



# THE GAMBIA

January 2024

## 2023 ARTICLE IV CONSULTATION AND REQUEST FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY —PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE GAMBIA

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2023 Article IV consultation and Request for an Arrangement Under the Extended Credit Facility with The Gambia, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board and summarizing the views of the Executive Board as expressed during its January 12, 2024 consideration of the staff report on issues related to the Article IV Consultation and the IMF arrangement.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on January 12, 2024, following discussions that ended on November 1, 2023 with the officials of The Gambia on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on December 18, 2023.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Statement by the Executive Director** for The Gambia

The documents listed below have been or will be separately released.

### Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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## IMF Executive Board Approves US\$100 million Under a New Extended Credit Facility Arrangement and Concludes the 2023 Article IV Consultation with The Gambia

FOR IMMEDIATE RELEASE

- IMF Board approved a new 36-month arrangement Extended Credit Facility (ECF) arrangement, with requested access of SDR 74.64 million (around US\$100 million).
- The ECF-supported program aims to strengthen economic recovery, tackle inflation, address foreign exchange pressures, reduce debt vulnerabilities, advance structural reforms, and foster strong and inclusive growth.
- The Article IV policy consultation focused on drivers of inflation, macroeconomic implications of the gender gap, climate-related risks and policies, debt sustainability, and external stability.

**Washington, DC – January 12, 2024:** The Executive Board of the International Monetary Fund (IMF) today approved a 36-month arrangement under the Extended Credit Facility (ECF), in the amount of SDR 74.64 million (about US\$100 million), and concluded the 2023 Article IV consultation<sup>1</sup> with The Gambia. The Executive Board's decision enables an immediate disbursement of SDR 10.9 million (US\$ 14.56 million). The program will build on the [recently completed 2020-23 ECF-supported program](#) and the authorities' 2023-2027 Recovery-Focused National Development Plan and aims to strengthen economic recovery, tackle inflation, address foreign exchange pressures, reduce debt vulnerabilities, advance structural reforms, and foster strong and inclusive growth.

The Executive Board also concluded the 2023 Article IV consultation with The Gambia. The policy consultation focused on drivers of inflation, macroeconomic implications of the gender gap, climate-related risks and policies, debt sustainability, and external stability.

The Gambia has weathered more resiliently successive exogenous shocks, namely the COVID-19 pandemic and Russia's war in Ukraine, relative to peer countries. Economic growth, supported by tourism and public and private construction, is expected at 5.6 percent this year, up from 4.9 percent in 2022. In the medium term, growth is expected at around 5 percent, supported by strong remittance inflows, sustained recovery in the tourism sector, and new infrastructure projects. Headline inflation remains elevated, at 18.0 percent y-o-y in October 2023, driven primarily by international commodity prices. Inflation is projected to gradually ease following the tightening of the monetary policy stance.

Foreign exchange pressures and shortages are reemerging. Forex reserves, in months of imports, are projected to slightly decline in the medium term due partly to the expiration of the

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<sup>1</sup> Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

debt service deferral period, but to broadly remain at an adequate level (around 4 months) with the support of disbursements from the IMF and other development partners.

Following the Executive Board's discussion, Mr. Bo Li, Deputy Managing Director and acting Chair, issued the following statement:

"The Gambia has been consolidating its democratic transformation. The 2020-23 ECF arrangement accompanied the country's socio-economic reforms and helped alleviate the repercussions of the COVID-19 pandemic and Russia's war in Ukraine. Nonetheless, inflation persists, foreign exchange pressures are reemerging, and debt vulnerabilities remain high. The authorities are committed to maintaining macroeconomic stability, reducing debt vulnerabilities, and pursuing reforms under a new IMF-supported program.

"Fiscal, monetary, and exchange rate policies under the new program aim to address the near- and medium-term challenges. As such, policy efforts should focus on fiscal consolidation to build fiscal resilience, while safeguarding priority and poverty-reducing spending. Monetary and exchange rate policies will aim to tackle inflationary pressures and address foreign exchange pressures through a market-determined exchange rate.

"To firmly put public debt on a downward trajectory, it is paramount to implement the planned medium-term fiscal strategy, including further streamlining of tax incentives and fuel subsidies, rationalization of subsidies to state-owned enterprises, and better prioritization of public investment projects. The authorities are committed to overhaul the SOE sector, bolster domestic resource mobilization, and advance governance reforms, in line with the recommendations from an IMF governance diagnostic mission.

"In view of lingering vulnerabilities, including the upcoming expiration of debt service deferrals, it would be important to build fiscal and external buffers. In this regard, maintaining prudent domestic borrowing, strictly adhering to the external borrowing plan, and seeking grants and highly concessional financing would be key.

"The authorities are encouraged to persevere in their ambitious structural reform agenda, including on enhancing governance and improving the business environment to support private sector-led growth and poverty reduction. Adopting strong climate-related policies and tackling gender inequality would also support more resilient and inclusive growth."

## **Executive Board Assessment<sup>2</sup>**

Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities for the consolidation of the democratic transformation and their strong implementation of economic reforms under the previous ECF arrangement. Despite a robust economic recovery, Directors noted downside risks, including from high inflation, reemerging foreign exchange pressures, and debt vulnerabilities. They emphasized the importance of continued reform implementation and program ownership to maintain macroeconomic stability

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<sup>2</sup> At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

and foster inclusive growth. The new arrangement, complemented with capacity development, will support the authorities' reform agenda and help catalyze additional financing.

Directors welcomed the authorities' medium-term fiscal framework, anchored in strengthened domestic revenue mobilization and enhanced spending efficiency. They underscored that a revenue-based fiscal consolidation remains key to ensure fiscal sustainability and put public debt on a downward path, while creating space for pressing social and development needs. Directors also emphasized the importance of further streamlining tax incentives and fuel subsidies, addressing fiscal risks from state-owned enterprises (SOEs), and enhancing public financial management. Noting the expiration of debt service deferrals in 2025, Directors also recommended building buffers, enhancing debt management, and maintaining prudent external borrowing.

Directors commended the central bank's monetary policy actions and noted that further tightening, guided by inflation developments, could be needed. Welcoming the central bank's publication of the foreign exchange policy, Directors stressed the importance of a market-determined exchange rate to ease foreign exchange pressures and safeguard reserves.

Directors positively noted that the financial sector remains resilient and encouraged the authorities to continue to strengthen financial supervision and the regulatory framework. Enhancing the AML/CFT framework in line with international standards remains important.

Directors underscored the need to press ahead with the authorities' comprehensive structural reform agenda, including on governance and the business environment. They welcomed the authorities' commitment to implement the recommendations from the Fund governance diagnostic and encouraged accelerating the implementation of the anti-corruption bill. Reducing gender gaps and enhancing financial inclusion will also be important.

Directors also welcomed the authorities' commitment to building climate resilience and the request for a Climate Public Investment Management Assessment. Enhancing public financial and investment management could play a catalytic role in unlocking climate financing.

It is expected that the next Article IV consultation with The Gambia will be held in accordance with the Executive Board decision on consultation cycles for members with Fund arrangements.

## **Annex**

The previous 2020-23 ECF arrangement (See [Press Release No 20/99](#)) accompanied the country's reforms and helped alleviate the repercussions of the COVID-19 pandemic and Russia's war in Ukraine. Considering the outstanding challenges and the authorities' 2023-27 Green Recovery-Focused National Development Plan (RF-NDP), the authorities have requested a new ECF-supported program with the Fund.

## **Program Summary**

The program, supported by the ECF, will be articulated around the following pillars: (i) addressing inflation and foreign exchange pressures; (ii) reducing debt vulnerabilities and overhaul the SOE sector; (iii) strengthening governance and unlock growth potential; and (iv) addressing long-term challenges related to climate change and gender gaps.

**Address inflation and foreign exchange pressures.** The central bank will tighten further the monetary policy stance based on inflation developments, reaffirm a market-determined exchange rate, and ensure smooth functioning of the forex market.

**Reducing debt vulnerabilities and overhaul the SOE sector.** As both public and external debt are at high risk of distress, fiscal consolidation efforts will be sustained. This will require bolstering domestic revenue mobilization and enhancing expenditures efficiency through prioritization and strict PFM principles. Efforts will be made to turn SOEs into revenue-generating assets, including through partial privatization.

**Strengthening governance and unlock growth potential.** Key recommendations from a recent governance diagnostic will help guide reforms. The business environment will be strengthened to foster strong and inclusive growth.

**Addressing long-term challenges related to climate change and gender gaps.** The Gambia is highly vulnerable to climate shocks. The authorities have produced key climate policy documents. Closing gender gaps will bolster income and reduce inequality.

## The Gambia: Selected Economic Indicators, 2019–26

	2000		2021	2022	2023	2024	2025	2026
	Act.	Prel.						
(Percent change; unless otherwise indicated)								
National account and prices								
GDP at constant prices	6.2	0.6	5.3	4.9	5.6	6.2	5.8	5.0
GDP deflator	6.3	2.2	7.4	10.8	14.1	11.4	8.3	5.3
Consumer prices (average)	7.1	5.9	7.4	11.5	17.2	15.9	10.5	6.5
Consumer prices (end of period)	7.7	5.7	7.6	13.7	18.9	12.9	8.1	5.0
External sector								
Exports, f.o.b (US\$ values)	24.0	-48.6	-55.8	58.7	92.3	20.9	13.6	12.1
Imports, f.o.b (US\$ values)	14.5	-5.2	7.6	14.3	24.6	15.6	3.2	6.9
Real effective exchange rate (depreciation = -)	-5.1	-1.2	...	...	...	...	...	...
(Contributions to broad money growth; percent)								
Money and credit								
Broad money	27.1	22.0	19.5	7.1	2.5	9.4	9.6	7.6
Net foreign assets	18.9	17.6	8.8	-4.5	-8.2	0.4	-0.5	0.3
Net domestic assets	8.2	4.4	10.7	11.6	10.7	8.9	10.1	7.4
<i>Of which:</i>								
Credit to central government (net)	4.0	3.6	9.3	7.5	8.6	3.9	3.7	2.9
Credit to the private sector (net)	6.0	0.1	3.1	3.8	2.8	2.1	3.1	4.4
Velocity (GDP/broad money)	2.1	1.8	1.7	1.8	2.2	2.3	2.4	2.5
(Percent of GDP; unless otherwise indicated)								
Central government finances								
Domestic revenue (taxes and other revenues)	14.0	14.5	14.2	11.8	12.0	13.0	12.8	13.0
<i>Of which: Tax Revenue</i>	11.0	11.1	10.3	9.1	9.4	9.9	10.2	10.7
Grants	7.1	8.5	2.5	5.5	7.8	7.0	6.4	6.0
Total expenditures	23.9	25.3	21.5	22.3	22.3	22.7	20.5	20.0
<i>Of which: Interest (percent of gov. revenue)</i>	22.3	21.9	21.2	18.0	17.8	22.5	20.2	18.5
Net lending (+)/borrowing (-)	-2.7	-2.4	-4.8	-4.9	-2.5	-2.7	-1.3	-1.0
Net incurrence of liabilities	3.2	1.7	4.8	4.8	2.5	2.7	1.3	1.0
Foreign	2.7	0.9	0.5	1.6	1.2	0.8	0.0	0.0
Domestic	0.5	0.8	4.3	3.2	1.3	1.9	1.3	1.0
Primary balance	0.4	0.8	-1.8	-2.8	-0.4	0.2	1.3	1.5

Public debt	83.0	85.9	83.1	82.8	71.8	65.2	60.8	56.2
Domestic public debt	35.8	36.4	35.0	31.8	28.0	25.1	23.0	20.3
External public debt	47.2	49.5	48.2	51.1	43.8	40.0	37.8	35.9
External public debt (millions of US\$)	837.9	893.8	965.9	1029. 3	1032. 0	1084.2	1112.4	1134.8
External current account balance								
Excluding official transfers	-9.2	-7.5	-4.7	-6.1	-7.2	-7.6	-5.5	-4.4
Including official transfers	-6.2	-3.0	-4.2	-4.2	-4.4	-5.8	-3.8	-2.8
Gross official reserves (millions of US\$)	225.0	352.1	530.4	454.7	412.3	437.5	440.4	448.1
(months of next year's imports )	4.0	5.8	7.7	5.3	4.2	4.3	4.1	3.9
Savings and investment								
Gross investment	19.5	20.2	21.7	22.3	23.8	23.1	22.2	22.1
<i>Of which:</i> Central government	9.1	7.1	6.2	8.3	9.5	9.6	8.8	8.4
Gross savings	13.4	17.2	17.5	18.0	19.3	17.3	18.4	19.2
Memorandum items:								
Nominal GDP (billions of dalasi)	90.8	93.3	105.5	122.6	147.6	174.8	200.2	221.5
GDP per capita (US\$)	768.9	747.9	820.6	841.9	904.5	1009.2	1076.2	1109.4
Use of Fund resources (millions of SDRs)								
Disbursements	0.0	20.6	35.0	26.4	5.0	24.7	24.6	24.5
<i>Of which:</i> 2020 RCF	...	15.6	...	...	...	...	...	...
<i>Of which:</i> ECF	...	...	20.0	...	...	...	...	...
Augmentation								
Repayments	-4.3	-4.6	-3.7	-2.0	-4.1	-3.9	-5.2	-9.5
CCRT debt relief <sup>1</sup>	0.0	3.2	4.0	0.8	...	...	...	...
PV of overall debt-to-GDP ratio	70.8	73.5	70.8	68.9	59.9	54.3	50.8	46.6

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> The grant for debt service falling due through October 15, 2021 is available under the CCRT. Subject to availability of sufficient resources in the CCRT, debt service relief could be provided for a total period of two years, through April 13, 2022.





# THE GAMBIA

## STAFF REPORT FOR THE 2023 ARTICLE IV CONSULTATION AND REQUEST FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY

December 18, 2023

### EXECUTIVE SUMMARY

**Context.** The Gambia is consolidating its democratic and economic transformation. It recently organized peaceful and transparent presidential, parliamentary, and local elections. The previous 2020-23 ECF arrangement accompanied the country's reforms and helped alleviate the repercussions of the COVID-19 pandemic and Russia's war in Ukraine. The end of the electoral cycle offers a window of opportunity for the next two to three years to further strengthen economic reforms and promote inclusive growth.

**Macroeconomic developments and outlook.** Economic activity is recovering robustly, supported by the agriculture, services, and construction sectors. In the medium term, growth is expected to be supported by strong remittance inflows, sustained recovery in the tourism sector, and new infrastructure projects. Inflation remains elevated at 18 percent in October 2023, driven by factors such as global food and fuel prices. Foreign exchange pressures and shortages are reemerging. Forex reserves, in months of imports, are projected to slightly decline in the medium term but to broadly remain at an adequate level (around 4 months).

**Article IV and ECF Program.** Considering the country's outstanding challenges, lessons learned from the 2020-23 ECF program, and the authorities' 2023-27 Green Recovery-Focused National Development Plan (RF-NDP), the new ECF-supported program will be articulated around the following pillars:

- *Address inflation and foreign exchange pressures.* The central bank will tighten further the monetary policy stance based on inflation developments, reaffirm a market-determined exchange rate, and ensure smooth functioning of the forex market.
- *Reduce debt vulnerabilities and overhaul the SOE sector.* As both public and external debt are at high risk of distress, fiscal consolidation efforts will be sustained. This will require bolstering domestic revenue mobilization and enhancing expenditures efficiency through prioritization and strict PFM principles. Efforts will be made to turn SOEs into revenue-generating assets, including through partial privatization.

- *Strengthen governance and unlock growth potential.* Key recommendations from a recent governance diagnostic will help guide reforms. The anti-corruption bill should be adopted swiftly. The business environment will be strengthened to foster strong and inclusive growth.
- *Address long-term challenges related to climate change and gender gaps, in addition to the key pillars of the ECF-supported program.* The Gambia is highly vulnerable to climate shocks. The authorities have produced key climate policy documents. Closing gender gaps will bolster income and reduce inequality.

**Access:** Staff proposes a 36-month ECF arrangement, with semi-annual reviews and access of SDR74.64 million (120 percent of quota or about 3.5 percent of GDP) to meet balance of payment needs. The combination of policy adjustment and this access level is expected to allow holding forex reserves around its adequate level of four months of imports. Public debt would decline from about 70 percent of GDP in 2023 to about 60 percent of GDP in 2026.

**Risk to the program.** This program is subject to large downside risks, including a potential prolongation of the war in Ukraine, the intensification of the conflict in Gaza and Israel, the country's weak institutional capacity, and high Fund exposure relative to peer countries. However, a new Fund-supported program will catalyze other donors' financing. Capacity development will help strengthen institutional capacity. The Gambia has a good track record of Fund repayment. Moreover, on the upside risk, The Gambia will benefit from a compact with the Millennium Challenge Corporation.

**Staff's views.** Staff recommends the conclusion of the 2023 Article IV consultations and supports the authorities' request for an ECF arrangement considering the strong policy commitments.

Approved By  
**Montfort Mlachila**  
 (AFR) and **Geremia**  
**Palomba** (SPR)

The mission took place in Banjul during October 19–November 1, 2023 and comprised Messrs. Razafimahefa (head), Barry, Kwende, Nachega, Reinke (all AFR), Mr. Gitton (Resident representative), Mrs. Han (FAD), Messrs. Mendy (local economist) and Jallow (interim local economist). Mr. Tong (SPR) participated remotely. The team held discussions with Minister of Finance Seedy Keita; Minister of Environment, Climate Change and Natural Resources Rohey John Manjang; Minister of Agriculture Demba Sabally; Honorable Alagie S. Darboe, National Assembly Chairperson of the finance and public accounts committee; Governor of the Central Bank of The Gambia Buah Saidy; Commissioner General of the Gambia Revenue Authority Yankuba Darboe; other senior government and central bank officials; and representatives of the private sector and civil society organizations. The mission briefed development partners and held a press conference. Mr. Cham (senior advisor, OEDAE) participated in the meetings. Staff from the World Bank, UNDP, UNFPA and the US treasury, joined some meetings. Mr. Marquez Barroeta provided research analysis in this report. Ms. Njie (interim local office manager) helped on the organization of the mission. Mss. Pilouzoue and Derrouis assisted in the preparation of this report.

