GOVERNMENT OF SEYCHELLES
Debt Management Strategy:

For the years 2019 - 2021

Ministry of Finance, Trade, Investment & Economic Planning
Republic of Seychelles
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INTRODUCTION

The Government of Seychelles's Debt Management Strategy provides details of the Government's plans for managing government and government guaranteed debt over the medium term. It is prepared in compliance with international best practices in debt management and the requirements of the Public Debt Management Act of 2008 (amended in 2009 and 2012).

The aim of the Debt Management Strategy (DMS) is to determine the most effective debt management strategies for achieving the desired future debt structure based on cost and risk implications. The design of the DMS takes into consideration macroeconomic objectives and policies such as fiscal and monetary policies. This strategy document is broken down into the three parts listed below;

Part I covers the objectives, scope and the legal framework for the DMS. It also describes the role of debt management in the macro economic framework and provides a historical overview of the debt structure. This section also outlines the evolution of the debt and the goals for the 2019-2021 period.

Part II gives an overview of the current debt profile. It provides an analysis of possible risks to the portfolio, the volatility of the risk factors and the exposure to these risks. This will provide clues as to whether the existing cost and risk structures are satisfactory or what needs to be changed. It will also help to identify which of the risks are more pertinent.

Part III looks at the environment for debt management, followed by the debt management framework and strategy. Part III will conclude with the borrowing plan for 2019, taking into account the fiscal balances.

PART I

1.1 Debt Management Objective

The government's primary debt management objective is founded on international best practice for debt management. As recommended by the International Monetary Fund (IMF), World Bank and other international institutions, the government's primary debt management objective is defined as follows;

> ***"To ensure that the Government's financing needs and payment obligations are met on a timely basis, and at the lowest possible cost, consistent with a prudent degree of risk."***

1.2 The Goals for Debt Management

To help achieve the primary debt management objective, the government will pursue the following goals over the medium term;

i. Ensure that the fiscal and monetary authorities are aware of the impact of government's financing requirements and monetary policies on the levels and the rate of growth of public debt.

ii. Work towards an optimum structure for public debt that minimizes cost and risks, including currency mismatch, adverse movement in interest rates, refinancing and operational risks.

iii. Assist the government in achieving its objective of limiting public borrowing to an amount that is consistent with the country's medium-term payment capacity assessed from both a fiscal and balance-of-payments perspective.

iv. Assist towards the development of the domestic financial market and the lengthening of the debt maturity profile.

1.3 Scope of the DMS

The DMS will examine the total public debt for years 2019 to 2021, where the total public debt is defined as the total government and government guaranteed liabilities that require payment of principal and/or interest to external and domestic creditors. External and domestic classifications are based on the residency of the creditors.

The debt stock figures for the years 2008-2017 are as at calendar year end. The 2018 figures are as at 30th September 2018.

1.4 Legal and Institutional Framework

The primary responsibility of debt management lies with the Debt Management Division of the Ministry of Finance, Trade, Investment & Economic Planning. This Division is responsible for managing government and government guaranteed debt as well as monitoring all non-guaranteed public enterprise debt. Public debt management in Seychelles is regulated by the Public Debt Management Act of 2008 (amended in 2009 and 2012).

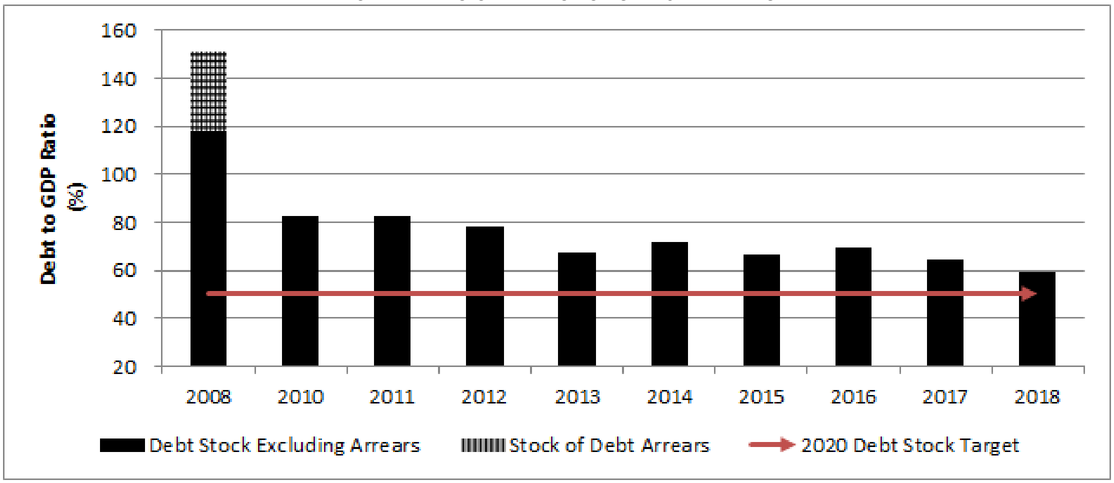
1.5 Evolution of debt

Since 2008, the government has made significant progress in reducing the level and structure of its public debt. This remarkable achievement was mostly attributed to the 2008 debt restructuring program whereby some Paris Club creditors including Malaysia and South Africa agreed to write off 45% of the debts outstanding. The remaining bilateral creditors, commercial banks and private creditors agreed to provide comparable debt service relief which has helped to alleviate the repayment burden over the subsequent years, enabling the government to service its debts without accumulating payment arrears.

Figure 1 below, shows the evolution of total public debt as a share of GDP for selected years. The total debt stock fell from over 150% to 67% of GDP in 2013. However, the introduction of treasury bills for monetary purposes in 2014 and loosening of the fiscal policy in 2016 slowed down the rate at which the debt level was falling in 2017.

In 2018, as the country reaches the 10th anniversary of its 2008 economic reform and debt restructuring program, the Debt to GDP ratio now stand at about 60%. The government is committed to keep its debts on a sustainable path and the fiscal target is to achieve a Debt to GDP ratio of 50% by the end of 2020.

