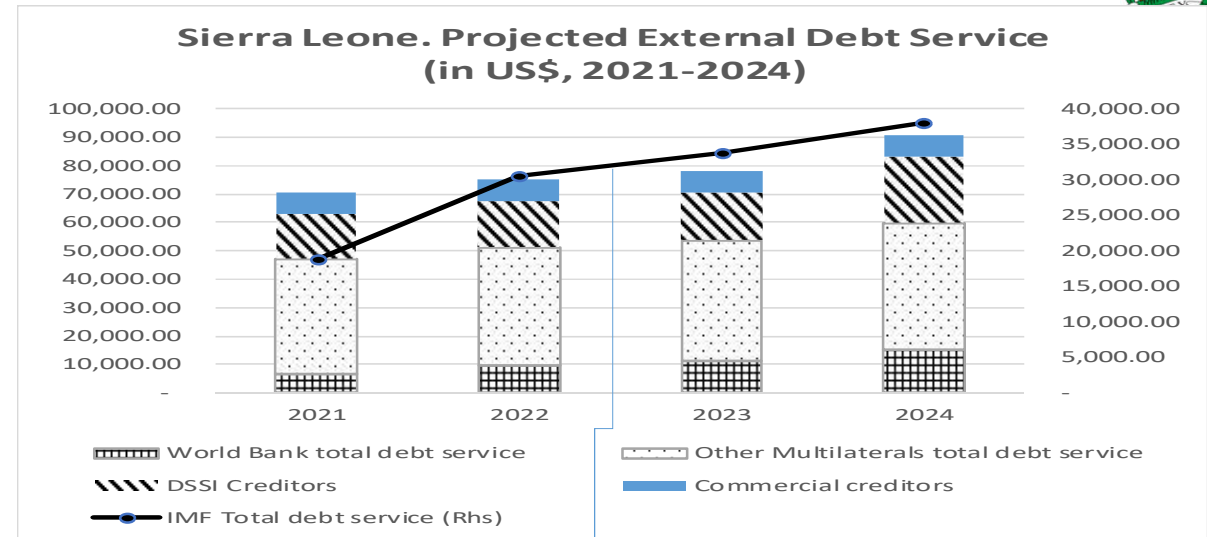


- (i) Debt Service especially for domestic debt has increased significantly since 2017 to 2021.
- (ii) Majority of the debt service burden is concentrated in Domestic Interest Payment
- (iii) Despite DSSI external debt service burden has also increased.
- (iv) As noted above majority of the domestic debt stock is concentrated in the short end which made the debt service burden more intense and competes with critical social sector spending under the Free Quality Education and Free Health Care for Children Under 5 and lactating mothers.





- External Debt Service Burden is projected to increase averaging at USD115 million per annum in 2022-2024 especially from:
 - IMF,
 - World Bank and
 - Other Multilaterals
- Putting Pressure on Human Capital Development as total Human Capital spending are projected to flatten in 2022-2023





MTDS 2021-2025 Result

Risk Indicators		2020	As at end 2025			
		Current	S1	S2	S3	S4
Nominal debt as percent of GDP		66.1	64.3	64.7	63.0	64.9
Present value debt as percent of GDP		53.5	53.4	53.9	49.1	54.0
Interest payment as percent of GDP		3.2	4.6	4.8	3.4	3.9
Implied interest rate (percent)		4.8	7.5	8.2	5.6	6.7
Refinancing risk	Debt maturing in 1yr (percent of total)	19.8	40.0	28.6	19.4	18.7
	Debt maturing in 1yr (% of GDP)	18.9	25.7	18.5	12.3	12.2
	ATM External Portfolio (years)	11.4	11.5	11.5	12.0	10.3
	ATM Domestic Portfolio (years)	1.8	0.8	1.29	1.34	1.3
	ATM Total Portfolio (years)	9.3	6.9	7.1	9.0	7.9
Interest rate risk	ATR (years)	9.3	6.9	7.1	9.0	7.9
	Debt refixing in 1yr (percent of total)	19.8	40.0	28.6	19.4	18.7
	Fixed rate debt incl T-bills (percent of total)	100.0	100.0	100.0	100.0	100.0
	T-bills (percent of total)	14.0	33.5	19.4	11.8	11.8
FX risk	FX debt as % of total	69.0	56.9	56.5	71.7	73.4
	ST FX debt as % of reserves	19.7	25.5	25.5	25.5	25.5



Medium Term Cost and Risks Target 2021-2025

Goal	Indicator	Baseline	Target /1
Reduce debt burden	Present value of debt to GDP	53.5%	49.1%
Manage FX risk	FX debt (as % of MTDS debt)	69%	≤ 70%
Domestic Market Development	Domestic Debt (as % of MTDS debt)	31%	≥ 30%
Manage refinancing risk	Overall ATM (years)	9.3	≥ 10
	Debts Maturing in 1 year (as % of GDP)	18.9%	≤ 12.3%
Manage interest rate risk	Fixed rate debt (% of MTDS debt)	100%	100%
	T-bills (% of total debt)	14.0%	11.8%

Conclusion Cont.:-

Debt Sustainability Analysis output:-

Public Debt In Sierra Leone remained at high risk of debt distress but sustainable on forward looking perspective. Sierra Leone's debt carrying capacity has improved from low to medium with recent improvement in the Composite index under the Low Income Countries (LICs) Debt Sustainability Framework.

MTDs report:-

Cabinet has endorsed the Medium-Term Debt Strategy (MTDS) 2021-2025 which puts Sierra Leone on a high debt management trajectory. The ranking of debt management under the PEFA framework is poised to exceed C+ rating in 2021 from D+ in 2017 as a result of the recent approval.

Recommendation

- ❖ Debt burden is explained by three main factors - the rise in volume, the interest payment (cost of borrowing) and exchange effect. Revenue enhancement measures are being backed up with expenditure rationalization and budgetary consolidation
- ❖ Financial support to clear arrears and uphold Fiduciary management of arrears
- ❖ Improvement in debt recording—urgent migration from CSDRM to Meridian Debt Recording. Training of staff in the new software.
- ❖ Institutional reform of the debt management office to cover front office, middle office, back office and a new innovative financing department to cover new issues in financing.
- ❖ Annual survey and assessment of the impact of borrowing on economic growth, employment across all sectors and the local government.