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## Acronyms

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BoP	Balance of Payments
CBG	Central Bank of The Gambia
CCDR	Country Climate and Development Reports
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
C-PIMA	Climate Public Investment Management Assessment
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
FX	Foreign Exchange
GAMTAXNET	Gambia Tax Management System
GDP	Gross Domestic Product
GIABA	The Inter-Governmental Action Group against Money Laundering in West Africa
GIEPA	Gambia Investment and Export Promotion Agency
GMD	The Gambian Dalasi
GPPA	Gambia Public Procurement Authority
GRA	The Gambia Revenue Authority
GSRB	Gambia Strategic Review Board
IFMIS	Integrated Financial Management Information System
IT	Indicative Target
ITAS	Integrated Tax Management System
ITFC	Islamic Trade Finance Corporation
MCC	Millennium Challenge Corporation
MEFP	Memorandum of Economic and Financial Policies
MoFEA	Ministry of Finance and Economic Affairs
MTDS	Medium-Term Debt Strategy
NAWEC	National Water and Electricity Corporation
NDA	Net Domestic Assets
NDB	Net Domestic Borrowing
NDP	National Development Plan
NFA	Net Foreign Assets
NPL	Non-Performing Loan
OIC	Organization of Islamic Cooperation
PFM	Public Financial Management
PPP	Public Private Partnership
PRGT	Poverty Reduction and Growth Trust
QPC	Quantitative Performance Criterion
RAM	Risk Assessment Matrix
RF-NDP	Green Recovery Focused National Development Plan
SB	Structural Benchmark
SIC	Special Investment Certificate
SOE	State-Owned Enterprise
SSHFC	Social Security and Housing Finance Corporation
TA	Technical Assistance
TMU	Technical Memorandum of Understanding
TSA	Treasury Single Account
UNDP	United Nation Development Program
UNFPA	United Nation Population Fund

## CONTEXT: PROGRESS IN BUILDING FOUNDATION

**1. The Gambia is strengthening its democratic transformation following decades of poor governance (MEFP ¶1, Annex I).** Several major social and justice reforms were implemented since the late 2010s, including on civil liberties, press freedom, seizure of stolen assets under the former regime, and a robust process of truth, reconciliation, and reparations. In recent years, the country organized presidential, parliamentary, and local elections, which were deemed by international observers as peaceful, credible, transparent, and inclusive. These democratic reforms were accompanied by a shift in economic management. As the election cycle is now completed, the next three years will offer a window of opportunity to further deepen social, institutional, and economic reforms.

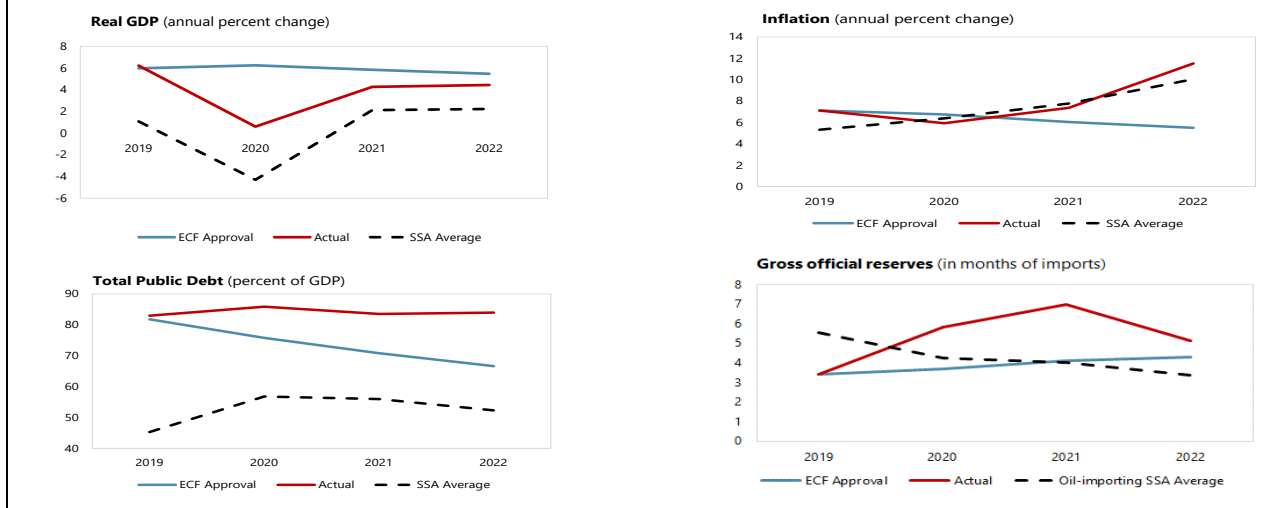
**2. The socio-economic reforms were supported by the 2020-23 ECF program, which helped mitigate the impacts of the multiple large exogenous shocks (MEFP ¶2, Text Figure 1).** The democratic transformation triggered stepped-up engagement by development partners. The IMF swiftly provided financing under the Rapid Credit Facility and, subsequently, under the Extended Credit Facility arrangement, which helped cushion the repercussions of the unexpected shocks from the COVID-19 pandemic and Russia's war in Ukraine. The Gambia weathered these shocks more resiliently, relative to peer countries. Economic growth suffered from lockdowns and a decline in tourism arrivals, but the growth deceleration was less pronounced than in peer countries. The government took some fiscal measures to protect the population, which prevented public debt from declining as initially envisaged.<sup>1</sup> Thus, public debt remained constant and above peer countries' whereas it increased in the latter group. Inflation is at record-high levels due to elevated global food and fuel prices as well as some exchange rate depreciation. Foreign exchange reserves exceeded initial program targets. Good progress has been made on structural reforms.

**3. Despite marked efforts and progress in building the country's social, political, and economic foundation, significant challenges remain (Annex II).** Following major reforms after the democratic and governance turn-around, The Gambia was removed from the World Bank fragile country list. However, the security sector reform has not been completed yet. The constitutional review remains stalled due to disagreement over whether the two-term limit on presidential mandates should be retroactive. The anti-corruption bill has not yet been approved, and governance and transparency indicators, which improved significantly after 2017, are showing signs of weaknesses. Economic growth remains highly volatile and the COVID-19 pandemic and Russia's war in Ukraine reversed hard-won gains in poverty reduction (Text Figure 2).

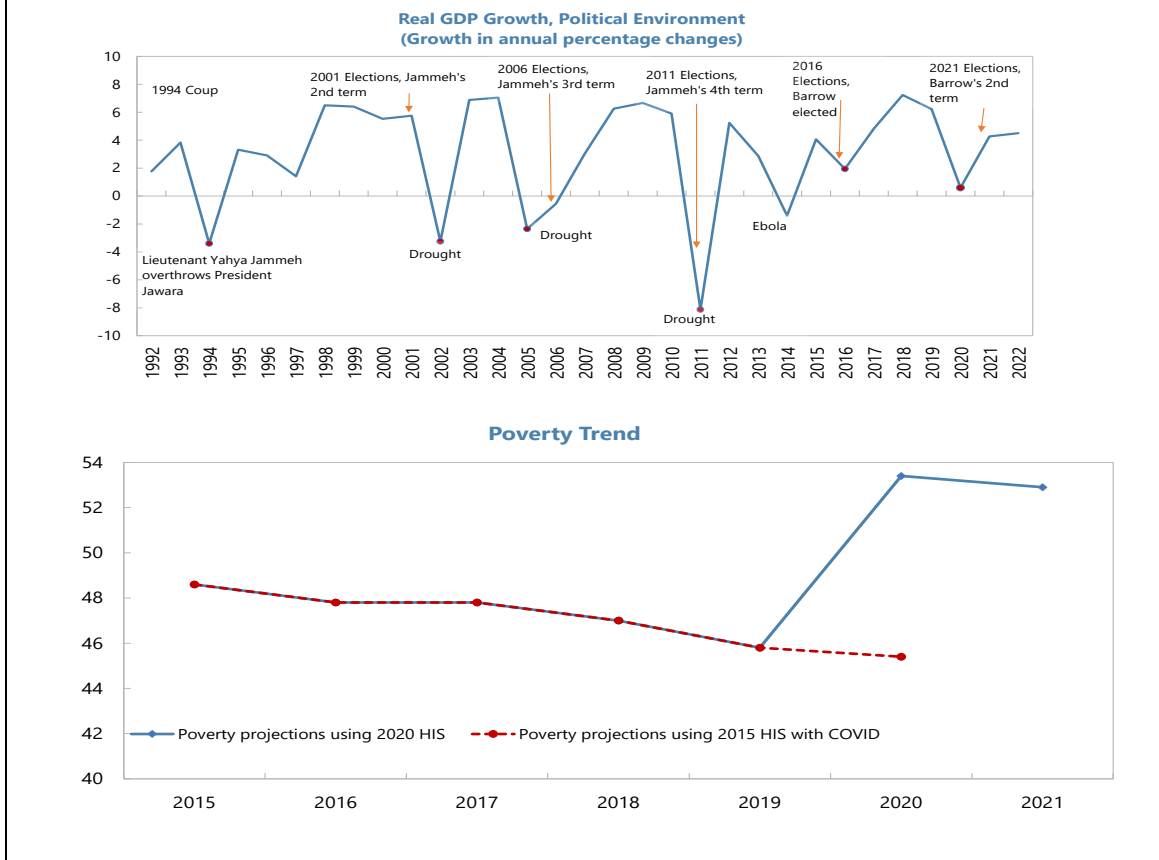
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<sup>1</sup> Tax collection was reduced on fuel and some food items; health and some social expenditures were increased to protect lives and livelihoods.

**Text Figure 1. The Gambia: Program Performance Indicators, 2019–2022**  
(Unit as indicated)



**Text Figure 2. The Gambia: Growth Volatility and Trends in Poverty**



**4. The authorities have requested a successor Fund-supported program to help address these challenges, advance reforms, and meet their financing needs (MEFP 13).** The Gambia faces protracted balance of payment needs due to a narrow export base and reliance on shock-

prone agriculture and tourism sectors. The authorities recognize the effective role of IMF arrangements in supporting reforms implementation, catalyzing financial support from other development partners, and anchoring the credibility of macroeconomic management vis-à-vis the private sector. They expect the successor program to support the implementation of their reform plans for 2023-27 as outlined in the recently approved Green Recovery-Focused National Development Plan (RF-NDP) and withstand the expiration of the debt deferrals.

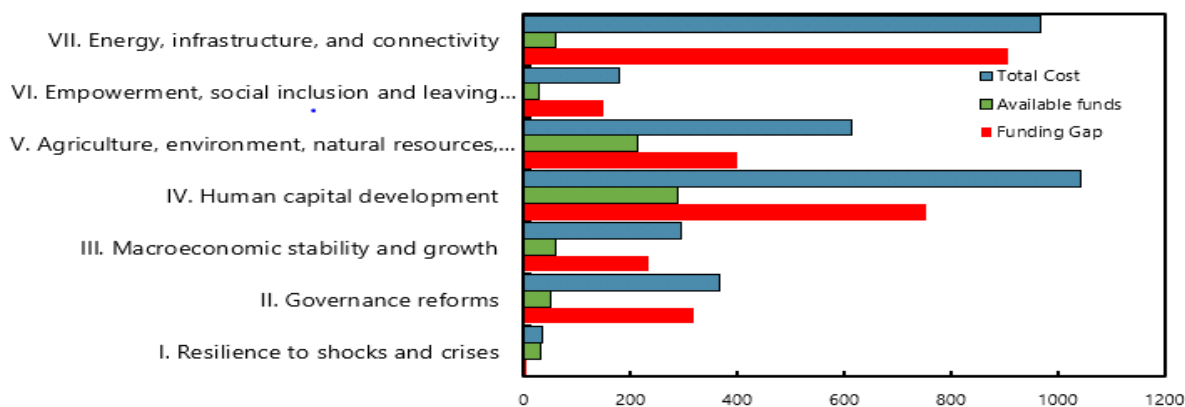
**Box 1. The Gambia: The Green Recovery-Focused National Development Plan 2023-27**

In April 2023, The Cabinet adopted the Green Recovery-Focused National Development Plan (RF-NDP) 2023-2027, succeeding the 2018-2022 NDP. The plan was developed through a participatory process involving stakeholders from all wards across the country, following the principle of “leaving no one behind”. The RF-NDP is in line with the Sustainable Development Goals and the African Union agenda 2063 and aims to accelerate post-pandemic recovery and help meet the 2030 SDGs.

The plan is structured around seven pillars that address all the Gambia’s socio-economic and development challenge: (i) resilience to shocks and crises; (ii) governance reforms; (iii) macroeconomic stability and growth; (iv) human capital development; (v) agriculture, environment, natural resources, and climate change; (vi) empowerment, social inclusion and leaving no one behind; and (vii) energy, infrastructure, and connectivity. Each pillar is linked to key outcomes, which are in turn associated to program priorities.

The government has developed a financing strategy to guide resource mobilization efforts for the NDP. This strategy includes plans to organize a donor conference in the coming months. Two funding scenarios have been considered: an active scenario that assumes the implementation of all the actions outlined in the plan and a baseline scenario that takes into account the challenging international and domestic environment and focuses only on top priorities. The total cost of the plan is estimated at US\$3.5 billion and US\$2.8 billion for the active scenario and the baseline scenario, respectively. With US\$0.7 billion of available funding, the financing gap will be US\$2.8 billion and US\$2.1 billion, respectively.

**Box 1. Figure 1: NDP Cost and Financing (Active Scenario)**  
(In millions of US\$)

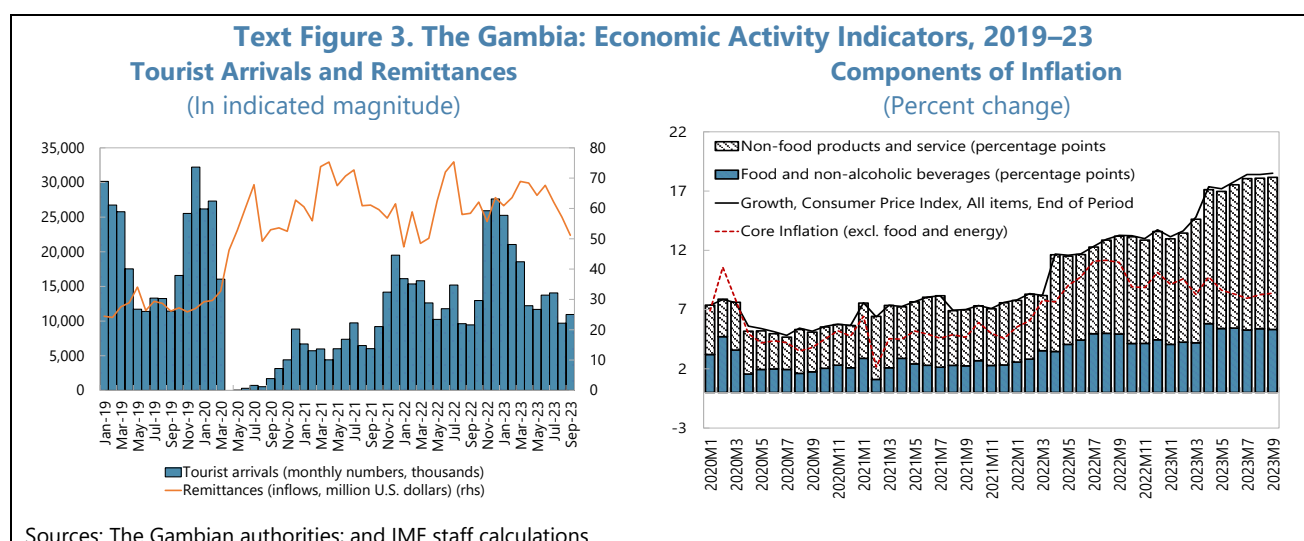


Sources: Gambia authorities and IMF staff calculations.



## RECENT ECONOMIC DEVELOPMENTS: RECOVERY AMIDST PERSISTENT PRESSURES

**5. Economic activity is recovering robustly but inflation pressures persist (MEFP 14).** GDP growth estimates for 2022 was revised upwards, supported by the agriculture, services, and construction sectors. Tourist arrivals at end-2023Q3 increased by 18 percent (y-o-y) from the same period in 2022 but remained below pre-pandemic periods. Remittance inflows increased by 6.2 percent at end-2023Q3 relative to the same period in 2022. Headline inflation slightly decelerated but remained elevated at 18 percent (y-o-y) in October 2023, driven by externally-induced food inflation, the recent electricity tariffs adjustment, and the depreciation of the Dalasi vis-à-vis the US dollar (Text-Figure 3). Credit to the economy—which remains dominated by building and construction, commerce, and agriculture—grew 17.4 percent (y-o-y) in September 2023 (compared with 36.6 percent in September 2022).



**6. Budget execution during the nine months of 2023 faced some challenges (Text Table 1 and Tables 2–3; MEFP15).** At end-September, domestic revenue collection was broadly on target as shortfalls on some direct tax and non-tax items were compensated by the temporary elimination of fuel subsidies, strong performance in customs duty collection, and dividend payment from the CBG.