FIG.1: DEBT TO GDP RATIO FOR SELECTED YEARS



Source: Ministry of Finance, Trade, Investment & Economic Planning

PART II

2. OVERVIEW OF THE EXISTING DEBT

At the end of September 2018, the total government and government guaranteed debt amounted to SCR 13,052.44 million, representing about 60% of GDP. As shown in Figure 2, domestic debt was the main constituent of the total debt stock at SR 7,599.36 million. It accounted for about 58% of the total debt stock. On the other hand, external debt accounted for about 42% of the total debt stock at SR 5,453.08 million.

Figure 3 provides an indication of the nature of the public debt. Ninety-four percent (94%) of the total debt was that of the central government and the remainder (6%) was government guaranteed debt. The stock of guaranteed debt are mostly domestic guarantees to public enterprises. The Development Bank of Seychelles (DBS) holds the largest stock of government guaranteed debt at 4% of the total stock.

FIG.2: TOTAL DEBT BY RESIDENCY OF CREDITORS

	2018 *(In Millions SCR)*	***%***
DOMESTIC ***of which***	**7,599.36**	**58**
Government	6,944.85	53
Guarantees	654.51	5
EXTERNAL ***of which***	**5,453.08**	**42**
Central Government	5,380.01	41
Guarantees	73.06	1
Total Debt	**13,052.44**	**100**

Source: Ministry of Finance, Trade, Investment & Economic Planning

FIG. 3: TOTAL DEBT BY GUARANTEE STATUS

	2018 *(In Millions SCR)*	***%***
Government	12,324.87	94
Guarantees	727.57	6
Total Debt	**13,052.44**	**100**

Source:
Ministry of Finance, Trade, Investment & Economic Planning

2.1 External Debt Profile

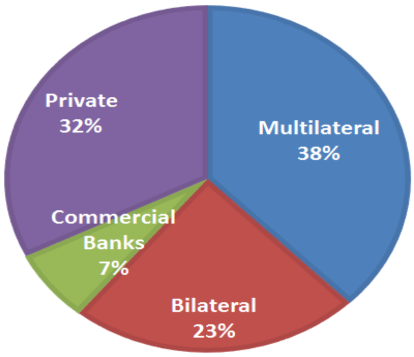
The external debt is defined as the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of the Seychelles economy.

The total stock of external debt as at the 30th September 2018 amounted to SR 5,453.08 million or 26.7% of GDP. The total external debt is mostly made up of debts owed to multilateral creditors as shown by Fig 4 below. Multilateral debts accounts for 38%, whilst Private and Bilateral debts accounts for 32% and 23% of the total external debt stock respectively.

Debts owed to commercial banks now accounts for the smallest share of the total external debt as a result of government's past strategies of concessional and semi-concessional borrowing.

FIG.4: EXTERNAL DEBT BY CREDITOR CATEGORY

	2018 External Debt Stock (in Millions SR)
Multilateral	2,053.15
Bilateral *of which;*	1,268.34
Paris Club	*679.90*
Non-Paris Club	*588.44*
Commercial Banks	366.32
Private	1,765.26
TOTAL	**5,453.08**



Source: Ministry of Finance, Trade, Investment and Economic Planning

Another feature of the external debt stock is that 66% of the total external debt is in the form of loans (see Fig 5). Securities account for 34% of the total external debt, out of which 32% being outstanding on the Eurobond that will mature in 2026.

FIG.5: EXTERNAL DEBT BY INSTRUMENT TYPE

	2018 *(In Millions SCR)*	***%***
Loans	3,623.62	66
Securities	1,829.46	34
Total Debt	**5,453.08**	**100**

Source: Ministry of Finance, Trade, Investment and Economic Planning

2.2 Domestic Debt Profile

The stock of domestic debt comprises of all debt liabilities owed to residents of Seychelles economy. As of September 2018, the total domestic debt amounted to SR 7,599.36 million. Loans and Securities are the main components of the domestic debt, with loans accounting for about 15% and securities 84% of the domestic debt stock. The securities category mostly comprises of treasury bills which accounts for 72% of the total domestic debt.

FIG. 6: DOMESTIC DEBT BY INSTRUMENT TYPE

	2018 *(In Millions SR)*	**%**
Loans	1,163.08	15.3
Securities *of which;*	6,383.25	84.0
Treasury Bills	*5,438.84*	*71.6*
Treasury Bonds	*600.00*	*7.9*
DBS Bonds	*250.00*	*3.3*
Deposits	*37.19*	*0.5*
Notes	*57.22*	*0.8*
Other Debt Liabilities	53.03	0.7
Total Debt	**7,599.36**	**100**

Source: Ministry of Finance, Trade, Investment & Economic Planning

3. RISK INDICATORS

Sound risk management, debt and organisational structures are important elements in reducing exposures to risks such as interest risks, currency risks, liquidity risks and operational risks.

3.1 REFINANCING RISKS

Refinancing risk refers to the risk that the existing debt will have to be refinanced at an unusually high cost or in extreme circumstances cannot be refinanced at all. Important measures of the exposure to refinancing risks include the Average Time to Maturity (ATM), the debt redemption profile of the outstanding debt stock and the percentage of debt maturing in one year. Two indicators of refinancing risks are shown in Fig 7 below.

FIG. 7: KEY REFINANCING RISKS INDICATORS AS AT THE END OF 2018

Refinancing Risks	External Debt	Domestic Debt	Total Debt
ATM (years)	6.1	2.3	4.1
Debt maturing in 1yr (% of total)	9.8	72.0	42.7

3.1.1 Average Time to Maturity

The Average Time to Maturity (ATM) measures the weighted average length of time the debt will mature on the portfolio. The average life of the total debt portfolio is about 4 years indicating relatively moderate risks. The ATM is about 6 years for the external debt and 2 years for the domestic debt. In order to minimize the exposure to the risks associated with the low ATM on the domestic debt, the government will continue with its efforts to lengthen maturities of the domestic debt, by issuing longer term instrument.

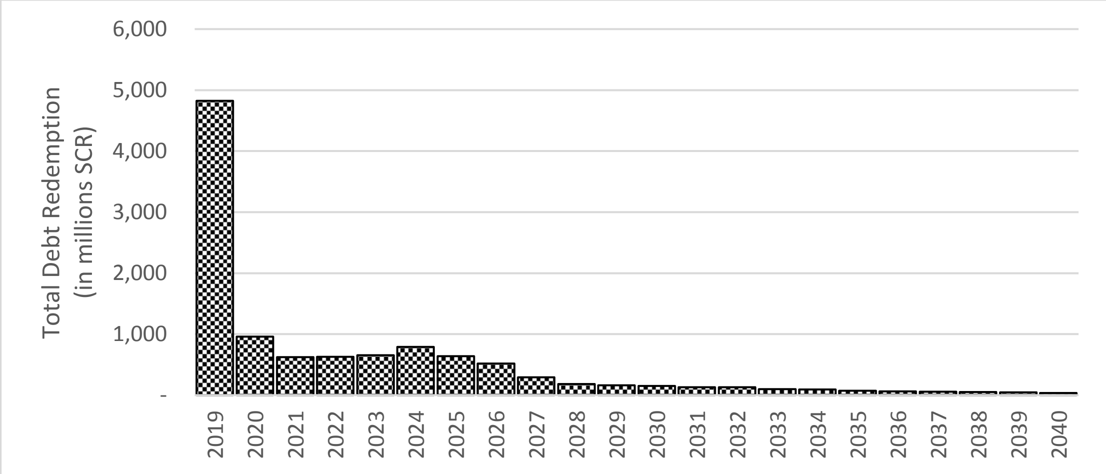
3.1.2 Share of Debt Maturing within in one year

The share of debt maturing in one year is another indicator of refinancing risks. Within one year from December 2018 about 43% of the total debt stock will mature indicating moderate risks. About 72% of the domestic debt will mature within one year compared to about 10% of the external debt. Lengthening the maturity of the domestic debt portfolio will help to reduce the share of debt maturing within one year and the exposure to refinancing risks.

3.1.3 The Redemption Profile

The debt maturity/ redemption profile shows the total principal payments falling due each year over the life of the portfolio. As illustrated by Figure 8, about SR 4.8 billion of debt is expected to fall due in 2019. This is attributed to the high share treasury bills within the debt portfolio which are short term instruments. The redemption profile for the total debt from 2020 to 2040 closely mirrors that of the external debt profile.

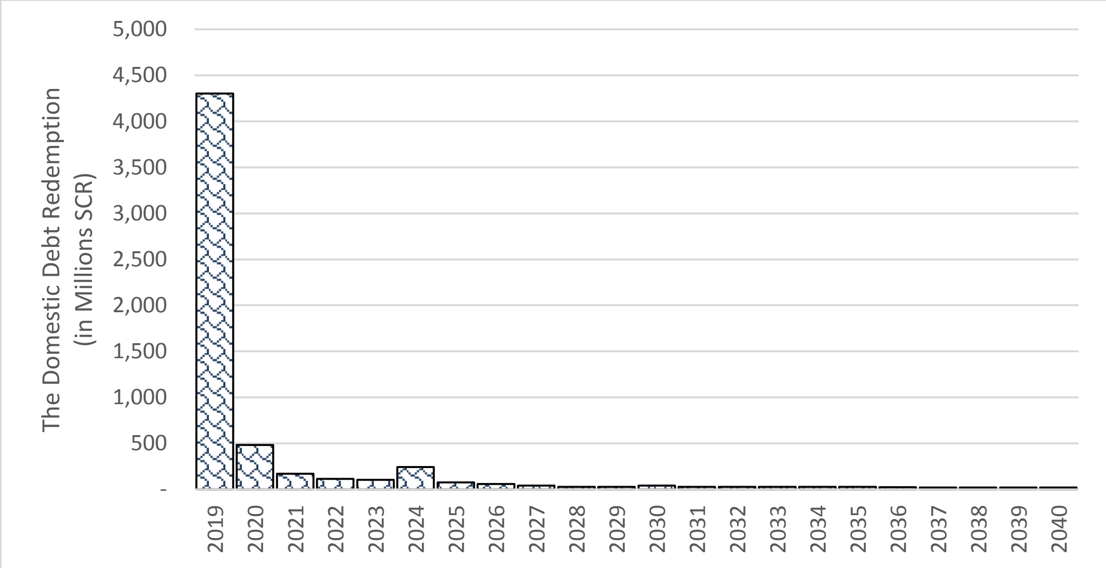
FIG. 8: TOTAL DEBT REDEMPTION PROFILE



Source: Ministry of Finance, Trade, Investment & Economic Planning

The domestic debt profile in Fig 9, shows that about 72% of the total domestic debt stock is expected to mature in 2019. This is an indication of a relatively high roll-over/refinancing risks. However, given the current stable macroeconomic conditions, most of these debts are expected to be rolled over. In order to mitigate some of the possible exposure to refinancing risks, the government will continue with its domestic bond issuance in an effort to lengthen the maturity of the domestic debt portfolio.