**Text Table 1. The Gambia: Fiscal Performance in 2023Q3**  
(Percent of GDP)

	ECF 6th Rev.	Prel.
<b>Revenue</b>	<b>13.5</b>	<b>13.0</b>
Domestic revenue	9.2	9.2
Grants	4.3	3.8
o/w. Budget support	1.4	0.1
<b>Expenditures</b>	<b>15.9</b>	<b>15.9</b>
Expenses	9.0	9.1
Net acquisition of nonfinancial assets	6.9	6.8
o/w. Gambia local fund	1.4	1.4
<b>Net lending (+)/borrowing (–)</b>	<b>–2.4</b>	<b>–3.0</b>
<b>Financing</b>	<b>2.4</b>	<b>3.2</b>
Net acquisition of financial assets	–0.2	0.0
Net incurrence of liabilities	2.6	3.2
Domestic	1.7	2.4
o/w. Net borrowing	1.9	2.6
Foreign	0.9	0.8
Statistical discrepancy	0.0	–0.2

Sources: The Gambian authorities; and IMF staff estimates.

However, budget support was delayed. On the spending side, overall spending execution was in line with projections, despite the execution of unbudgeted infrastructure projects (about 0.5 percent of GDP), and excess spending on wages and interest payments. As a result, the overall fiscal deficit stood at 3 percent of GDP, exceeding projections by 0.6 percentage points of GDP, which was financed by the privatization proceeds of MegaBank and 0.6 percentage point of GDP of excess NDB.

**7. Nonetheless, the end-2023 fiscal targets are within reach, possibly with some margins due to additional domestic and external resources (Text Table 2).** The recent increases in international fuel prices have led to the re-occurrence of fuel subsidies since September 2023. The authorities are minimizing these subsidies by incrementally adjusting upwards domestic pump prices to ensure achieving end-year tax collection targets while preventing social instability. The authorities increased the diesel pump price for December 2023, albeit still below full passthrough. The pump prices of kerosene and petrol are at and above full passthrough, respectively. October preliminary data showed moderate spending and strong revenue collection as higher customs taxes more than offset the underperformance of CIT, PIT and domestic VAT due to weak capacity and IT systems. The World Bank will double its budget support to help mitigate the impact of the shocks and meet development needs, which will add to the planned budget supports from the EU, and AfDB in 2023Q4. The authorities have committed to follow a strict cash plan until end-year and stand ready to take remedial measures to offset any potential deviation from the targets. The cash management committee will convene more frequently to ensure that the cash plans are executed effectively and to take the necessary steps to avoid arrears accumulation. Accordingly, the overall deficit is projected at 2.3 percent of GDP at end-2023 (2.7 percent of GDP in earlier projections), which would allow a lower net domestic borrowing of GMD2.3 billion (GMD3 billion in earlier projections). This lower net domestic borrowing corresponds to the savings from the budget supports disbursed in 2023Q4, which will not be fully used in 2023 due to the limited processing period, and will increase government deposits at the central bank.

**Text Table 2. The Gambia: Fiscal Projections for End 2023**  
(Percent of GDP)

	Jan-Sep Actual	Oct-Dec Proj.	2023 Proj.	2023 Six Review
<b>Revenue</b>	13.0	6.8	19.8	18.9
Domestic revenue	9.2	2.8	12.0	12.1
Grants	3.8	4.0	7.8	6.7
o/w. Budget support	0.1	2.6	2.7	2.1
<b>Expenditures</b>	16.0	6.1	22.0	21.6
Expenses	9.1	3.3	12.5	12.5
Net acquisition of nonfinancial assets	6.8	2.7	9.6	9.1
o/w. Gambia local fund	1.4	0.8	2.2	2.2
<b>Net lending (+)/borrowing (-)</b>	(3.0)	0.7	(2.3)	(2.7)
<b>Financing</b>	3.2	(0.9)	2.3	2.7
Net acquisition of financial assets	-	(0.3)	(0.3)	(0.3)
Net incurrence of liabilities	3.2	(0.7)	2.5	3.0
Domestic	2.4	(1.0)	1.3	1.7
o/w. Net borrowing	2.6	(1.0)	1.6	1.9
Foreign	0.8	0.4	1.2	1.3
Statistical discrepancy	(0.2)	0.2	(0.0)	(0.0)

Sources: The Gambian authorities and IMF staff estimates

**8. Given inflation developments, the Central Bank tightened the monetary policy stance until September 2023.** As inflation accelerated, the monetary policy rate was increased at each monetary policy committee (MPC) meeting from 10 percent in March 2022 to 17 percent in September 2023. As inflation slightly decelerated in October 2023 and is projected to decelerate further, the MPC kept unchanged the policy rate at its meeting in December 2023. The policy rate was not reduced given the still high level of inflation. It was not increased further either given the fragile economic recovery; some key economic sectors have not recovered yet to their pre-pandemic levels. As bank excess reserves have increased in Q3 2023 after a significant decline in mid-2023, the MPC meeting announced its plan to issue central bank bills to mop up excess liquidity.

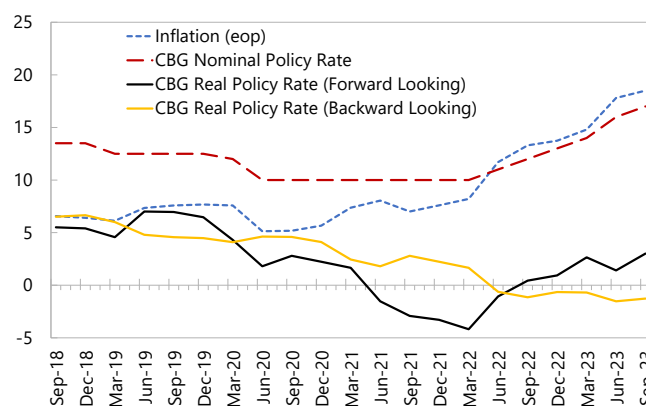
**9. Pressures on the foreign exchange market persist (MEFPT16).** Forex supply has fallen below demand again following the end of the high tourism season, and CBG has become a net seller again since March 2023 after being a net forex buyer in early 2023. Gross reserves remain at a relatively comfortable level (about 4.3 months of prospective imports), but they have been declining. The CBG's reference exchange rate depreciated by 9.9 percent against the US\$ between end-December 2022 and end-October 2023 and the wedge with the parallel exchange rate now stands at around 10 percent.

**10. The financial sector remains resilient.** The banking system appears healthy, with the risk-weighted capital adequacy and liquidity ratios of 24.6 percent and 70 percent at end-June 2023, respectively, both exceeding regulatory requirements. Banks' NPL ratios are low at 3.5 percent. The latest quarterly banking sector stress test results also indicate that the industry remains resilient, well-capitalized, and liquid to absorb future potential shocks. The nonbank sector is relatively sound. The privatization of the public bank, Mega Bank, has been completed.

**11. The authorities pursued efforts to implement structural reforms (MEFP 17, Text Figure 4).**

Following the adoption of the State-Owned Enterprise (SOE) bill, an SOE commission has been created and efforts are underway to sign performance contracts with four additional SOEs. The public financial management (PFM) and the public private partnership (PPP) bills are going through further amendments. The anticorruption bill is still under consideration at the National Assembly and could be approved by end-2023 or early 2024, according to the finance and public accounts committee of the National Assembly.

**Text Figure 4. The Gambia: Inflation and CBG Nominal and Real Policy Rates, Mar. 2018- Sept. 2023**



Source: The Gambian authorities and IMF staff estimates.

## OUTLOOK AND RISKS: HIGH UNCERTAINTY

### 12. The macroeconomic outlook foresees consolidation of the recovery (MEFP ¶8).

Economic growth is projected to strengthen to around 5.9 percent in 2023-24, driven by a further rebound of key sectors such as tourism, and stabilize around 5 percent in the medium term. Inflationary pressures are projected to persist in 2023 and gradually ease thereafter, based on the restrictive monetary policy. Forex reserves, in months of imports, are projected to slightly decline in the medium term, due partly to the expiration of the debt service deferrals, but to broadly remain at an adequate level (around 4 months) supported by the disbursements from the IMF and other development partners.

13. However, this outlook continues to be clouded by significant downside risks. Based on a downside scenario, an intensification of regional conflicts, a prolongation of the war in Ukraine, the conflict in Gaza and Israel, and a global slowdown could reduce tourist arrivals, intensify inflationary and forex pressures, and reduce remittance inflows (Text-Table 3). The economic recovery would be weakened; external accounts would deteriorate and lead to declining lower forex reserves. These risks could reignite social discontent (Annex III). On the upside, The Gambia is expected to benefit from a compact with the Millennium Challenge Corporation, with a threshold program under implementation and a compact program in the medium term.

**Text Table 3. The Gambia: Key Macroeconomic Indicators, 2022–28**  
(Percent of GDP, unless otherwise indicated)

	2022	2023	2024	2025	2026	2027	2028
	Prel.			Projections			
<b>Baseline</b>							
Real GDP growth (percent)	4.9	5.6	6.2	5.8	5.0	5.0	5.0
Consumer price inflation (average, percent change)	11.5	17.2	15.9	10.5	6.5	5.0	5.0
Tax revenue	9.1	9.4	9.9	10.2	10.7	10.9	11.2
Overall fiscal balance	-4.9	-2.3	-2.7	-1.3	-1.0	-1.0	-0.7
Domestic primary balance	-1.9	-0.5	0.6	1.7	1.7	2.1	2.1
Current account balance	-4.2	-4.4	-5.8	-3.8	-2.8	-2.4	-2.1
PV of public debt	68.9	59.9	54.3	50.7	46.1	43.0	39.7
Gross official reserves (months of prospective imports)	5.3	4.2	4.3	4.1	3.9	3.8	3.7
<b>Downside Scenario</b>							
Real GDP growth (percent)	4.9	4.4	5.5	5.3	5.0	5.0	5.0
Consumer price inflation (average, percent change)	11.5	18.0	16.6	10.7	6.6	5.0	5.0
Tax revenue	9.1	8.8	9.2	9.5	9.9	10.2	10.5
Overall fiscal balance	-4.9	-3.1	-3.7	-2.3	-2.1	-2.2	-1.9
Domestic primary balance	-1.9	-1.4	-0.1	0.9	0.8	1.2	1.2
Current account balance	-4.2	-5.3	-6.6	-4.6	-3.7	-3.3	-3.0
PV of public debt	68.9	61.1	56.4	53.8	50.1	47.8	45.4
Gross official reserves (months of prospective imports)	5.4	4.0	4.2	3.9	3.7	3.6	3.6

Sources: The Gambian authorities; and Fund staff estimates and projections.

## PROGRAM OBJECTIVES AND POLICY DISCUSSIONS

Considering the country's outstanding challenges and the authorities' National Development Plan, the new program aims to (i) tackle inflationary and foreign exchange pressures; (ii) reduce debt vulnerabilities in the context of expiring debt deferrals and an overhaul of the SOE sector; and (iii) strengthen governance and support economic recovery and inclusive growth. The Article IV discussions covered long-term perspectives on climate change and gender.

### A. Addressing Inflationary and Foreign Exchange Pressures

#### In the Near Term

**14. Monetary policy will be further tightened to tackle inflation pressures (MEFP 19).** Given the slight deceleration of inflation, the central bank maintained unchanged its policy rate at 17 percent at its monetary policy committee meeting at end-November 2023. However, it stands ready to resume the tightening of the policy stance depending on latest inflation data and trends, to swiftly deliver a positive real policy interest rate. The CBG will also rapidly mop up excess liquidity in the banking system through the issuances of CBG bills in early 2024 based on the situation of excess liquidity at end-2023. Those measures will be accompanied, as needed, with other monetary policy tightening tools, such as the use of the deposit window and the increase in the banks' reserve requirement ratio, with a view to mop-up excess liquidity, realign market and policy rates and support monetary policy transmission. The monetary policy tightening should also be supported with adequate fiscal consolidation.

**15. Staff's analysis highlights the decisive long-term inflationary roles of global food prices, the exchange rate, and the domestic output gap.**<sup>2</sup> Inflation is highly persistent, significantly impacted by global food prices, currency depreciation, and the domestic output gap, and second-round effects of shocks are large. Monetary policy has the potential to tame inflation in the short run, provided that the monetary policy rate is adjusted swiftly and boldly. There is an asymmetric exchange rate passthrough to domestic prices, with the depreciation of the currency having a significant impact on inflation dynamics, while an appreciation does not.

**16. The Gambia has experienced repeated foreign exchange shortages since 2022, which led the CBG to use its forex reserves.** Elevated global food and fuel prices, combined with disruptions of some exports products, created a severe forex shortage during the second half of 2022. Given risks on the availability of essential commodities and the build-up of social tensions, the CBG intervened by selling around US\$139 million in 2022. At end-2022, the high tourism season lessened the forex shortages and the CBG significantly reduced its forex sales, becoming briefly in January 2023 a slight net buyer on the market. Since March 2023, however, the forex shortages reemerged and the CBG resumed selling forex and, as of end-September 2023, it has sold on a net basis in 2023 around US\$35 million. Consequently, gross international reserves, which stood at

<sup>2</sup> See Selected Issues Paper: "The Gambia: Domestic and External Drivers of Inflation".

US\$530.4 million (7.7 months of prospective imports) at end-2021 have declined to around US\$455 million (5.3 months of prospective imports) at end-2022 and US\$426 million (4.1 months of prospective imports) in October 2023.

**17. The CBG will ensure that the exchange rate fully reflects market forces to ease pressures on the forex market.** The free-floating exchange rate regime has been in place since 1986. In line with the CBG Act of 2018, the CBG's forex policy aims at promoting a transparent, fair, and liquid forex market. Staff's analysis indicates that the external position of the Gambia in 2022 was broadly in line with the level implied by medium-term fundamentals and desirable policies (Annex IV). With IMF technical assistance, the CBG has prepared and published a robust foreign exchange policy, including an intervention policy, that reaffirms its commitment to market-determined exchange rate (prior action). This policy consists of a new methodology and coverage on the computation of the CBG's official exchange rate as well as a new approach on its timeliness and application to market participants. The official exchange rate will be computed based on actual forex transactions of the same day; the coverage of the transactions to be included in the computation will be expanded to ensure reflecting market conditions; the official exchange rate will be published daily; it will be applied similarly to all market participants; and it will be used as the reference for all transactions, including amongst private actors as well as with the government. This policy will supersede all previous instructions issued by the CBG and ensure smooth functioning of the forex market. This policy is expected to enhance the flexibility of the official exchange rate, improve the efficiency of the forex market, help incentivize forex supply, alleviate forex shortages, move transactions back to the banking system, and help safeguard forex reserves.

### **From a Medium-Term Perspective**

**18. The CBG is committed to strengthening the regulatory framework of the financial sector and supporting financial inclusion.** With IMF technical assistance, the central bank is revising its regulatory guidelines and the banking act to ensure that they are consistent with regional standards. The authorities are encouraged to accelerate the implementation of the financial inclusion strategy, leveraging the deployment of a new payment system by the CBG, the recent launch of the capital market, the expansion of mobile money and fintech, and the women enterprise and youth development funds. In addition, the CBG should continue to ensure consumer protection through the revision of the deposit insurance Act. It will also prepare a revised draft law on AML/CFT aligned with the international AML/CFT standards as set up by the Financial Action Task Force (**SB for end-March 2024**).

### **Authorities' Views**

**19. The authorities welcomed staff's analyses and findings and agreed with its recommendations.** Both MoFEA and the CBG are conducting analyses of the drivers of inflation; their preliminary results are in line with staff's findings. The authorities agreed to tighten monetary policy to tackle inflationary pressures, while noting the potential adverse impacts of such tightening on the government budget and private businesses. They reaffirmed their commitment to market-determined exchange rate and agreed to implement the new forex policy, while emphasizing the

need to ensure that market players comply with forex rules and regulations, some of which are being revised, including the regulation of foreign exchange bureaus. The authorities intend to strengthen the AML/CFT framework ahead of the next year's GIABA follow-up assessment and agreed to welcome an IMF safeguard mission early next year, as required by a new IMF-supported program. The authorities also agreed with the assessment that the external position in 2022 was broadly in line with the level implied by medium-term fundamentals and desirable policies.

## B. Reducing Debt Vulnerabilities, Building Fiscal Resilience, and Overhauling the SOE Sector

### In the Near Term

**20. The 2024 budget will pursue fiscal consolidation to reduce public debt despite some strong pressures (MEFP ¶12).** The 2024 budget, which has been submitted to the National Assembly in November 2023 (prior action), is anchored on an overall fiscal deficit of about 2.7 percent of GDP, corresponding to a domestic primary balance of 0.6 percent of GDP and net domestic borrowing of 1.5 percent of GDP. These fiscal anchors are slightly looser than initially envisaged to allow using the additional resources received and saved in 2023Q4 and keeping the cumulative net domestic borrowing for 2023-24 broadly in line with earlier paths. This carried-forward fiscal space, in addition to one-off revenue, will allow addressing pressures, including on road constructions and the logistical spending related to the summit of the Organization of the Islamic Cooperation. Public debt is projected to decline by about 6.6 percentage points of GDP in 2024. Specific measures to support these 2024 fiscal targets are as follows:

- **On the revenue side:** The authorities will make efforts towards full passthrough of fuel prices, coupled with targeted social support. They will set up a platform and command center for a single window of customs administration (**SB for end-February 2023**), which will subsequently be followed by the operationalization of the tracking system and the weight bridge at the Port of Banjul. They will streamline tax incentives under special investment certificates (SICs), including by restricting the coverage to priority sectors, eliminating the possibility of extension based on expansion and re-investment, cancelling SICs that do not perform in line with the expected deliverables, excluding fuel from the list of tax exempted goods, and requiring all SIC holders to be compliant with their local tax obligations (**SB for end-June 2024**). They will strengthen the revenue collection and enforcement framework for the telecom sector through enhanced audits (**SB for end-September 2024**). They will expand rental property taxation by updating the rental property register. They will also enforce collection of CIT and withholding taxes on companies executing donor-funded projects. Ongoing collection efforts and the timely implementation of these reforms could deliver higher yields than the currently projected tax revenue in 2024 and the medium term. Non-tax revenue will benefit from another dividend payment from the CBG, a tranche from the Africa50's asset recycling program (Annex V), and a



court-mandated license penalties.<sup>3,4</sup> The authorities are determined to bolster the collection of some other non-tax revenue, including administrative fees that have not been adjusted for several years. About US\$50 million (1.8 percent of GDP) budget support is expected from the World Bank, the European Union, the African Development Bank and France.