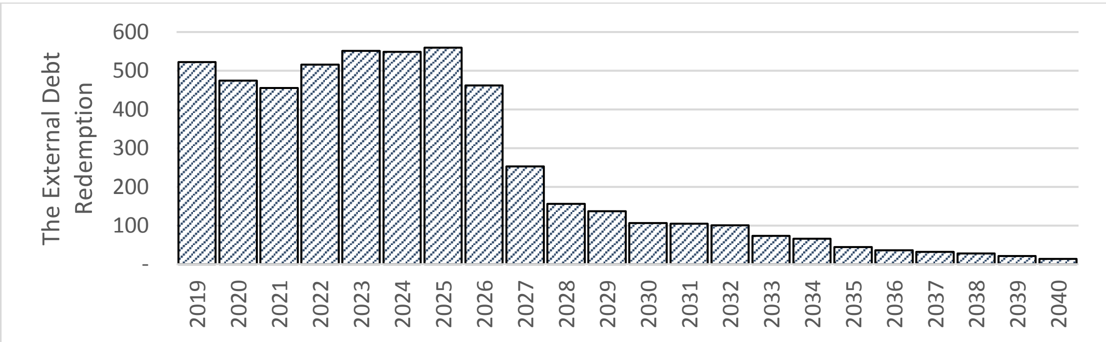
FIG. 9: DOMESTIC DEBT REDEMPTION PROFILE



Source: Ministry of Finance, Trade, Investment & Economic Planning

The external debt profile in Fig 10 indicates that about 10% of the total external debt is expected to mature in 2019 indicating low refinancing risks. The total principal repayments are expected to decrease gradually from 2019 to 2021. The increase in debt repayments from 2022, is attributed to the resuming of principal repayments due to Paris Club creditors who participated in the 2015 debt exchange for nature conservation. As the government continue to service is debts the total repayments are expected to gradually decline throughout the life of the portfolio.

FIG. 10: EXTERNAL DEBT REDEMPTION PROFILE



Source: Ministry of Finance, Trade, Investment & Economic Planning

3.2 INTEREST RATE RISKS

Interest rate risks refers to the risk of increases in the cost of the debt arising from changes in interest rates. This risk can occur when variable rates on floating debt are reset and/or fixed rate debt needs to be refinanced. Indicators of Interest rate risks shown in Fig. 11 include the Average Time to Re-Fixing (ATR), the share of debt subject to interest reset within the next year and the share of fixed interest rate debt within the portfolio.

FIG. 11: INTEREST RATE RISKS INDICATORS AT THE END OF 2018

Interest Rate Risk	External Debt	Domestic Debt	Total Debt
Average Time to Re-fixing (ATR) (years)	3.6	1.3	2.4
Debt re-fixing in 1yr (% of total)	40.1	81.2	61.9
Fixed rate debt (% of total)	67.2	90.4	79.5

3.2.1 Average Time to Re-fixing

The Average Time to Re-fixing (ATR) is a measure of weighted average time until all the principal payments in the debt portfolio become subject to a new interest rate. The Average Time to Re-fixing is about 4 years for the external debt, 1 year for the domestic debt and 2 years for the overall debt. This implies moderate risks for the external and total debt but high risk on the domestic side given the size of the domestic debt portfolio.

3.2.2 Percentage of Debt Re-fixing within 1 year

The percentage of debt that needs to be rolled-over (either because they are maturing or they are variable rate debt) within one year out of the total debt is another indicator of interest rate risks. About 40% of the external debt, 81% of the domestic debt and 62% of the total debt will be subject to a new interest rate within one year. This indicate moderate risks to the external and total debt portfolio but relatively high risks to the domestic portfolio.

3.2.3 Fixed Rate Debt as a share of the total debt

The share of fixed rate debt within the portfolio is an indicator of interest risks, the higher the share of fixed rate debt the lower the exposure to interest rate risks. Fixed rate debt accounts for about 67% of the external debt portfolio, 90% of the domestic debt portfolio and 80% of the total debt portfolio. This indicates low risks to each of these portfolio.

3.3 EXCHANGE RATE RISKS

Exchange rate risks relates to the risk of increases in the cost of the debt arising from changes in exchange rates. Measures of exchange rate risk include the share of foreign currency denominated debt in the total debt portfolio and the ratio of short term external debt to international rese0rves.

FIG. 12: FOREIGN EXCHANGE RATE RISKS INDICATORS

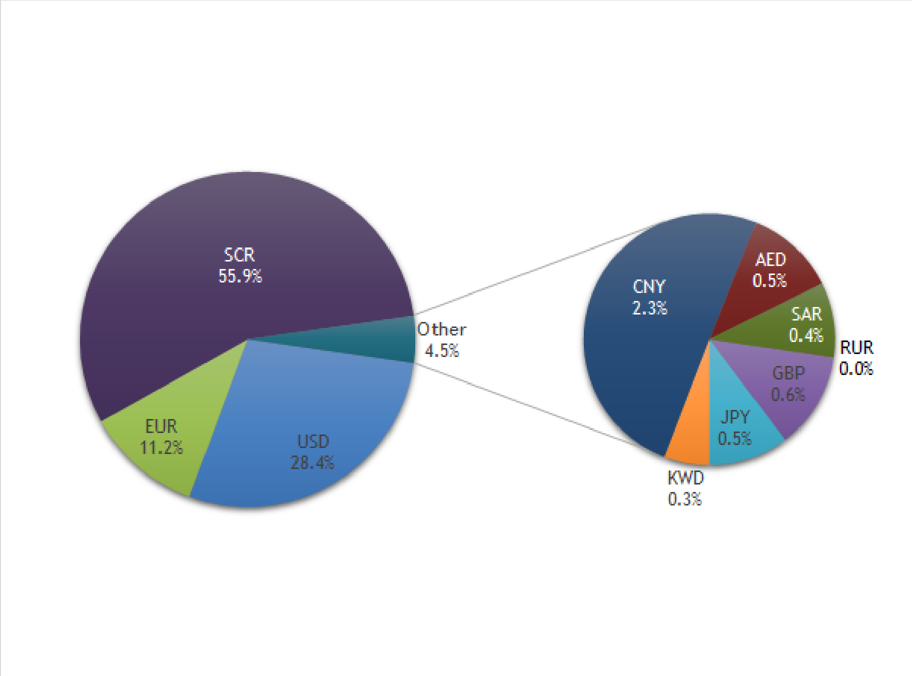
Risk Indicators	Total debt
FX debt (% of total debt)	44.1
ST FX debt (% of reserves)	8.9

Fig. 12 shows that foreign denominated debt accounts for 44.1% of the total debt which indicates moderate exchange rate risks. Short term foreign denominated debt accounts for about 9% of reserves also indicates low risks.

3.3.1 The currency composition

The currency composition provides an overall indication of the exposure to exchange rate risks to the portfolios. The total debt stock is mostly made up of three main currencies the Seychelles Rupee (SCR), United States Dollars USD and Euros (EUR). About 56% of the total debt stock is local currency, indicating moderate risks. The United States Dollars and the Euros account for 28% and 11% of the total debt stock respectively. Seven other currencies; the British Pound (GBP), Chinese Renminbi (CNY), Kuwaiti Dinar (KWD), UAE Dirham (AED), Japanese Yen (JPY), Russian Ruble (RUR) and Saudi Riyal (SAR) together accounts for about 5% of the total debt stock.

FIG. 13: CURRENCY COMPOSITION



Source: Ministry of Finance, Trade, Investment & Economic Planning

3.4 OPERATIONAL RISKS

Operational risks relate to various types of risks including transaction errors in the various stages of executing and recording transactions; inadequacies or failures in internal controls, or in systems and services; reputation risk; legal risk; security breaches; or natural disasters that affect the debt management's ability to pursue activities required to meet debt management objectives. Two of the main operational risks identified are as follows;

3.4.1 Staffing

The debt management division is currently understaffed and IT support to the debt management system is also being done by only one staff of the Department of Information Technology (DICT). In order to ensure business continuity, it is critical that the debt division is adequately staffed and other IT personnel given the necessary training to provide the required support.

3.4.2 Paper Based Documentations

Most of the debt management documentation such as loan agreements, especially for loans that are older than 5 years, bank statements and transactions confirmations are being held in paper format. Constraints relating to storage facilities expose these documents to risks of being misplaced or difficulty to locate. Other risks of paper based documentation include the risks of physical deterioration, risk of total destruction in the event of a fire or natural disaster. To mitigate these risks various longer term solutions such as digitalization needs to be considered.

3.5 COST OF DEBT

The average interest rate gives an indication of the cost of debt on the portfolio. As shown by Fig. 14, at year end of 2018 the minimum expected interest rate payable on the existing stock of external debt is 4%, 2% on the existing stock of domestic debt and 3% for the total existing debt stock.

FIG. 14: COST OF DEBT AS AT END 2017

Cost of Debt Indicators	External debt	Domestic debt	Total debt
Average IR (%)	4.1	1.9	2.9

4. RECENT DEVELOPMENT

With the assistance of the World Bank, the government successfully issued the world's first sovereign Blue Bond in October 2018 amounting to US$ 15 million. The blue bond concept is an innovative strategy aimed at making use of impact investors to finance ocean-related environmental projects and programmes. The blue bond is guaranteed by the World Bank with the support of the Global Environment Facility resources to secure attractive terms. 80% of the proceeds from the Blue Bond will be used to provide loans for projects consistent with the provisions of the fisheries management plans. These loans will be administered by the Development Bank of Seychelles (DBS) through a Blue Investment Fund. The remaining 20% of the bond proceeds will be transferred to Seychelles Conservation and Climate Adaptation Trust (SeyCCAT) to establish a Blue Grants Fund for grants to be made available to the public and private entities on a project proposal basis.

PART III

5. THE ENVIRONMENT FOR DEBT MANAGEMENT

5.1 The Fiscal Sector

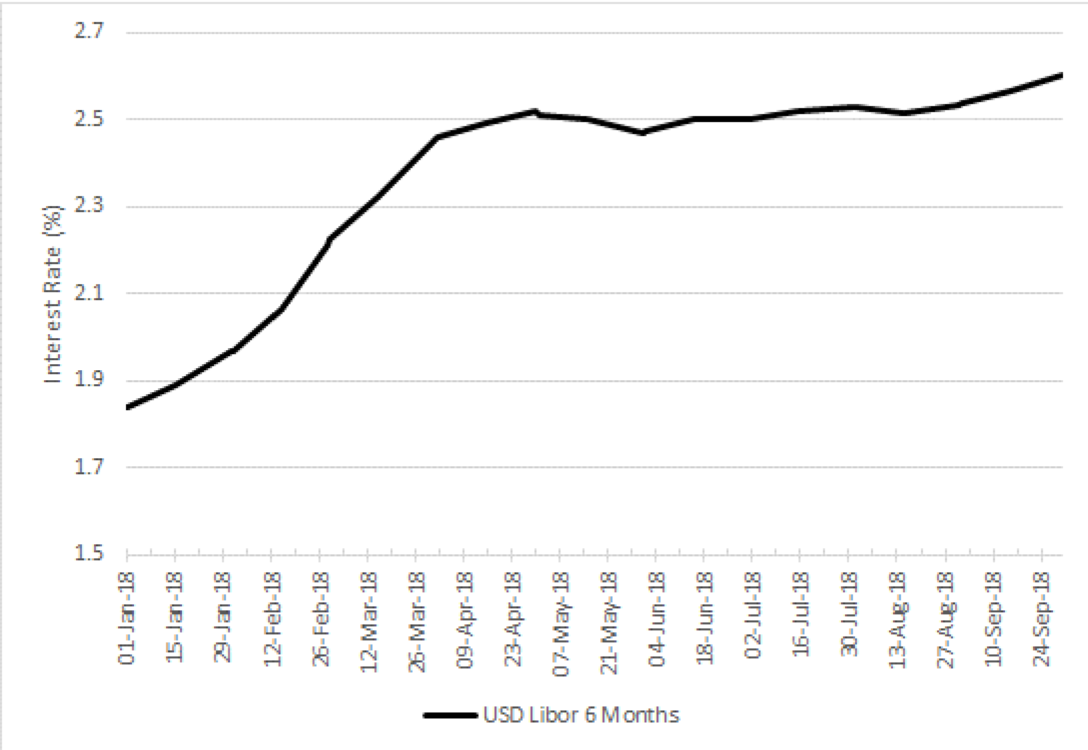
In order to achieve its target of 50% debt to GDP ratio by 2020, the government plans to maintain a primary budget surplus of 2.5% of GDP from 2019 through to 2021.