- **On the expenditure side:** the recent electricity and water tariffs adjustment, the end of the electoral cycle, and the near completion of OIC infrastructure projects will relieve some fiscal pressures.<sup>5</sup> However, pressures may arise from the launching of new road constructions, the logistics of the OIC summit, subsidies to farmers, and state-guaranteed groundnut prices. To enhance fiscal sustainability, the authorities will rationalize subsidies to the National Food Security and Processing Corporation (formerly Gambia Groundnut Corporation), the National Water and Electricity Company (NAWEC), and subvented agencies. They will conduct a study on consolidating redundant subvented agencies with ministries and Agencies (MDAs) (**SB for end-December 2024**). Additionally, they will implement the budget on cash basis, ensure that the one-off revenue is primarily used for road constructions and the organization of the OIC summit, tighten overseas travel, ensure that infrastructure projects are implemented based on secured resources, and preserve priority and poverty-reducing spending.<sup>6</sup> Deviations from the projected fiscal path will require identifying spending that will be executed only if the one-off revenue or the budget support materialize.

**21. A radical change in the SOE sector will help strengthen fiscal sustainability through a dual impact on revenue and spending (MEFP 116).** The authorities envisage to transform the SOE sector from a budget burden relying on government subsidies to a valuable asset generating resources for the government. Such a vision will appropriately reduce fiscal risks and also enhance corporate governance, as SOEs are prone to political interference, weak internal controls, unfit accounting practices and inefficient service delivery. To this end, the authorities will: expand the signing of performance contracts to four additional SOEs after the review of the drafts by the SOE commission (**SB for end-February 2024**); build capacity to assess the performance contracts already signed; proceed with the full or partial privatization of GAMCEL to upgrade without fiscal costs its infrastructure in line with the requirements of latest technologies and boost its competitiveness (**SB for end-March 2025**); expand and facilitate access of end-users to the national fiberoptic backbone to facilitate households access to internet; pursue the publication of the fiscal

<sup>3</sup> The Asset Recycling program is promoted by Africa50—an African Development Bank-supported entity—under which the government of The Gambia would enter in a concession agreement with Africa50 for the management of the Senegambia bridge, which was originally built with AfDB grant. Africa50, through a private company, will collect the tolls at the bridge during the concession period and will make payments to the government through advances in tranches. The resources accruing to the government from this concession will be used to finance infrastructure projects.

<sup>4</sup> The Gambian government won a court case against an oil company who did not execute its exploitation contract.

<sup>5</sup> It has been officially announced that the OIC conference will be held in The Gambia in the coming months.

<sup>6</sup> The wage bill will be contained through a better control and the implementation of HR reform including the acquisition of new payroll and HR management systems.



risk statement; eliminate the backlog of SOEs audits; and finalize the regulations of the SOEs Act to enable its full implementation.

### **From a Medium-Term Perspective**

#### **22. In a context of expiring debt deferrals and large development needs, the medium-term fiscal framework will aim to firmly put public debt on a downward trend (MEFP ¶13).**

Given that public debt remained flat during the previous ECF program and that there is limited room for further deterioration in debt burden indicators, the fiscal path needs to decisively reduce debt. The expiration of the debt service deferrals in 2025 will lead to an increase in annual debt service by more than 0.5 percentage point of GDP in a context of large social and development needs, and high levels of poverty exacerbated by the war-induced high cost of living and the lingering impact of the COVID-19 pandemic. To address the debt-development dilemma, the authorities intend to forcefully intensify domestic resource mobilization, transform the SOEs into profit generating entities, and explore innovative options to finance infrastructure projects without worsening debt vulnerabilities.

#### **23. Against this backdrop, the medium-term fiscal framework under the new ECF-supported program will be anchored on (MEFP ¶13):**

- Reducing the overall fiscal deficit by about 1.4 percentage points of GDP during 2023-2026, which corresponds to an improvement in the basic primary balance—the fiscal parameter under the direct control of the government—by about 2 percentage points of GDP. Additional measures will be identified during the program period to tilt the currently quasi-balanced effort between domestic revenue and domestically financed spending toward more revenue-based consolidation. The projected reduction of spending broadly reflects the completion of some major projects and faster nominal GDP growth than spending growth. It preserves priority social and infrastructure spending (Text Table 5).<sup>7</sup>
- Reducing public debt by about 15 percentage points of GDP during 2023-2026, based on a combination of fiscal consolidation and economic expansion. Despite the increase in debt service in the near term due to the expiration of the debt deferrals, the debt service-to-revenue ratio is projected to gradually decline from about 15 to 7 between 2025 and 2033.
- Protecting the medium-term fiscal framework with two significant upside risks: the Africa50 asset recycling program could generate larger-than-budgeted upfront financing. Second, the

<sup>7</sup> Budget supports in 2023-2025 are based on firm commitment from development partners in their current funding cycle. The decline in budget starting 2026 reflects conservative projections based on same level of engagement in nominal term.

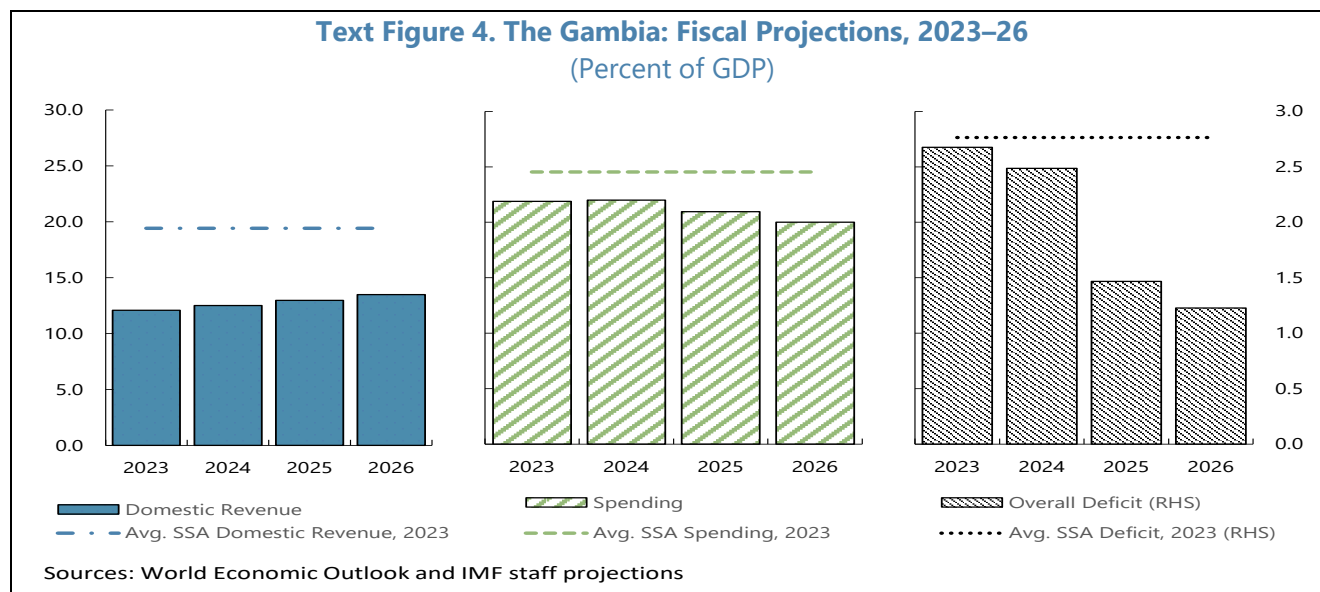
MCC compact has not been included in the fiscal framework yet and will serve as a positive contingency.<sup>8</sup>

**Text Table 5. The Gambia. Medium-Term Fiscal Framework, 2023–26**  
(Percent of GDP)

	2023	2026	Changes
<b>Revenue</b>	19.8	19.1	-0.7
Domestic revenue	12.0	13.0	1.0
Grants	7.8	6.0	-1.7
o/w. Budget support	2.7	1.6	-1.1
<b>Expenditures</b>	22.0	20.0	-2.0
Expenses	12.5	11.7	-0.8
Net acquisition of nonfinancial assets	9.6	8.4	-1.2
o/w. Gambia local fund	2.2	2.1	-0.1
<b>Net lending (+)/borrowing (-)</b>	-2.3	-1.0	1.3
<b>Domestic Primary Balance</b>	-0.5	1.7	2.2
<b>Memo item</b>			
Total public debt	71.8	56.2	-15.6

Sources: The Gambian authorities and IMF staff estimates

**Text Figure 4. The Gambia: Fiscal Projections, 2023–26**  
(Percent of GDP)



**24. This near- and medium-term fiscal framework will be supported by strong revenue and PFM measures (MEFP ¶14).** These measures include:

- **Revenue collection:** In addition to measures listed above to support the 2024 budget, the authorities will adopt a domestic revenue mobilization strategy (**SB for end-September 2024**)

<sup>8</sup> The Gambia is currently implementing a US\$25 million threshold program in the energy sector, which was signed in 2021. The MCC has identified The Gambia as eligible for a compact since end-2022. The priority areas for the compact have been identified and a team has been set up to design the program. The disbursement under the compact program is expected to begin in 2027.

with a set of tax policy and tax administration measures aimed at: boosting revenue collection, expanding the tax base, and improving the simplicity, the efficiency, and the equity of the tax system. The tax policy measures mentioned earlier will continue to support the medium-term fiscal framework, including streamlining tax incentives, strengthening telecom revenue collection, and expanding rental property taxation. The domestic revenue mobilization strategy should also help strengthen compliance risk management with a focus on key economic sectors (tourism, telecom, and construction), reduce profit shifting, enhance tax arrears management, strengthen customs border and inland controls, improve post-clearance audits, and continue to enhance the internal integrity mechanism. The swift implementation of the Integrated Tax Administration System (ITAS) will allow the setting up of a single window for tax services and expanding e-filing and e-payment. This measure is expected to boost revenue, as seen in the increase in customs revenue since the launch of the ASYCUDA World system. The authorities are also determined to continue strengthen non-tax revenue collection. The expected revenue collection path will be revisited during the program implementation period to account for the impacts of commitments to implement the domestic revenue mobilization strategy.

- Public Financial Management:** The authorities will expand the scope of the Gambia Strategic Review Board (GSRB) selection criteria to domestically financed investment projects and public-private partnerships (PPPs); finalize and enact the regulations of the recently passed public procurement and SOEs Acts; accelerate the approval of the PFM Act to strengthen budget processes and accountability, and the PPP bill to contain fiscal risks; improve revenue forecasting by the newly created Directorate of Revenue and Tax Policy; enhance budget ceiling estimates to align annual budgets with the Medium-Term Fiscal Framework (MTFF) and the RF-NDP; prepare a roadmap for program-based budgeting to be approved by the Cabinet in early 2024 to ensure that pilot ministries submit their 2025 budget in compliance with this requirement (**SB for end-December 2024**); advance gender budgeting; and improve the effectiveness of the Cash Management Committee and Reform Monitoring committee.

**25. Enhanced debt management and prudent external debt borrowing will be needed to reduce debt vulnerabilities (DSA and MEFP ¶115)).** DSA results show that the overall and external debt distress risk ratings remain high, and public debt continues to be deemed sustainable. However, there are breaches of some key indicative thresholds primarily due to projected weak exports in the near term and the increase in debt service in the medium term. With the combined effect of fiscal consolidation, prudent domestic bond issuances, and reliance on concessional borrowing and budget support grant, the present value (PV) of overall debt-to-GDP ratio is on a downward sloping path and is expected to drop below its benchmark of 55 percent of GDP around 2025. To achieve this goal, the authorities should remain committed to relying on grants and highly concessional loans for their development needs, complying with the agreed external borrowing plan and the fiscal consolidation path, containing fiscal risks arising from SOEs and PPPs, strengthening debt management through regular data reconciliation and production and publication of regular debt bulletins and borrowing plans, and building buffer to address the expiring debt deferrals (Text Table 6).

**Text Table 6. The Gambia. External Borrowing Plan, 2023–26<sup>2</sup>**  
(US\$ millions)

	2023		2024	2025	2026	2024–26
	Prog.	Act.	Prog.	Proj.	Proj.	Prog.
<b>Source of debt financing<sup>1</sup></b>						
Total debt contracted	119		90	90	90	270
Concessional debt	119		90	90	90	270
Multilateral debt	94		60	60	60	180
<i>Of which</i> : Port expansion	50		0	0	0	0
Bilateral debt	25		30	30	30	90
Nonconcessional debt	0		0	0	0	0
<b>Use of debt financing</b>						
Infrastructure	119		90	90	90	270
<i>Of which</i> : Port Expansion	50		0	0	0	0
Other (including budget support)	0		0	0	0	0

1/ External public debt contracted or guaranteed.  
2/ Any remaining unused amount in each year will be carried forward to the following year.

### Authorities' Views

**26. The authorities agree with staff's recommendations on the need to put public debt on a downward trajectory.** Given the country's development needs, the authorities believe that there is little space to further cut spending, but they intend to intensify domestic revenue mobilization by increasing the tax-to-GDP ratio to the regional target and reduce leakages in non-tax revenue collection as well as transform the SOEs into income-generating assets. They acknowledge the need to strike an appropriate balance between financing needs and debt vulnerabilities and are committed to seeking grants and concessional financing to close their infrastructure gap. They are also exploring innovative options to finance infrastructure projects without worsening debt vulnerabilities, such as the Asset Recycling Program (ARP) and SOE-generated resources.

## C. Strengthening Governance and Unlocking Growth Potential

### In the Near Term

**27. The 2023 governance diagnostic mission provides a framework for addressing governance weaknesses and corruption vulnerabilities in The Gambia (MEFP ¶17).** The authorities are committed to implementing the recommendations of the report, in addition to their extensive transitional justice reform agenda. The report is currently before the Cabinet. It will be published and a plan for the implementation of its recommendations will be finalized (**SB for end-April 2024**). The authorities are advised to coordinate with the National Assembly for the swift adoption of the anti-corruption bill and pave the way for setting up of a high-level anti-corruption commission, and revamp the asset declaration framework to strengthen accountability and prevent illicit enrichment. The authorities will transmit the Ombudsman reports for 2021 and 2022 to the National Assembly and publish on the website (**SB for end-March 2024**). The revised draft law on AML/CFT will help fight financial crimes. In addition, they need to build capacity and accelerate the digitalization of administrative processes to enhance transparency and publish all laws and regulations for easy public access.

## Box 2. The Gambia: Governance Diagnostic

*At the request of the authorities, an IMF mission undertook a governance diagnostic in The Gambia in January 2023. The diagnostic covered several areas, including the fiscal, financial, and legal. The mission documented significant progress and identified weaknesses that could guide future reforms.*

**At the request of the authorities, an International Monetary Fund (IMF) mission undertook a governance diagnostic in The Gambia in January 2023.** The mission was part of an ambitious agenda of economic and transitional justice reforms undertaken by The Gambia since its democratic transition in 2017. The mission aimed at identifying macro-critical vulnerabilities that make public institutions and processes vulnerable to corruption and offering corrective recommendations. The mission took stock of macro-critical governance weaknesses in the areas of: (i) fiscal governance (PFM and revenue administration); (ii) the anti-corruption framework; (iii) rule of law (enforcement of contracts, property rights, and market regulation); (iv) AML/CFT; (v) financial sector oversight; and (vi) central bank governance and operations.

**Several major reforms were completed but some significant governance weaknesses remain.** New laws on procurement, SOEs, and access to information were enacted. The Gambia Revenue Authority is advancing digitalization and internal integrity. The central bank act was amended to strengthen governance and autonomy. The central bank has divested in Megabank. Nonetheless, the diagnostic identified weaknesses. Understaffing, weak capacity and recruitment processes, and an absence of adequate human resource management prevent civil servants from implementing modern processes. Processes are still paper-based and using outdated regulations and unreliable records data, creating vulnerability to corruption and abuse. Several laws and regulations need to be upgraded and some of those recently revised are yet to be fully implemented. There are also weaknesses in the dispute settlement system, ranging from significant delays, limited access to reliable and accessible records of past rulings and laws, inconsistent enforcement of court judgments and limited capacity. In addition, the mission found many gaps in the land titling and administration system that pose corruption risks and undermine the efficient utilization of land resources.

**The authorities are committed to implementing the recommendations from the diagnostic mission.** The authorities will publish the report and prepare a related cabinet paper. The report provided key recommendations in the following areas:

- Accelerate the adoption of the Anti-Corruption bill, which is at the final stage of approval at the National Assembly, and enhance the asset declaration regime, including through the Ombudsperson.
- Develop a pipeline of appraised investment projects to ensure value for money.
- Strengthen SOE performance contracts and the transparency of SOE financial statements.
- Address the vulnerability of the SSHFC mortgage scheme to undue interference, which has been turned into a subsidy scheme for its customers, deviating from its original purpose.
- Undertake a massive digitalization of processes to increase transparency, and make laws and regulations easily available to the public through websites.
- Review the subsidies framework for farmers to foster efficiency and transparency.
- Bring the AML/CFT framework in line with the international standards as set up by the Financial Action Task Force; improve the cooperation between AML/CFT and anti-corruption stakeholders to effectively utilize AML/CFT toolkits in anti-corruption efforts.
- Strengthen the central bank's governance structure and supervisory role.
- Strengthen financial management of subsidized agencies to improve their efficiency and reduce burdens on the budget.
- Create a high-level steering committee of governance reforms to improve coordination and accelerate the implementation of the recommendations.