5.2 The Monetary Sector

Interest Rate

The interest rate on the USD Libor 6 months continue on an upward trend despite some stability during the second quarter. These increases have led to an increase in the cost of servicing debts subject to this interest rate. Figure 15 shows the increases in the rates from about 1.8% in January to 2.6% at the end of September 2018.

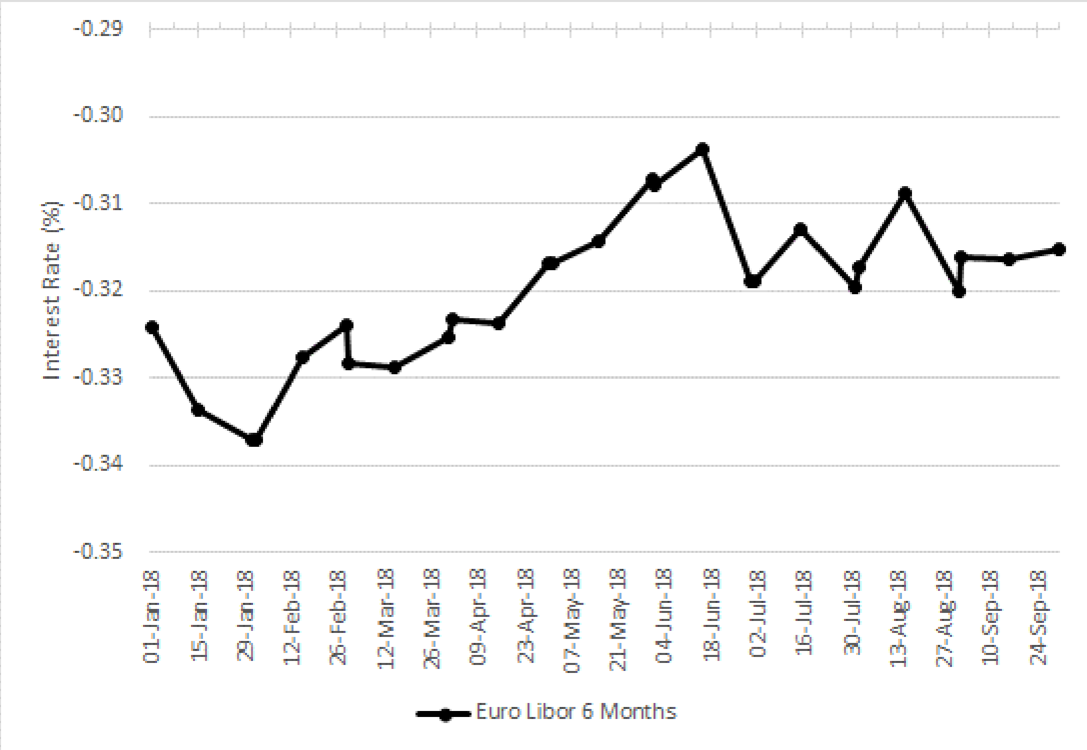
FIG. 15: USD LIBOR INTEREST RATE



Source: The Wall Street Journal

The 6 months Euro Libor rate has also been on a general upward trend during the first two quarters of 2018. The rates have been fluctuating between -0.32% and -0.31% in the third quarter. As in the case of the USD Libor rate, the increase in Euro Libor will also imply a higher interest cost for debt subject to this interest rate.

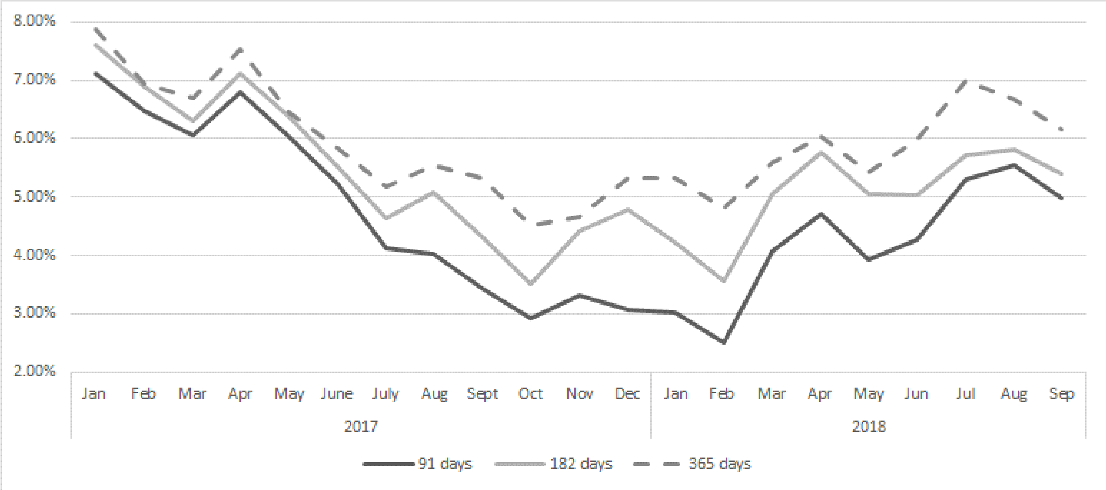
FIG. 16: EURO LIBOR INTEREST RATE



Source: The Wall Street Journal

In the domestic market, interest rate on treasury bills continue to fluctuate as can be seen in Figure 17. From January to October 2017 the interest rates have been on a general downward trend for all maturities. During that period, the rates fell by about 5% on the 91 day, 4% on the 182 bills and 3% on the 365 day bills. From October 2017 to August 2018 the trend shifted upwards to reach 5.54% on the 91 day, 5.81% on the 182 day and 6.67% on the 365 day bills before falling again in September 2018. The effect of these fluctuations is also fluctuations in the cost of domestic financing.