**28. The business environment should be strengthened to support strong recovery and inclusive growth (MEFP ¶18).** The high debt vulnerabilities and the limited fiscal space point to the critical role of the private sector in implementing the RF-NDP. The ECF-supported program will help implementation of policies aimed at harnessing the private sector's full potential in creating jobs, formalizing businesses, and fostering economic diversification and resilience. These measures include: setting up a digital platform for business creation (**SB for end-December 2024**); implementing the employment policy to foster job creation; enhancing the effectiveness of the National Business Council; establishing a free trade zone around the Senegambia corridor area to access the regional market while making full use of the bilateral cooperation with Senegal, the ECOWAS trade agreements, and the AfCFTA; accelerating the expansion of Banjul port and the development of river transportation; reforming the land tenure and land management system, including for businesses; facilitating all-year-long agricultural production; and expanding digital infrastructure and financial access to individual and businesses.

### **From a Medium-Term Perspective**

**29. The implementation of the ECF-supported program should ensure that the benefits of growth are widely shared (MEFP ¶19).** To strengthen social cohesion and secure public support for the reforms, it is crucial to provide economic opportunities for all segments of the population and take appropriate measures to mitigate the impacts of shocks and fiscal consolidation on the most vulnerable population. In this regard, the authorities will expand the social registry to Banjul and Kombo areas, by completing the data collection and processing, (**SB for end-December 2024**), which will be used to roll out targeted social programs.<sup>9</sup> The authorities are advised to enhance access to finance, including for women and youth; and leverage on the construction and rehabilitation of schools (including the Farato Campus, TVET Schools) and health facilities. The health insurance scheme would help improve the provision of quality education and health services to build the human capital needed to optimize the return on The Gambia's demographic dividend and foster inclusive growth.

### **Authorities' Views**

**30. The authorities agreed with staff's recommendations to promote private sector-led inclusive growth.** They recognize the private sector's role in creating jobs and generating income. They are making efforts to enhance a favorable environment by improving the business climate and expanding infrastructure such as roads and ports. They are expanding their digital infrastructure by increasing access to the existing national backbone and bringing in a second fiber optic cable to provide affordable internet services and promote fintech. They also recognize that completing the social registry and rolling-out the gender budgeting pilot program will enable the benefits of growth to be widely shared in various groups of the population.

<sup>9</sup> The social registry is completed in the rural areas, the data collection is ongoing in the Greater Banjul Area. The registry is already being used to provide targeted support by organizations such as the World Food Program (WFP).

## D. Tackling Long-Term Challenges on Climate and Gender

**31. Strong policies to build resilience from the vagaries of climate change will be needed given The Gambia’s vulnerabilities to extreme weather events (MEFP120).**<sup>10</sup> The Gambia is highly vulnerable to flooding, storm, droughts, and coastal erosion. The Gambia’s Long-Term Climate-Neutral Development Strategy 2050 aims at realizing The Gambia commitment to meet commitments under the Paris Agreement. The Gambia has produced two Nationally Determined Contribution Reports and its policies and actions on climate are deemed compatible with the goals of the 1.5°C Paris climate agreement. The internationally supported target is almost sufficient according to the [Climate Action Tracker](#) latest update.<sup>11</sup> It would be paramount to adopt climate mitigation policies, including reforms of fossil fuel subsidies, sustainable management of fishery resources, forests and soil protection and the restoration of damaged ecosystems. The authorities are encouraged to prioritize renewable energy generation and support energy security, introduce adaptation measures, such as strengthening early-warning systems, increasing crop diversification and rotation, and switching to drought-tolerant crop and animal species. It would also be important to strengthen public finance and investment management to attract more climate finance funds and benefit climate investment. The authorities have requested a Climate-PIMA assessment to help integrate climate considerations in PFM processes.<sup>12</sup>

**32. Tackling gender inequality and closing gender gaps will be important for fostering inclusive growth (MEFP 121).**<sup>13</sup> Staff’s analysis shows that, despite recent government efforts in advancing gender policies, the country still suffers from substantial gender gaps in the labor market, as well as discriminatory social and political norms that lead to poor gender equality outcomes. Closing gender gaps in the labor force participation would significantly boost GDP (by about 11 percent), government revenues (by about 10 percent), women’s earnings, and reduce income inequality. To unlock the economic potential of women and enable the vital role that their full and equal participation will play in sustainable and inclusive development, the authorities are advised to implement and expand the gender budgeting pilot program; increase investment in maternal health and childcare services; and close gender gaps in higher education, political participation, and access to factors of production such as land. They are also encouraged to expand the Women’s Enterprise Fund to provide to women formal financial access and reduce their dependence on the informal financial services and take action to address climate risks, which affect women especially in rural areas.

<sup>10</sup> See Selected Issues Paper: “The Gambia: Climate Change Vulnerabilities and Strategies”.

<sup>11</sup> The international community has been providing aid to support mitigation and adaptation actions, [e.g., €7 million project funded by the French Development Agency to support five marine protected areas and the associated communities; CA\$20 million donation from the government of Canada to deal with climate-related issues. The World Bank has approved a US\$20 million three-year catastrophic drawdown option to help mitigate shocks.

<sup>12</sup> The World Bank is planning to initiate a Country Climate Development Report during its FY2024 (ending in June 2024). Discussions on the prioritization of a possible C-PIMA are underway. Subject to the finalization of those exercises, RSF discussions for The Gambia could take place towards the end of 2024.

<sup>13</sup> See Selected Issues Paper: “The Gambia: Macroeconomic and Distributional Implications of Gender Gaps”.



**Authorities' Views**

**33. The authorities agreed with staff's analysis and recommendations.** They emphasized the country's high vulnerability to climate change and reiterated their commitment to the climate action agenda. They noted the importance of additional international climate financing given the high costs of climate-related damages and the small size of The Gambia's economy. They stressed the importance of economic prosperity to enhance climate resilience, including creating jobs to promote affordability of alternative energy usage (e.g., over firewood for cooking). They highlighted that the erratic weather patterns, such as concentrated rainfall and severe drought, and underscored the need to enhance predictive capabilities and insurance mechanisms. The authorities also welcomed the IMF-UNDP-UNFPA collaboration in analyzing the macroeconomic implications of gender gaps and concurred with the findings. They reiterated the government's commitment to addressing gender gaps and highlighted ongoing initiatives to empower women, such as the gender budgeting pilot and the women enterprise fund, which has significantly surpassed its initial targets. They emphasized efforts to attract funding from development partners and underscored progress made in lower education. However, they acknowledged challenges facing women in higher education, political empowerment (often hindered by cultural barriers), and in rural areas. They recommended supporting agricultural development and addressing access to land and finance as ways to support women.

## DATA ISSUES AND CAPACITY DEVELOPMENT

**34. Data provision is broadly adequate for surveillance and program monitoring.** The authorities are committed to continuing the weekly provision of key indicators related to the monetary sector, international reserves, and the government's net domestic financing as well as the monthly provision of the Statement of Government Operations (SGO) and inflation data. With IMF support, the authorities have produced and disseminated quarterly GDP, which is broadly adequate for surveillance. The Gambia is an eGDDS country but there is room for improvement. Hence, the authorities will endeavor to enhance the compilation, reconciliation, coverage, and dissemination of SGOs, debt data, financial sector data (including non-bank), and the external sector statistics. The authorities agreed to compiling/reporting to STA additional indicators of financial inclusion under the financial access survey (FAS).

**35. Technical assistance and training from the IMF will play a critical role in helping the authorities build the capacity needed to implement reforms under the new ECF-supported program (Annex VI and MEFP ¶22).** Recent capacity development missions covered the areas of governance diagnostic, tax policy, fuel pricing, central banking (including forex policy), PFM (including program-based budgeting) and macroeconomic statistics. Staff will advise the authorities to swiftly implement the recommendations from these missions. The authorities should also leverage the presence of resident advisors at GRA and CBG in implementing capacity development recommendations.



### **Authorities' Views**

**36. The authorities recognize the critical role of IMF capacity building in helping them build capacity.** They will continue to welcome capacity development teams, including resident advisors, and will endeavor to implement their recommendations to further strengthen data collection and dissemination, which are essential for transparency and good economic policy design and implementation. They have requested the acceleration of the support for GDP rebasing to ensure that the GDP reflects structural changes of the economy.

## **PROGRAM MODALITIES**

**37. Access, Phasing, and Utilization:** Staff proposes a 36-month ECF arrangement with access of SDR 74.64 million (120 percent of quota, about US\$100 million, or about 3.5 percent of GDP) (Table 7) considering The Gambia's BoP needs and capacity to repay the Fund as well as the strength of the program. The program will help address The Gambia's protracted balance of payment problems, including from the implications of the war in Ukraine, the conflict in Gaza and Israel, the lingering effect of the COVID-19 pandemic, and the expiration of the debt deferrals. The proposed access strikes the balance between policy adjustment and financing. This access would allow CBG to hold about four months of imports of forex reserves by the end of the projection period, which staff assess to be the adequate level of reserves. This access, distributed equally across the three years of the program, would provide net financial flows from the Fund of about US\$70 million (3 percent of GDP) during the program period. The disbursements would be partly on-lent to the government as budget support to fill the residual fiscal financing gap, including the gap created by the higher debt service following the expiration of the deferrals. For the first disbursement, SDR 4 million will be on-lent. In line with previous arrangements, the government and the central bank will update and agree on a memorandum of understanding regarding the on-lending and repayment.

**38. Program reviews:** Program performance will be assessed through semi-annual reviews. QPCs aim at preserving external stability (NIR floor), anchor fiscal consolidation (ceilings on net domestic borrowing and domestic primary fiscal balance) and ensure external debt sustainability (ceilings on external arrears, short-term external debt, new concessional external debt, and new non-concessional external debt) (Table 12). Proposed **indicative targets** (ITs) include: (1) a floor on tax revenue collection; (2) a zero ceiling on central bank financing of the budget at non-market terms; (3) stock of the net domestic assets of the central bank; and (3) a floor on poverty-reducing spending. **Prior Actions** (PAs) include (1) the publication of foreign exchange policy, and (2) the submission to the national assembly of a 2024 budget consistent with the program parameters. The first program reviews will be based on QPCs and other targets at end-December 2023.

**39. Financing assurances and burden sharing:** The current budget support projections are based on existing commitments and maintenance of the same level of engagement. They might change as development partners enter new funding cycles or they are able to allocate additional resources from non-traditional country allocations such as disaster relief or climate funds. Fund

financing would be capped at about 40 percent of overall financing during the program period.<sup>14</sup> The program is fully financed with firm commitments in place over the 12 months immediately following the approval of the arrangement and there are good prospects that financing will be adequate for the remaining program period beyond the upcoming 12 months. The Gambia has arrears on external debt owed to Libya and Venezuela. However, these arrears have materialized due to problems that are not an indication of debt distress. The authorities are engaged in discussions with Libya on a disputed loan to reach mutual understanding regarding the amounts of debt and related repayment methods. Regarding the arrears to Venezuela, the Gambian authorities received a letter in January 2022 from Venezuela. They have been contacting the Venezuelan authorities to re-engage on the discussion on arrears. Staff assesses that the conditions are met for the Fund to provide financing to The Gambia in line with the policy on arrears to official bilateral creditors, notwithstanding its outstanding arrears to Venezuela. In particular: (i) Prompt financial support from the Fund is considered essential and the member is pursuing appropriate policies. (ii) The authorities have been making good faith efforts to reach agreement with the creditors on a contribution consistent with the parameters of the Fund-supported program. (iii) The decision to provide financing despite the arrears is not expected to have an undue negative effect on the Fund's ability to mobilize official financing packages in future cases.

**40. Capacity to repay:** The Gambia's capacity to repay the Fund is adequate despite high exposure (Table 10). With the proposed access, The Gambia's outstanding credit to the IMF will peak at SDR 210 million in 2026 (6.6 percent of GDP). Annual debt service to the Fund would increase during 2024-33 from 2.1 to 2.6 percent of exports and from 2 to 3.2 percent of revenue. Both indicators will peak at 5.2-5.5 percent in 2030. Most Fund exposure metrics are significantly higher than the PRGT comparator group. However, these risks are mitigated by The Gambia's good track record of timely repayment of Fund obligations, the authorities' commitment to reforms, including policy measures envisaged under the proposed program to bolster revenue mobilization and spending rationalization, and the CBG's continued strengthening of its financial safeguards. This program request is subject to the requirements of enhanced safeguards (Annex VII).

**41. Program risks and mitigation measures:** This program is subject to high uncertainty and downside risks, including a potential prolongation of the war in Ukraine, an expansion of the conflict in Gaza and Israel, the country's weak institutional capacity, and high Fund exposure relative to peer countries. On the upside, the authorities are committed to reforms. Development partners have reiterated their support to The Gambia, including the Millennium Challenge Corporation. Capacity development will help strengthen institutional capacity. The Gambia has a good track record of Fund repayment.

**42. An update safeguards assessment of the CBG will be completed prior to the first review of the new ECF.** The CBG implemented most of the 2020 safeguards recommendations, including revising the Audit Committee's charter and improving the CBG's financial position. The CBG is committed to making further progress in strengthening capacity in the areas of foreign

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<sup>14</sup> Fund financing represented about half of the overall financing under the 2020-2023 ECF program.

reserves management and the internal audit function. Separately, the MoU between the CBG and the government on respective responsibilities for servicing financial obligations to the IMF will be updated to reflect ECF disbursements on-lent to the government. Staff will consider key recommendations from the update assessment for possible inclusion as program measures in the new ECF arrangement.

## STAFF APPRAISAL

**43. The Gambia is consolidating its democratic transformation and economic reforms.** The country recently organized presidential, parliamentary, and local elections, which were deemed by international observers as peaceful, credible, transparent, and inclusive. The democratic transformation was accompanied by a significant shift in economic management. A three-year ECF-supported program was successfully completed in mid-2023, which was a major achievement for the country. Owing to the authorities' strong policies under the 2020-23 ECF-supported program, the socio-economic repercussions of the COVID-19 pandemic and Russia's war in Ukraine were less pronounced than in peer countries.

**44. Economic activity is recovering robustly but inflation and foreign exchange pressures persist, and risks are markedly tilted to the downside.** Economic recovery is supported by the construction and agriculture sectors, as well as tourism arrivals and remittances. Inflation slightly decelerated but remains elevated, due to high global food and fuel prices, electricity tariffs adjustment, and some depreciation of the dalasi. Staff's analysis indicates that the external position of the Gambia in 2022 was broadly in line with the level implied by medium-term fundamentals and desirable policies. Foreign exchange pressures are reemerging, which weigh on the central bank's foreign exchange reserves. The end-2023 fiscal targets are within reach, owing to resource mobilization efforts and higher support from development partners. The macroeconomic outlook continues to be clouded by significant downside risks, including an intensification of regional conflicts, a prolongation of the war in Ukraine, the repercussions of the conflict in Gaza and Israel, and a potential global slowdown. Such risks could hinder tourist arrivals, intensify inflationary and forex pressures, and reduce remittance inflows.

**45. The new ECF-supported program will help address the immediate challenges and implement the Recovery-Focused National Development Plan.** The near- and medium-term key objectives of the program are as follows. First, the program will aim to tackle inflationary and foreign exchange pressures by using an appropriate combination of monetary policy tools and implementing a market-determined exchange rate. Second, the program will aim to reduce debt vulnerabilities by implementing a 2024 budget and medium-term fiscal frameworks that firmly reduce debt vulnerabilities while addressing development needs, implementing a medium-term revenue strategy, bolstering resource mobilization, and overhauling the SOE sector. Third, the program will strengthen governance and support economic recovery and inclusive growth, by enhancing PFM, improving the business environment, and implementing the recommendations from a recent governance diagnostic. **Staff recommends implementation of some key policies to further bolster the program for the benefit of the population.** International fuel prices should

fully pass through to domestic prices to avoid revenue losses and regressive subsidies. To mitigate the impacts on the vulnerable population, social safety net programs should be expanded and targeted through a nation-wide social registry. The anti-corruption bill should be swiftly adopted; and the asset declaration framework should be enhanced and enforced. The selection and prioritization of infrastructure projects, financed through both domestic or external sources, should be strengthened and adhered to.

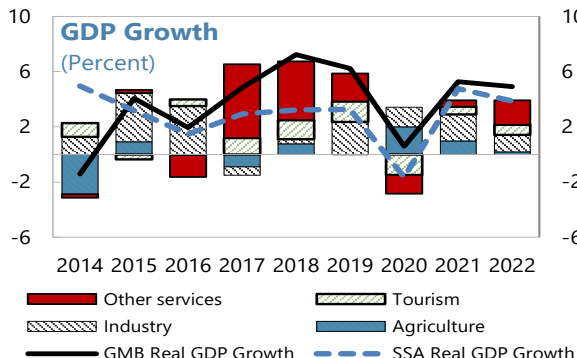
**46. Long-term challenges will also need to be addressed, including on climate-related risks and gender gaps.** The Gambia is highly vulnerable to flooding, storms, droughts, and coastal erosion. The authorities have developed several key documents outlining their policy intentions in this area, including the National Climate Change Policy, the 2050 Climate Vision, and the Long-Term Climate-Neutral Development Strategy 2050, aiming for net-zero carbon emissions by 2050. Despite recent government efforts in advancing gender policies, the country still suffers from substantial gender gaps in the labor market, as well as discriminatory social and political norms. Closing gender gaps in the labor force participation would significantly boost GDP, government revenues, women's earnings, and reduce income inequality. Measures to mitigate climate risks will also support women in rural areas living on subsistence farming.

**47. In view of The Gambian authorities' policy commitments, staff recommends the Executive Board's conclusion of the 2023 Article IV Consultations and supports the authorities' request for a thirty-six-month arrangement under the ECF, with SDR 74.64 million access (120.0 percent of quota). Staff also support the authorities' request for a first disbursement of SDR 8.29 million under the arrangement, with SDR 4 million to be used as budget support.**

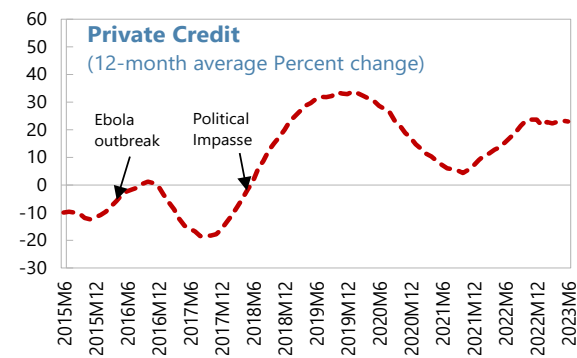
**48. Staff recommends that the Gambia be placed on the 24-month consultation cycle, in accordance with the Decision on Article IV Consultations Cycles.**

**Figure 1. The Gambia: Recent Economic Developments, 2014–23**

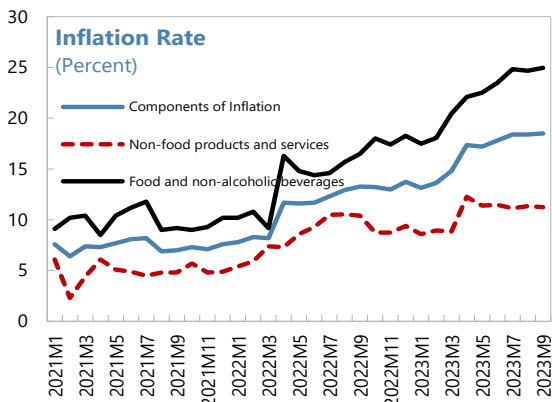
Economic recovery continued, supported by tourism and other sectors...



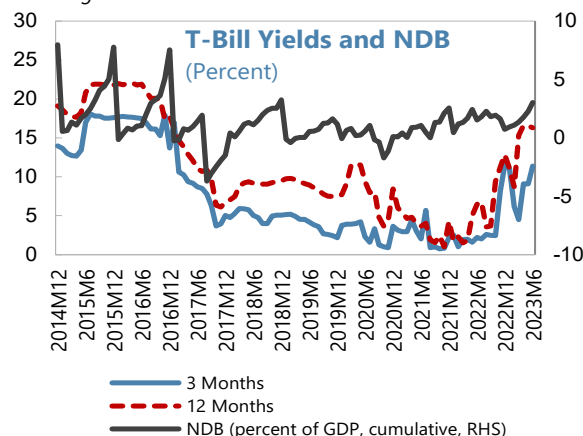
... accompanied by a pick-up in private credit from pandemic lows.



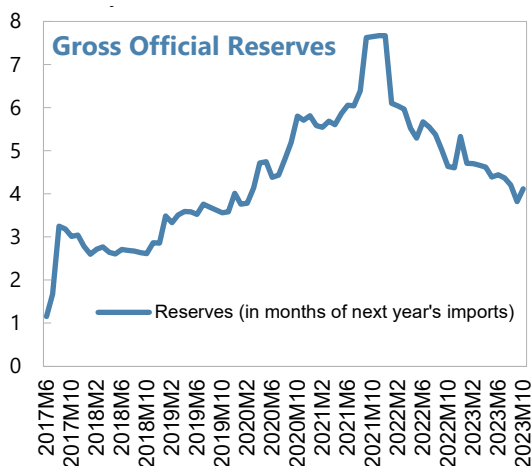
Inflation accelerated, driven primarily by high global food, fuel, and electricity prices.



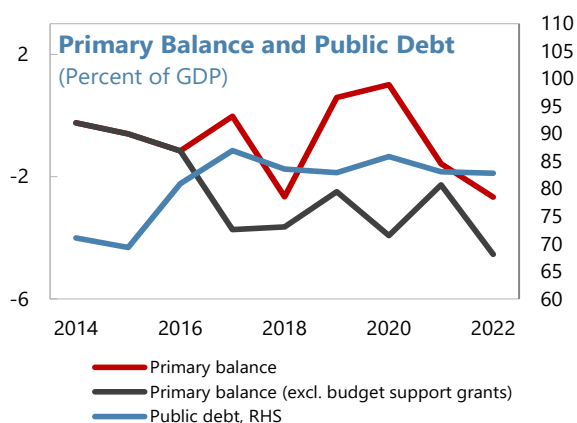
As the central bank began to tighten monetary policy, T-bill rates began to rise.



Forex reserves (in months of next year's imports) have been on a declining trend since 2022.



The impact of the war in Ukraine worsened fiscal indicators, but public debt stabilized.

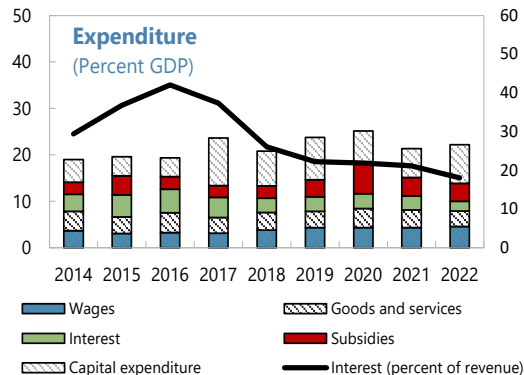
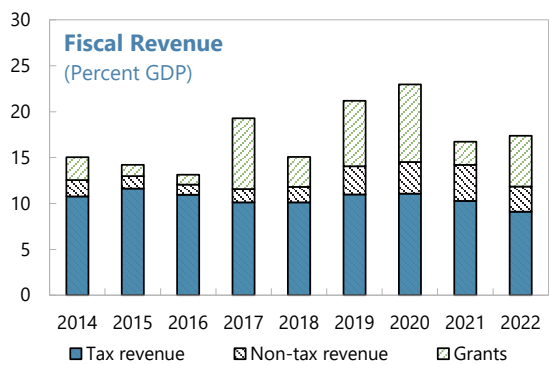


Sources: The Gambian authorities; and IMF staff calculations.

**Figure 2. The Gambia: Recent Fiscal Sector Developments, 2014–22**

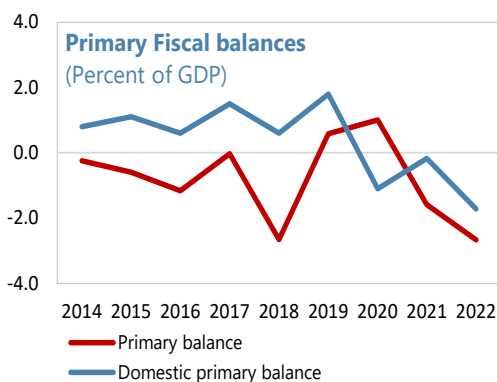
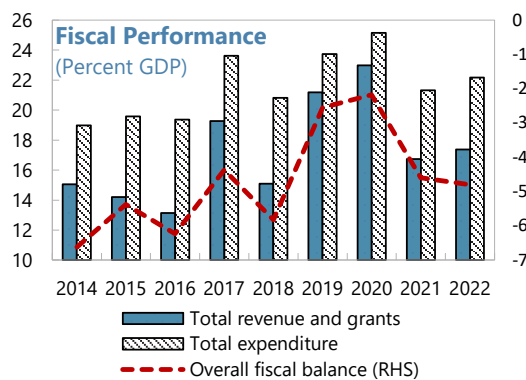
Grants increased in 2022, including additional budget support towards year-end, while domestic revenue declined.

Current spending was reduced, despite multiple spending pressures, including from an increase in wage bill.



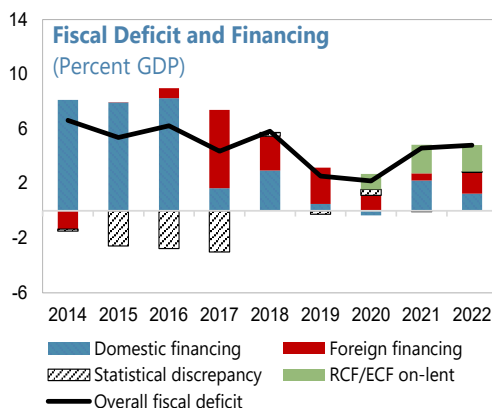
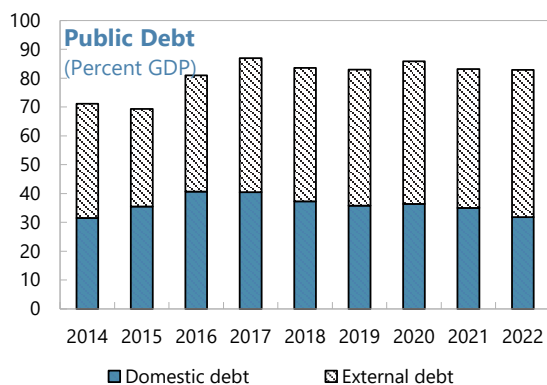
... which helped broadly maintain the overall fiscal deficit.

...while some other fiscal indicators weakened due to the shocks.



Total public debt-to-GDP ratio stabilized in 2022....

... despite a large drop in domestic financing.



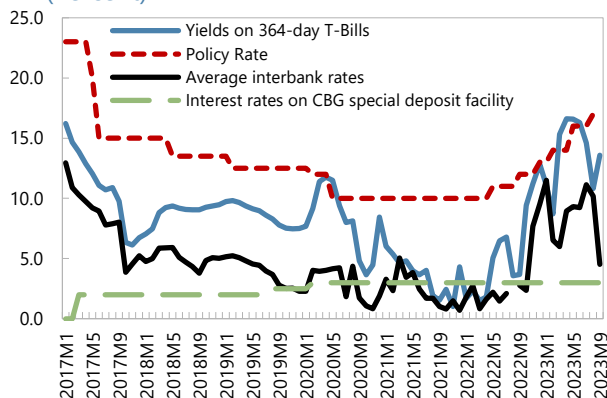
Sources: The Gambian authorities; and IMF staff projections.

**Figure 3. The Gambia: Monetary Developments, 2016–23**

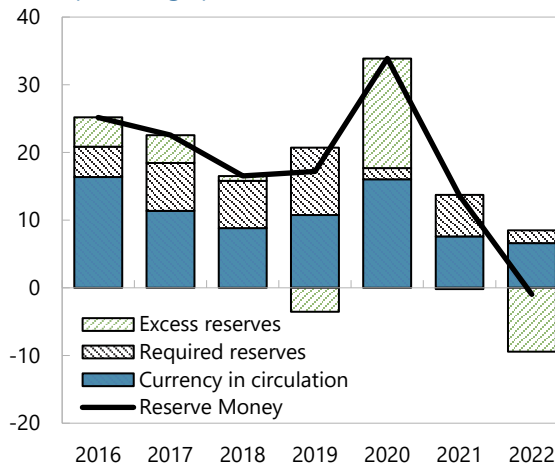
The CBG have tightened monetary policy to tame accelerating inflation triggered by global energy and food prices.

The CBG sold forex causing reserve money and bank excess reserve to decline.

**Monetary Policy and Interest Rates**  
(Percent)



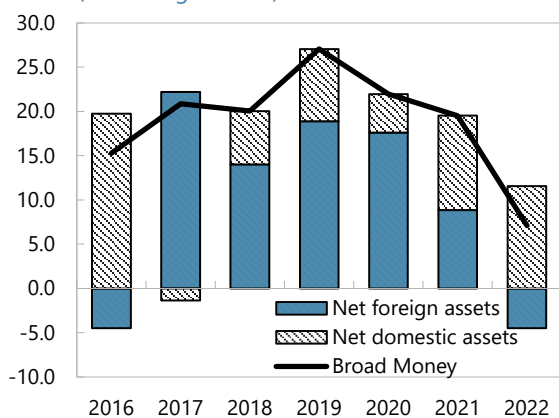
**Components of Reserve Money Growth**  
(percentage points)



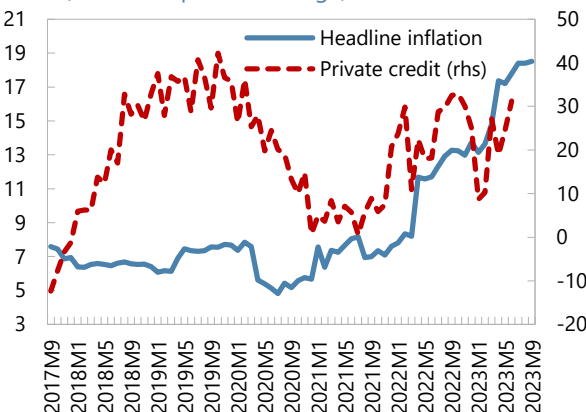
Broad money growth decelerated in 2022, driven by significant decline in the NFA of the central bank...

The pickup in inflation coincided somewhat with an acceleration of credit to the private sector.

**Sources of Broad Money Growth**  
(Percentage Points)



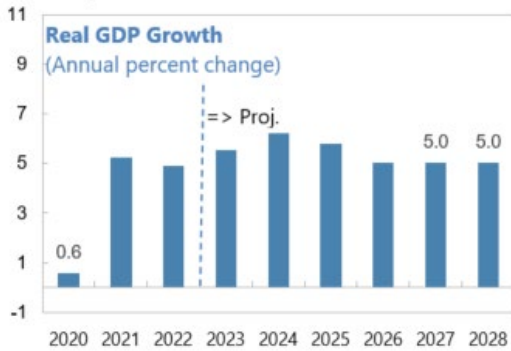
**Inflation and Private Credit**  
(12-month percent change)



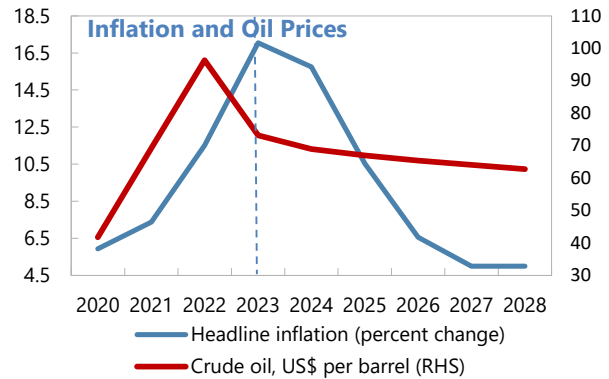
Sources: The Gambian authorities; and IMF staff projections.

**Figure 4. The Gambia: Medium-Term Outlook, 2020–28**

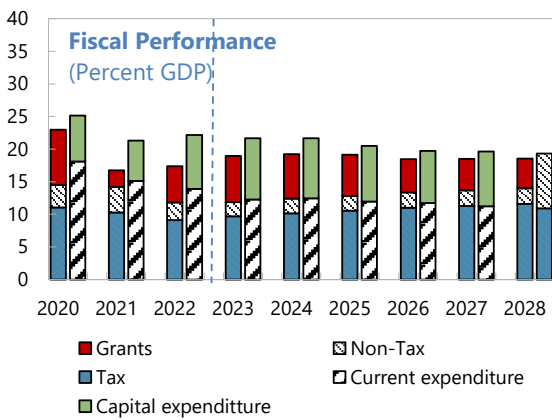
Economic growth is expected to accelerate as the recovery takes hold.



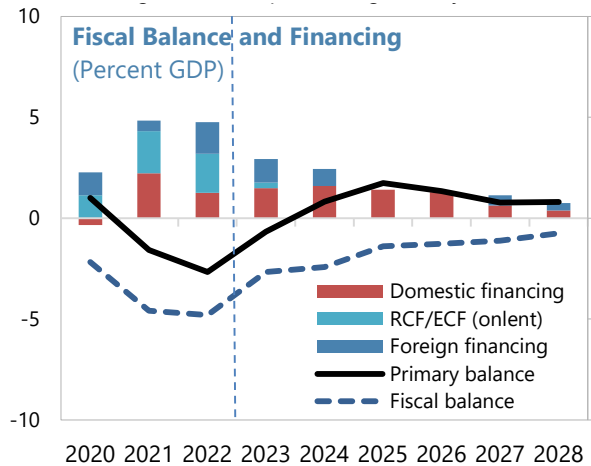
Inflation is expected to peak in 2023, and is projected to gradually converge toward the CBG medium-term target...



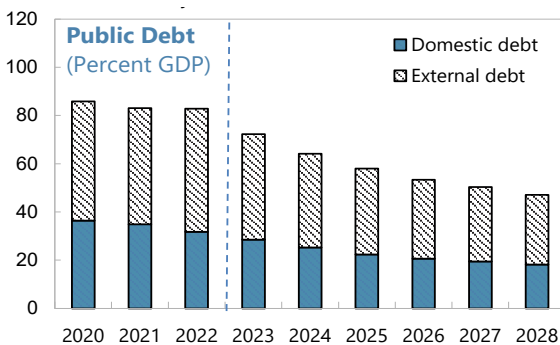
Expenditure restraint and improved tax effort will drive projected fiscal consolidation in the medium term.



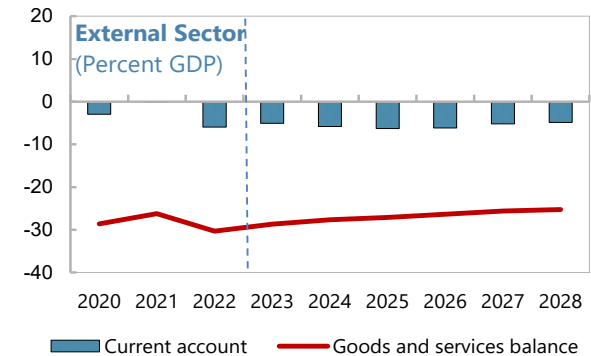
Borrowing needs are expected to gradually decline ...



... and the public debt-to-GDP ratio is projected to decline steadily.



The external current account deficit is expected to narrow from 2023 onwards, once tourism fully



Sources: The Gambian authorities; and IMF staff projections.