FIG.17: INTEREST RATE ON TREASURY BILLS

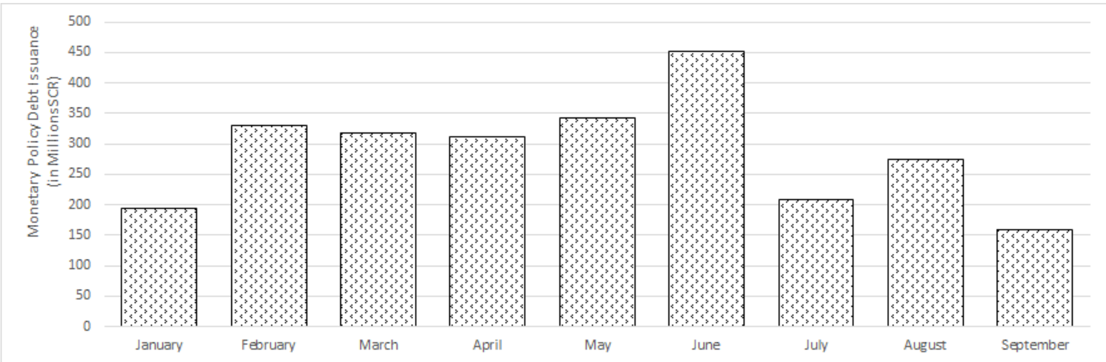


Source: Central Bank of Seychelles

Debt for Monetary Policy

The use of securities by the Central Bank as an instrument to mop up excess liquidity in the monetary system has led to a general increase in the domestic and total debt stock since 2014. Fig. 18 highlights the trend in the issuance of debt for monetary purpose for the first three quarters of 2018. The largest issuance for monetary policy was in June 2018 of about SR 451 million.

FIG.18: DEBT FOR MONETARY POLICY

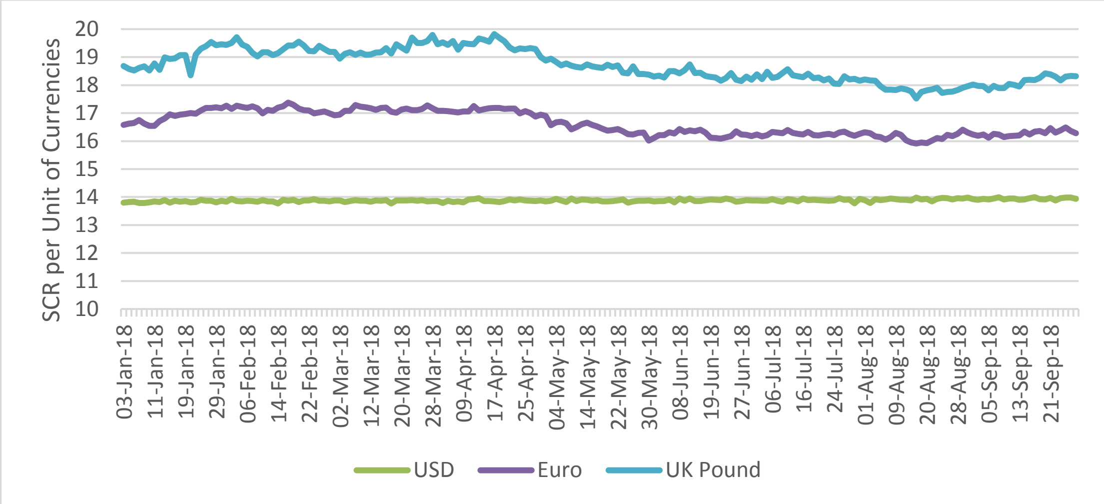


Source: Ministry of Finance, Trade, Investment & Economic Planning, Central Bank of Seychelles

5.3 The External Sector

Seychelles Rupee has been relatively stable against the dollar, trading at about SR14 to a dollar as shown in Figure 19. On the other hand, there has been some fluctuations in the exchange rate of the Seychelles Rupee to the Euro and the Pound Sterling. From the beginning of January to the end of April 2018, the exchange rate of the rupee increased from 16.58 to 16.94 for the Euro and from 18.68 to 19 for the pound. From April to the end of September the rates have gradually decreased to 16.28 for the Euro and 18.32 for the pound. The fluctuations in the Euros and pounds also leads to fluctuations in the cost of servicing debt denominated in those currencies.

FIG.19: FOREIGN EXCHANGE RATES



Source: Central Bank of Seychelles

5.4 The Real Sector

The Gross Domestic Product (GDP) is a very important contributor in achieving the government's debt reduction target of 50% of GDP by 2020. The real GDP growth is forecasted at 3.4% for 2019 and 3.3% in 2020. This slowdown in 2020 will adversely affect the debt to GDP ratio in that year. Nonetheless, the rate of growth is expected to increase to 4.1% in 2021.

6. THE DEBT MANAGEMENT STRATEGY FRAMEWORK

The Debt Management Strategies for the Seychelles debt portfolio has been guided by the following choices;

- Concessional / semi-concessional / commercial
- Currency composition
- Short and long term maturities
- Variable and fixed rate debt

6.1 DEBT MANAGEMENT STRATEGY 2019-2021

6.1.1 Alternative Strategies

Strategy 1

This strategy considers an extreme scenario whereby external borrowing is restricted to only multilateral debt due to high costs of commercial and private debt, as well as lack of financing from bilateral creditors. It also assumes a higher percentage of fixed interest rate debt and zero domestic borrowing due to limited market demand coupled with high cost of borrowing.

Strategy 2

Strategy 2 is a mixed strategy with both domestic and a slightly higher percentage of external borrowing. For domestic, it assumes mostly fixed interest rates with the aim of locking up fixed rates at longer term maturities. The external, includes multilateral, bilateral and commercial borrowings with a higher percentage of multilateral borrowing.

Strategy 3

The third strategy anticipates a scenario with an equal percentage of both external and domestic borrowings. Both the domestic and external borrowing assumes equal amounts of fixed and variable interest rate debt. The external borrowing excludes commercial borrowing but allows for borrowing from bilateral and multilateral creditors, the latter being of a higher percentage.

Strategy 4

The last strategy is another extreme strategy whereby external financing is not available and Seychelles can only borrow domestically at the market rates.