**Table 1. The Gambia: Selected Economic Indicators, 2021–28**  
(In percent of GDP, unless otherwise indicated)

	2021	2022	2023	2024	2025	2026	2027	2028
	Prel.	Prel.	Proj.	Projections				
(Percent change; unless otherwise indicated)								
<b>National account and prices</b>								
GDP at constant prices	5.3	4.9	5.6	6.2	5.8	5.0	5.0	5.0
GDP deflator	7.4	10.8	14.1	11.4	8.3	5.3	3.8	4.1
Consumer prices (average)	7.4	11.5	17.2	15.9	10.5	6.5	5.0	5.0
Consumer prices (end of period)	7.6	13.7	18.9	12.9	8.1	5.0	5.0	5.0
<b>External sector</b>								
Exports, f.o.b (US\$ values)	-55.8	58.7	92.3	20.9	13.6	12.1	11.9	11.9
Imports, f.o.b (US\$ values)	7.6	14.3	24.6	15.6	3.2	6.9	6.7	6.9
Terms of trade (deterioration = -)	-7.1	-2.6	-3.7	-7.6	-3.7	-1.0	-0.8	0.5
Real effective exchange rate (depreciation = -)	0.0	5.1	...	...	...	...	...	...
(Contributions to broad money growth; percent)								
<b>Money and credit</b>								
Broad money	19.5	7.1	2.5	9.4	9.6	7.6	7.6	8.0
Net foreign assets	8.8	-4.5	-8.2	0.4	-0.5	0.3	2.3	1.3
Net domestic assets	10.7	11.6	10.7	8.9	10.1	7.4	5.3	6.7
<i>Of which:</i>								
Credit to central government (net)	9.3	7.5	8.6	3.9	3.7	2.9	1.4	1.1
Credit to the private sector (net)	3.1	3.8	2.8	2.1	3.1	4.4	3.9	5.6
Velocity (GDP/broad money)	1.7	1.8	2.2	2.3	2.4	2.5	2.5	2.6
(Percent of GDP; unless otherwise indicated)								
<b>Central government finances</b>								
Domestic revenue (taxes and other revenues)	14.2	11.8	12.0	12.7	12.6	13.0	13.4	13.6
<i>Of which:</i> Tax Revenue	10.3	9.1	9.4	9.9	10.2	10.7	10.9	11.2
Grants	2.5	5.5	7.8	7.0	6.4	6.0	5.1	4.9
Total expenditures	21.5	22.3	22.0	22.4	20.2	20.0	19.5	19.2
<i>Of which:</i> Interest (percent of government revenue)	21.2	18.0	17.8	23.0	20.6	18.5	14.4	11.7
Net lending (+)/borrowing (-)	-4.8	-4.9	-2.5	-2.7	-1.3	-1.0	-1.0	-0.7
Fiscal financing	4.8	4.9	2.5	2.7	1.3	1.0	1.0	0.7
Foreign	0.5	1.6	1.2	0.8	0.0	0.0	0.5	0.4
Domestic	4.3	3.3	1.3	1.9	1.3	1.0	0.5	0.4
Primary balance	-1.8	-2.8	-0.4	0.2	1.3	1.5	0.9	0.8
<b>Public debt</b>								
Domestic public debt	83.1	82.8	71.8	65.2	60.8	56.2	53.0	49.9
External public debt	35.0	31.8	28.0	25.1	23.0	20.3	19.1	17.9
External public debt (millions of US\$)	48.2	51.1	43.8	40.0	37.8	35.9	33.9	32.0
External public debt (millions of US\$)	965.9	1029.3	1,032.0	1,084.2	1,112.4	1,134.8	1,134.5	1,136.6
<b>External current account balance</b>								
Excluding official transfers	-4.7	-6.1	-7.2	-7.6	-5.5	-4.4	-3.3	-3.0
Including official transfers	-4.2	-4.2	-4.4	-5.8	-3.8	-2.8	-2.4	-2.1
Gross official reserves (millions of US\$)	530.4	454.7	412.3	437.5	440.4	448.1	468.4	491.7
(months of next year's imports of goods and services)	7.7	5.3	4.2	4.3	4.1	3.9	3.8	3.7
<b>Savings and investment</b>								
Gross investment	21.7	22.3	23.8	23.1	22.2	22.1	22.0	22.1
<i>Of which:</i> Central government	6.2	8.3	9.5	9.6	8.8	8.4	8.1	7.9
Gross savings	17.5	18.0	19.3	17.3	18.4	19.2	19.6	20.0
<b>Memorandum items:</b>								
Nominal GDP (billions of dalasi)	105.5	122.6	147.6	174.8	200.2	221.5	241.5	264.0
GDP per capita (US\$)	820.6	841.9	904.5	1009.2	1076.2	1,109.4	1,140.8	1,175.1
Use of Fund resources (millions of SDRs)								
Disbursements	35.0	26.4	5.0	24.9	24.9	24.9	0.0	0.0
<i>Of which:</i> ECF Augmentation	20.0	15.6	...	...	...	...	...	...
Repayments	-3.7	-2.0	-4.1	-3.9	-5.2	-9.5	-14.0	-16.7
CCRT debt relief <sup>1</sup>	4.0	0.8	...	...	...	...	...	...
PV of overall debt-to-GDP ratio	70.8	68.9	59.9	54.3	50.7	46.1	43.0	39.7

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> The grant for debt service falling due through April 13, 2022 is available under the CCRT.

**Table 2a. The Gambia: Statement of Central Government Operations, 2021–28**  
(Millions of local currency)

	2021	2022		2023		2024	2025	2026	2027	2028
	Act.	Prog.	Prel.	Prog.	Proj.			Projections		
Revenue	17,648	21,316	21,292	26,443	29,184	34,932	38,525	42,263	44,777	48,804
Domestic revenue	15,001	14,279	14,501	17,252	17,720	22,751	25,720	28,870	32,373	35,971
Taxes	10,833	11,158	11,164	13,556	13,892	17,242	20,503	23,590	26,388	29,609
Taxes on income, profits, and capital gains	3,254	3,889	3,901	5,055	4,511	5,504	6,604	7,539	8,377	9,332
Domestic taxes on goods and services	4,776	4,781	4,667	5,669	6,024	7,615	9,079	10,434	11,686	13,130
Taxes on international trade and transactions	2,803	2,488	2,596	2,832	3,358	4,123	4,820	5,617	6,325	7,147
Non-tax	4,168	3,121	3,338	3,696	3,829	5,509	5,217	5,280	5,985	6,362
Grants	2,648	7,037	6,790	9,192	11,464	12,181	12,806	13,394	12,404	12,833
Budget support	722	2,471	2,300	2,840	4,000	3,180	3,323	3,467	2,134	2,198
Of which: CCRT <sup>1</sup>	217	58	59	...	...	...	...	...	...	...
Project grants	1,926	4,566	4,490	6,352	7,463	9,001	9,482	9,927	10,271	10,635
Expenditures	22,676	27,113	27,354	30,120	32,887	39,682	41,034	44,395	47,201	50,776
Expenses	16,139	16,499	17,214	17,619	18,796	22,442	23,360	25,803	27,606	29,804
Compensation of employees	4,593	5,517	5,627	6,150	6,713	7,439	8,711	10,012	11,095	12,116
Use of goods and services	3,985	3,384	4,057	3,678	3,663	4,491	4,446	4,978	5,754	6,668
Interest	3,180	3,055	2,617	2,910	3,155	5,115	5,205	5,346	4,647	4,208
External	709	605	553	784	803	813	660	711	722	749
Domestic	2,470	2,450	2,064	2,126	2,352	4,301	4,545	4,634	3,926	3,459
Subsidies and transfers	4,381	4,544	4,913	4,882	5,266	5,397	4,998	5,466	6,110	6,812
Net acquisition of nonfinancial assets	6,537	10,613	10,140	12,500	14,091	17,240	17,674	18,592	19,595	20,972
Acquisitions of nonfinancial assets	6,537	10,613	10,140	12,500	14,091	16,968	17,674	18,592	19,595	20,972
Foreign financed <sup>2</sup>	3,363	7,727	7,859	9,613	10,854	12,857	13,503	13,851	15,184	16,245
Gambia local fund	3,174	2,887	2,281	2,887	3,237	4,111	4,171	4,741	4,411	4,727
Net lending (+)/borrowing (-)	-5,028	-5,797	-6,062	-4,056	-3,703	-4,750	-2,509	-2,132	-2,424	-1,972
Financing <sup>6</sup>	5,092	5,797	5,993	4,056	3,703	4,750	2,509	2,132	2,424	1,972
Net acquisition of financial assets <sup>3</sup>	0	1,000	165	0	0	0	0	0	0	0
Net incurrence of liabilities	5,092	4,797	5,828	4,056	3,703	4,750	2,509	2,132	2,424	1,972
Domestic	4,553	3,506	3,904	2,395	1,971	3,271	2,510	2,144	1,200	1,000
Net borrowing	2,691	1,659	885	2,000	2,300	2,700	2,000	1,400	1,200	1,000
Bank	3,189	1,659	625	2,000	2,300	2,700	2,000	1,400	1,200	1,000
Central Bank of The Gambia	-1,017	0	-421	0	0	700	0	0	0	0
Commercial <sup>4</sup>	4,206	1,659	1,046	2,000	2,300	2,000	2,000	1,400	1,200	1,000
Nonbank	-498	0	260	0	0	0	0	0	0	0
RCF/ECF (onlent) or SDR use	2,204	2,352	2,377	395	112	571	510	744	...	...
Change in arrears/Float <sup>5</sup>	-343	-505	642	0	-1,339	0	0	0	0	0
Capital revenues	...	...	...	...	898.2	...	...	...	...	...
Foreign	539	1,291	1,924	1,661	1,732	1,479	-1	-11	1,224	972
Borrowing	1,437	3,161	3,369	3,261	3,391	3,855	4,021	4,548	5,720	6,612
Amortization	-898	-1,870	-1,445	-1,600	-1,659	-2,376	-4,022	-4,559	-4,496	-5,639
Exceptional financing (DSSI)	0	0	0	0	0	0	0	0	0	0
Statistical discrepancy	-65	0	69	0	0	0	0	0	0	0
Memorandum items:										
Primary balance	-1,848	-2,742	-3,446	-1,146	-549	365	2,697	3,214	2,224	2,236
Domestic primary balance	-427	-2,052	-2,377	-725	-1,158	1,040	3,394	3,671	5,003	5,648
Total debt	87,673	96,598	101,528	104,375	105,980	113,872	121,779	124,356	127,988	131,730
of which: Domestic public debt	36,868	38,787	38,928	40,817	41,329	43,918	46,016	44,857	46,113	47,232
Interest payments as a percent of govt. revenue	21.2	21.4	18.0	16.9	17.8	22.5	20.2	18.5	14.4	11.7
COVID-19 related spending	934	1,297	1,334	...	...	...	...	...	...	...

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> The grant for debt service falling due through April 13, 2022 is available under the CCRT.

<sup>2</sup> Calculated as the sum of project grant (net of social assistance projects), external project loans, and changes in project accounts.

<sup>3</sup> Not includes the agreed annual contribution of 180 million dalasi per year during 2019-23 to increase the CBG's capital to the statutory level.

<sup>4</sup> Commercial bank borrowing in 2021 budget is net of domestic debt amortization.

<sup>5</sup> In staff projections change in arrears also includes a reduction in the treasury float.

<sup>6</sup> Excluding the float in Financing.

**Table 2b. The Gambia: Statement of Central Government Operations, 2021–28**  
(Percent of GDP)

	2021	2022		2023		2024	2025	2026	2027	2028
	Prel.	Prog.	Prel.	Prog.	Proj.	Projections				
Revenue	16.7	17.8	17.4	19.1	19.8	20.0	19.2	19.1	18.5	18.5
Domestic revenues	14.2	11.9	11.8	12.5	12.0	13.0	12.8	13.0	13.4	13.6
Taxes	10.3	9.3	9.1	9.8	9.4	9.9	10.2	10.7	10.9	11.2
Taxes on income, profits, and capital gains	3.1	3.3	3.2	3.6	3.1	3.1	3.3	3.4	3.5	3.5
Domestic taxes on goods and services	4.5	4.0	3.8	4.1	4.1	4.4	4.5	4.7	4.8	5.0
Taxes on international trade and transactions	2.7	2.1	2.1	2.0	2.3	2.4	2.4	2.5	2.6	2.7
Non-tax	4.0	2.6	2.7	2.7	2.6	3.2	2.6	2.4	2.5	2.4
Grants	2.5	5.9	5.5	6.6	7.8	7.0	6.4	6.0	5.1	4.9
Budget support	0.7	2.1	1.9	2.1	2.7	1.8	1.7	1.6	0.9	0.8
Of which: CCRT <sup>1</sup>	0.2	0.0	0.0	...	...	...	...	...	...	...
Project support	1.8	3.8	3.7	4.6	5.1	5.2	4.7	4.5	4.3	4.0
Expenditures	21.5	22.7	22.3	21.7	22.3	22.7	20.5	20.0	19.5	19.2
Expenses	15.3	13.8	14.0	12.7	12.7	12.8	11.7	11.7	11.4	11.3
Compensation of employees	4.4	4.6	4.6	4.4	4.5	4.3	4.4	4.5	4.6	4.6
Use of goods and services	3.8	2.8	3.3	2.7	2.5	2.6	2.2	2.2	2.4	2.5
Interest	3.0	2.6	2.1	2.1	2.1	2.9	2.6	2.4	1.9	1.6
External	0.7	0.5	0.5	0.6	0.5	0.5	0.3	0.3	0.3	0.3
Domestic	2.3	2.0	1.7	1.5	1.6	2.5	2.3	2.1	1.6	1.3
Subsidies and transfers	4.2	3.8	4.0	3.5	3.6	3.1	2.5	2.5	2.5	2.6
Net acquisition of nonfinancial assets	6.2	8.9	8.3	9.0	9.5	9.9	8.8	8.4	8.1	7.9
Acquisitions of nonfinancial assets	6.2	8.9	8.3	9.0	9.5	9.7	8.8	8.4	8.1	7.9
Foreign financed <sup>2</sup>	3.2	6.5	6.4	6.9	7.4	7.4	6.7	6.3	6.3	6.2
Gambia local fund	3.0	2.4	1.9	2.1	2.2	2.4	2.1	2.1	1.8	1.8
Net lending (+)/borrowing (-)	-4.8	-4.8	-4.9	-2.9	-2.5	-2.7	-1.3	-1.0	-1.0	-0.7
Financing <sup>6</sup>	4.8	4.8	4.9	2.9	2.5	2.7	1.3	1.0	1.0	0.7
Net acquisition of financial assets <sup>3</sup>	0.0	0.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	4.8	4.0	4.8	2.9	2.5	2.7	1.3	1.0	1.0	0.7
Domestic	4.3	2.9	3.2	1.7	1.3	1.9	1.3	1.0	0.5	0.4
Net borrowing	2.6	1.4	0.7	1.4	1.6	1.5	1.0	0.6	0.5	0.4
Bank	3.0	1.4	0.5	1.4	1.6	1.5	1.0	0.6	0.5	0.4
Central Bank of The Gambia	-1.0	0.0	-0.3	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Commercial <sup>4</sup>	4.0	1.4	0.9	1.4	1.6	1.1	1.0	0.6	0.5	0.4
Nonbank	-0.5	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RCF/ECF (onlent) or SDR use	2.1	2.0	1.9	...	0.1	0.3	0.3	0.3	...	...
Change in arrears/Float <sup>5</sup>	-0.3	-0.4	0.5	0.0	-0.9	0.0	0.0	0.0	0.0	0.0
Foreign	0.5	1.1	1.6	1.2	1.2	0.8	0.0	0.0	0.5	0.4
Borrowing	1.4	2.6	2.7	2.4	2.3	2.2	2.0	2.1	2.4	2.5
Amortization	-0.9	-1.6	-1.2	-1.2	-1.1	-1.4	-2.0	-2.1	-1.9	-2.1
Statistical discrepancy	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Primary balance	-1.8	-2.3	-2.8	-0.6	-0.4	0.2	1.3	1.5	0.9	0.8
Domestic primary balance	-0.4	-1.7	-1.9	-0.2	-0.8	0.6	1.7	1.7	2.1	2.1
Total debt	83.1	80.8	82.8	75.4	71.8	65.2	60.8	56.2	53.0	49.9
of which: Domestic public debt	35.0	32.4	31.8	29.5	28.0	25.1	23.0	20.3	19.1	17.9
Interest payments as a percent of govt. revenue	21.2	21.4	18.0	16.9	17.8	22.5	20.2	18.5	14.4	11.7
COVID-19 related spending	0.9	1.1	1.1	...	...	...	...	...	...	...

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup>The grant for debt service falling due through April 13, 2022 is available under the CCRT.

<sup>2</sup> Calculated as the sum of project grant (net of social assistance projects), external project loans, and changes in project accounts.

<sup>3</sup> Not includes the agreed annual contribution of 180 million dalasi per year during 2019-23 to increase the CBG's capital to the statutory level.

<sup>4</sup> Commercial bank borrowing in 2021 budget is net of domestic debt amortization.

<sup>5</sup> In staff projections change in arrears also includes a reduction in the treasury float. In 2022 payment floats amounted to 0.7 percent of GDP.

<sup>6</sup> Excluding the float in Financing.