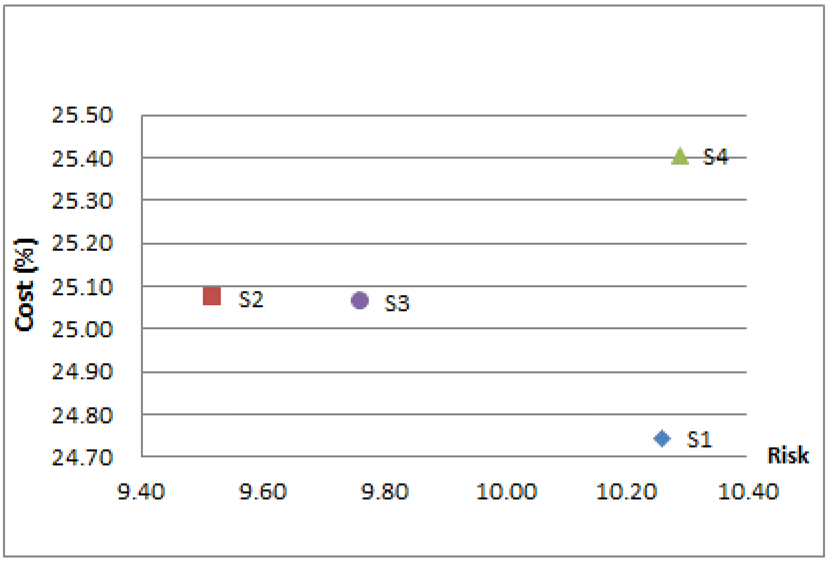
6.1.2 Analysis of the Alternative Strategies

The debt to GDP ratio is forecasted to reach below 50% in 2020 as a result of the GDP growth forecast and positive fiscal performance. The four proposals for strategies are highlighted by Figure 20. Strategies 2 (S2) and strategy 3 (S3) are more favourable given the cost and risk indicators as opposed to strategy 1 (S1) and strategy 4 (S4).

In the case of strategy 1 (S1), although the cost of borrowing is lower it will be more risky due to the foreign exchange risk of purely relying on external borrowings. Alternatively relying solely on domestic borrowing as in the case of strategy 4 (S4) will reduce the exposure to foreign exchange risks but the cost will be quite significant. In terms of Strategies 2 and 3, Strategy 2 yields better results than strategy 3 as it involves lower risks in spite of slightly higher cost.

Given the current economic environment, it will be better to have a mixed borrowing strategy which involves borrowings at affordable interest rates and limit borrowings which will lead to very high exposure to refinancing, interest, and foreign exchange risks.

Fig. 20 Debt to GDP as at end 2023



2019 BORROWING PLAN

Overall Financing Plan

According to the latest projections, the government is forecasted to run an overall budget deficit of SR133.5 million on a cash basis for 2019. In order to finance this deficit, the government intends to seek funds from both foreign and domestic sources. The net foreign financing is expected to be at about SR106.5 million (USD 7.6 million) and the net domestic financing at about SR 27 million.

Fig. 21: Overall Financing

	US$ million	SR million
Total Financing (overall budget deficit)	**9.6**	**133.5**
Foreign financing, net	7.6	106.5
Domestic financing, net	1.9	27.0

External Debt

Requirements

The net external borrowing requirement for 2019 is at approximately SR 106.5 million (USD 7.6 million). This stems from the gross borrowing of SR576.9 million (USD 41.4 million) and SR470 million (USD 33.8 million) from the amortization of foreign debt. The new debts that will be incurred in fulfilling the borrowing requirements will be used to finance new and existing projects.

Sources

The external borrowing needs will primarily be financed from the multilateral and bilateral sources given in Figure 22. The bilateral sources include the; African Development Bank (AfDB), Arab Bank for Economic Development in Africa (BADEA), Opec Fund for International Development (OFID) and European Investment Bank (EIB). Bilateral Sources include Kuwait Fund, India, Agence Française de Développement (AFD) and the Saudi Fund. The proceeds from the blue bond issuance will provide financing for the blue economy through the Development Bank of Seychelles (DBS) and the Seychelles Conservation and Climate Adaptation Trust (SEYCCAT).

Fig.22: Foreign Financing

	US$ m	SR m
Foreign Financing	**7.6**	**106.5**
Total Borrowings	**41.4**	**576.9**
Perseverance Social Service (Badea/Ofid)	0.9	12.1
Perseverance Infrastructure (Badea/Ofid)	0.9	13.0
PUC La Gogue Dam (Afdb)	6.2	86.0
Health Information system (India)	2.6	36.5
Line of credit (India)	3.0	42.1
Blue Bond Swiofish3 (IBRD)	0.5	7.2
La Rosiere School (Kuwait Fund)	0.7	10.0
PUC Projects (EIB/AFD)	8.1	113.4
PUC 33kv (Badea/Saudi Fund)	8.2	114.6
PUC Sewerage South East Coast	8.6	120.4
Blue Bond - DBS	0.5	7.2
Blue Bond - SEYCCAT	1.0	14.3
Total Amortization	**33.8**	**470.4**

Domestic Debt

Requirements

The total net domestic requirement for 2019 is forecasted at about SR 27 million. This results from a gross domestic issuance of about SR 5,567 million and gross domestic debt retirement of about SR 5,540 million.

Sources

The main source of the domestic financing will be in the form of Treasury Bills and Bonds sold at auction. In order to lengthen the maturity of the domestic debt profile in the medium-term, the government plans to issue new bonds in 2019.

Fig. 23: Domestic Net Financing

Domestic Debt Financing Table

	SR million
Gross Issuance	**5,566.95**
Gross Retirements	**-5,539.95**
**T-Bills Stock*	-5,438.84
91 day bills	-370.16
182 day bills	-1,126.32
365 day bills	-3,942.37
Loans from Commercial Banks	-101.10
Net Domestic Issuance	**27.00**

**Outstanding stocks are as at the end of September 2018*
.Note: CBS is expected to issue additional Treasury Bills for monetary purposes.