**Table 3. The Gambia: Statement of Central Government Operations, 2023–24**  
(Cumulative, millions of local currency)

	2023		2024		
	Q4	Q1	Q2	Q3	Q4
	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	29,184	7,647	15,557	25,288	34,932
Domestic revenue	17,720	5,112	10,888	17,386	22,751
Taxes	13,892	4,456	8,951	13,137	17,242
Taxes on income, profits, and capital gains	4,511	1,527	2,922	4,255	5,504
Domestic taxes on goods and services	6,024	1,905	3,910	5,748	7,615
Taxes on international trade and transactions	3,358	1,024	2,119	3,134	4,123
Non-tax	3,829	657	1,937	4,249	5,509
Grants	11,464	2,535	4,669	7,902	12,181
Budget support <sup>1</sup>	4,000	566	566	1,487	3,180
Project grants	7,463	1,969	4,104	6,415	9,001
Expenditures	32,887	9,505	19,404	29,614	39,682
Expenses	18,796	5,861	11,409	17,142	22,442
Compensation of employees	6,713	1,868	3,758	5,563	7,439
Use of goods and services	3,663	1,052	2,137	3,422	4,491
Interest	3,155	1,349	2,437	4,004	5,115
External	803	190	398	604	813
Domestic	2,352	1,159	2,039	3,401	4,301
Subsidies and transfers	5,266	1,592	3,077	4,152	5,397
Net acquisition of nonfinancial assets	14,091	3,643	7,995	12,473	17,240
Acquisitions of nonfinancial assets	14,091	3,643	7,995	12,473	17,240
Foreign financed	10,854	2,879	5,969	9,236	12,857
Gambia local fund	3,237	765	2,026	3,237	4,384
Net lending (+)/borrowing (-)	-3,703	-1,857	-3,847	-4,326	-4,750
Financing <sup>2</sup>	3,703	1,857	3,847	4,326	4,750
Net acquisition of financial assets	0	0	0	0	0
Net incurrence of liabilities	3,703	1,857	3,847	4,326	4,750
Domestic	1,971	1,463	3,015	3,158	3,271
Net borrowing	2,300	1,273	2,634	2,777	2,700
Bank	2,300	1,273	2,634	2,777	2,700
Central bank	0	467	703	707	700
Commercial banks	2,300	806	1,931	2,070	2,000
Nonbank	0	0	0	0	0
RCF/ECF/SDR (onlent)	112	190	381	381	571
Change in arrears	-1,339	0	0	0	0
Foreign	1,732	394	832	1,168	1,479
Borrowing	3,391	910	1,866	2,821	3,855
Amortization	-1,659	-516	-1,034	-1,653	-2,376
Exceptional Financing (DSSI)	0	0	0	0	0
Statistical discrepancy	0	0	0	0	0
Memorandum items:					
Primary balance	-549	-941	-201	-322	365
Domestic primary balance	-1,158	-597	1,099	1,012	1,040

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> The grant for debt service falling due through April 13, 2022 is available under the CCRT.

<sup>2</sup> Excluding the Float in Financing.

**Table 4a. The Gambia: Monetary Accounts, 2021–28<sup>1</sup>**  
(Millions of local currency, unless otherwise indicated)

	2021		2022		2023		2024	2025	2026	2027	2028
	Prel.	Prog.	Prel.	Prog.	Prog.	Projections					
<b>I. Monetary Survey</b>											
Net foreign assets	28,953	22,289	26,146	23,359	20,659	20,964	20,594	20,808	22,827	24,109	
(in millions of U.S. dollars)	559	430	504	382	330	325	302	297	316	324	
Of which: CBG	330	213	266	204	199	190	168	157	196	252	
Net domestic assets	33,541	42,753	40,771	45,891	47,906	54,024	61,568	67,608	72,281	78,608	
Domestic credit	39,979	49,949	49,591	53,087	56,725	60,843	65,887	71,927	76,600	82,927	
Claims on central government (net)	30,290	33,750	34,961	35,750	40,686	43,386	46,136	48,536	49,736	50,736	
Claims on other public sector <sup>2</sup>	281	3,000	2,868	3,000	2,395	2,395	2,395	2,395	2,395	2,395	
Claims on private sector	9,408	13,198	11,762	14,337	13,644	15,063	17,356	20,996	24,469	29,796	
Other items (net) <sup>3</sup>	-6,438	-7,196	-8,819	-7,196	-8,819	-6,819	-4,319	-4,319	-4,319	-4,319	
Broad money	62,494	65,041	66,917	69,250	68,565	74,988	82,161	88,416	95,108	102,717	
Currency outside banks	11,487	10,828	12,890	9,854	11,207	12,520	13,277	13,431	14,321	16,286	
Deposits	51,007	54,213	54,027	59,396	57,357	62,468	68,885	74,985	80,788	86,431	
<b>II. Central Bank Survey</b>											
Net foreign assets	17,105	11,047	13,813	10,551	10,330	9,858	8,711	8,148	10,167	13,055	
Foreign assets	29,090	23,611	29,044	23,183	26,848	28,150	28,300	28,703	29,753	31,487	
Foreign liabilities	-11,985	-12,563	-15,231	-12,632	-16,519	-18,292	-19,589	-20,554	-19,585	-18,433	
Net domestic assets	4,019	7,956	7,115	7,982	9,682	12,745	14,628	15,656	15,684	15,716	
Domestic credit	5,759	8,980	9,779	9,006	13,237	13,973	14,756	15,784	15,812	15,844	
Claims on central government (net)	7,014	8,815	9,618	8,815	13,043	13,743	14,493	15,493	15,493	15,493	
Of which: IMF on-lending since 2020	3,261	5,614	5,638	5,614	5,750	5,750	5,750	5,750	5,750	5,750	
Claims on private sector	165	165	161	191	194	230	263	291	319	351	
Claims on public enterprises	0	0	0	0	0	0	0	0	0	0	
Other items (net)	-1,739	-1,024	-2,665	-1,024	-3,555	-1,228	-128	-128	-128	-128	
Reserve money	21,124	19,003	20,928	19,740	20,012	22,603	23,339	23,805	25,851	28,771	
Currency outside banks	11,487	10,828	12,890	9,854	11,207	12,520	13,277	13,431	14,321	16,286	
Commercial bank deposits	9,637	8,175	8,038	8,679	8,805	10,083	10,062	10,373	11,531	12,484	

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> End of period.

<sup>2</sup> Includes public enterprises and the local government.

<sup>3</sup> Including valuation effects.

**Table 4b. The Gambia: Monetary Accounts, 2021–28<sup>1</sup>**  
(Percent changes, unless otherwise indicated)

	2021	2022		2023		2024	2025	2026	2027	2028
	Prel.	Prog.	Prel.	Prog.	Prog.	Projections				
<b>I. Monetary Survey</b>										
(Percent change; contribution to broad money growth)										
Broad money	19.5	4.0	7.1	6.5	2.5	9.4	9.6	7.6	7.6	8.0
Net foreign assets	8.8	-10.7	-4.5	1.6	-8.2	0.4	-0.5	0.3	2.3	1.3
Net domestic assets	10.7	14.7	11.6	4.9	10.7	8.9	10.1	7.4	5.3	6.7
<b>II. Central Bank Survey</b>										
(Percent change; contribution to reserve money growth)										
Reserve money	13.6	-10.0	-0.9	-2.5	-4.4	12.9	3.3	2.0	8.6	11.3
Net foreign assets	17.9	-28.7	-15.6	-2.6	-16.6	-2.4	-5.1	-2.4	8.5	11.2
Net domestic assets	-4.3	18.6	14.7	0.1	12.3	15.3	8.3	4.4	0.1	0.1
(Percent change; unless otherwise indicated)										
<i>Memorandum items:</i>										
Credit to the private sector	20.7	40.0	25.0	8.6	16.0	10.4	15.2	21.0	16.5	21.8
Currency in circulation	14.1	-5.8	12.2	-9.0	-13.1	11.7	6.0	1.2	6.6	13.7
Demand deposits	23.7	3.8	7.8	9.6	6.2	4.5	10.3	8.9	7.7	7.0
Time and savings deposits	18.5	8.4	4.3	9.6	6.2	12.8	10.3	8.9	7.7	7.0
Net international reserves (stocks; millions of U.S. dollars)	427.7	299.6	325.9	290.0	280.0	281.5	253.7	241.0	280.3	329.2
Money velocity (levels)	1.7	1.8	1.8	2.0	2.2	2.3	2.4	2.5	2.5	2.6
Money multiplier (levels)	3.0	3.4	3.2	3.7	3.4	3.3	3.5	3.7	3.7	3.6
Broad money (percent of GDP)	59.2	54.4	54.6	50.0	46.4	42.9	41.0	39.9	39.4	38.9
Credit to the private sector (percent of GDP)	8.9	11.0	9.6	10.3	9.2	8.6	8.7	9.5	10.1	11.3
Central government financing (flows; millions of dalasi)	6,656	7,273	7,704	7,614	7,938	7,638	7,638	7,038	6,838	6,638
Net domestic borrowing from the banking system	3,395	1,659	2,067	2,000	2,300	2,000	2,000	1,400	1,200	1,000
Central bank	-250	0.0	0	0	0	0	0	0	0	0
Change in claims	0.0	0.0	0	0	0	0	0	0	0	0
Change in deposits	-250	0.0	0	0	0	0	0	0	0	0
Commercial banks	3,645	1,659	2,067	2,000	2,300	2,000	2,000	1,400	1,200	1,000
IMF (onlent since 2020) <sup>2</sup>	3,261	5,614	5,638	5,614	5,638	5,638	5,638	5,638	5,638	5,638
RCF 2020 (onlent)	...	...	...	...	...	...	...	...	...	...
ECF (second and third disbursements onlent)	2,204	...	...	...	...	...	...	...	...	...
of which: augmentation	1,470	...	...	...	...	...	...	...	...	...
ECF disbursements and SDR general allocation (onlent to the Treasury)	...	2,352	2,377	...	...	...	...	...	...	...

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> End of period.

<sup>2</sup> The CBG onlent the 2020 RCF loan to central government and is expected to onlent the second and third ECF disbursements (SDR 5 million each) plus augmentations of SDR 15 million (at the first review) and SDR 5 million (for the second review). On-lending of IMF loans to the budget and the Treasury's part use of the SDR allocation are excluded from Net Domestic Borrowing (NDB), see TMU 11.

**Table 5. The Gambia: Monetary Accounts, 2020–22<sup>1</sup>**  
(Quarterly stocks, millions of local currency)

	2021		2022		
	Dec.	Mar.	Jun.	Sep.	Dec.
	Act.	Act.	Prel.	Prel.	Prel.
<b>I. Monetary Survey</b>					
Net foreign assets	28,953	27,058	24,819	21,991	26,146
(in millions of U.S. dollars)	550	514	472	418	497
<i>Of which</i> : CBG	325	308	288	252	263
Net domestic assets	33,541	38,111	39,709	42,042	40,771
Domestic credit	40,566	45,777	35,855	49,238	49,591
Claims on central government (net)	30,877	34,378	34,897	35,209	34,961
Claims on other public sector <sup>2</sup>	281	2,550	3,157	2,956	2,868
Claims on private sector	9,408	8,848	9,634	11,074	11,762
Other items (net) <sup>3</sup>	-7,026	-7,666	-7,978	-7,196	-8,819
Broad money	62,494	65,168	64,529	64,033	66,917
Currency outside banks	11,487	11,956	12,295	10,642	12,890
Deposits	51,007	53,213	52,233	53,391	54,027
<b>II. Central Bank Survey</b>					
Net foreign assets	17,105	16,221	15,164	13,237	13,813
Foreign assets	29,090	28,142	27,050	25,155	29,044
Foreign liabilities	-11,985	-11,921	-11,887	-11,918	-15,231
Net domestic assets	4,019	5,752	6,652	6,887	7,115
Domestic credit	5,759	7,792	8,546	7,912	9,779
Claims on central government (net)	7,014	8,650	9,320	7,747	9,618
Assets	13,616	14,352	14,722	14,542	16,108
Liabilities	-6,602	-5,702	-5,402	-6,795	-6,490
Claims on deposit corporations	-1,420	-1,020	-940	0	0
Claims on private sector	165	162	166	164	161
Claims on public enterprises	0	0	0	0	0
Other items (net, incl. liquidity management operations)	-1,739	-2,039	-1,894	-1,024	-2,665
Reserve money	21,124	21,974	21,816	20,124	20,928
Currency outside banks	11,487	11,956	12,295	10,642	12,890
Commercial bank deposits	9,637	10,018	9,520	9,482	8,038
<b>III. Commercial Banks Balance Sheet</b>					
Net foreign assets	11,848	10,836	9,655	8,754	12,333
Foreign assets	14,079	13,819	12,597	11,756	13,831
Foreign liabilities	-2,230	-2,983	-2,942	-3,002	-1,498
Net domestic assets	39,159	42,376	42,578	44,637	41,694
Net domestic claims	42,437	48,003	48,662	50,808	47,849
Claims on central bank	9,637	11,038	10,460	9,482	8,038
Net claims on government	23,276	25,729	25,577	27,461	25,342
Claims	23,276	25,729	25,577	27,461	25,342
Liabilities	0	0	0	0	0
Claims on other sectors	9,524	11,236	12,625	13,865	14,469
Claims on public nonfinancial corporations	281	2,550	3,157	2,956	2,868
Claims on private sector	9,244	8,686	9,468	10,909	11,601
Other items net	-3,278	-5,627	-6,084	-6,172	-6,155
Liabilities	51,007	53,213	52,233	53,391	54,027
Liabilities to central bank	0	0	0	0	0
Deposits incl. in broad money	51,007	53,213	52,233	53,391	54,027

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> End of period.

<sup>2</sup> Includes public enterprises and local governments.

<sup>3</sup> Including valuation effects.

**Table 6a. The Gambia: Balance of Payments, 2021–28**  
(Millions of U.S. dollars, unless otherwise indicated)

	2021		2022		2023		2024	2025	2026	2027	2028
	Prel.	Prog.	Prel.	Prog.	Proj.		Projections				
<b>1. Current account</b>											
<b>A. Goods and services</b>	-585.2	-745.7	-562.7	-754.2	-686.4	-760.5	-745.0	-768.0	-787.3	-821.6	
Goods (net)	-574.6	-713.1	-642.7	-779.4	-765.9	-880.5	-896.8	-951.6	-1007.7	-1069.3	
Exports, f.o.b.	32.4	48.0	51.3	120.6	98.7	119.3	135.5	152.0	170.0	190.3	
Imports, f.o.b.	-607.0	-761.1	-694.0	-900.0	-864.6	-999.8	-1032.3	-1103.6	-1177.7	-1259.6	
Services (net)	-10.5	-32.6	80.0	25.3	79.5	120.0	151.8	183.6	220.4	247.6	
Services exports	109.1	118.9	215.4	187.8	239.8	294.5	334.6	377.4	425.8	465.6	
Of which: Travel income	58.0	71.5	154.0	130.0	175.5	212.7	240.0	268.2	299.7	320.0	
Services imports	-119.7	-151.5	-135.5	-162.5	-160.4	-174.5	-182.8	-193.8	-205.4	-218.0	
<b>B. Income (net)</b>	-51.0	-32.4	-31.4	-31.2	-31.2	-32.4	-33.5	-34.8	-36.1	-37.6	
Income credits	4.0	2.5	13.2	2.4	13.1	13.6	14.1	14.6	15.2	15.8	
Income debits	-54.9	-34.9	-44.6	-33.7	-44.4	-46.0	-47.6	-49.4	-51.3	-53.3	
<b>C. Current transfers</b>	549.3	458.3	503.0	492.0	611.4	634.8	663.8	712.1	741.0	781.9	
Official transfers	9.7	43.8	40.0	47.8	64.8	50.0	50.1	50.2	30.0	30.0	
Remittances	527.0	401.6	462.0	430.0	532.4	570.2	598.7	646.6	695.3	735.8	
Other transfers	12.6	12.9	1.0	14.2	14.2	14.6	14.9	15.3	15.7	16.1	
Current account (excl. official transfers)	-96.6	-363.6	-131.1	-341.2	-171.1	-208.1	-164.8	-140.9	-112.4	-107.3	
Current account (incl. prospective official transfers)	-86.9	-319.8	-91.1	-293.4	-106.3	-158.1	-114.7	-90.7	-82.4	-77.3	
<b>2. Capital and financial account</b>											
<b>A. Capital account</b>	53.6	82.9	82.7	106.9	120.9	141.6	143.0	143.7	144.4	145.1	
<b>B. Financial account</b>	190.4	97.4	-101.0	177.0	-58.2	13.6	-51.7	-65.7	-22.7	-21.7	
Foreign direct investment	99.3	99.7	99.7	108.1	102.4	106.5	110.5	114.6	119.0	124.7	
Portfolio investment	3.9	4.1	4.1	4.4	4.5	5.2	5.7	6.1	6.5	6.8	
Other investment	87.2	-6.4	-204.8	64.4	-165.2	-98.2	-167.9	-186.4	-148.1	-153.2	
Capital and financial account	244.0	180.2	-18.2	283.9	62.7	155.1	91.3	78.0	121.7	123.5	
Errors and omissions	-35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Overall balance <sup>1</sup>	112.4	-183.4	-149.3	-57.3	-108.4	-52.9	-73.5	-62.9	9.3	16.1	
<b>Financing</b>	-112.4	183.4	149.3	57.3	108.5	52.9	73.5	62.9	-9.3	-16.1	
Net international reserves (increase -)	-133.8	138.6	108.3	9.5	43.7	2.9	23.4	12.7	-39.3	-46.1	
Change in gross international reserves	-178.3	105.8	75.7	8.3	42.4	-25.1	-2.9	-7.8	-20.3	-23.3	
Use of IMF resources (net)	44.5	32.8	32.6	1.3	1.3	28.1	26.3	20.5	-19.0	-22.8	
Exceptional financing	5.6	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Of which: CCRT debt relief <sup>2</sup>	5.6	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Of which: DSSI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Prospective donor financing	15.8	43.8	40.0	47.8	64.8	50.0	50.1	50.2	30.0	30.0	
Budget support grants	9.7	43.8	40.0	47.8	64.8	50.0	50.1	50.2	30.0	30.0	
Project support grants	6.1	...	...	...	...	...	...	...	...	...	
Memorandum items:											
Gross international reserves											
US\$ millions	530.4	424.6	454.7	416.4	412.3	437.5	440.4	448.1	468.4	491.7	
Months of next year's imports of goods and services	7.7	4.8	5.3	4.4	4.2	4.3	4.1	3.9	3.8	3.7	
Gross international reserves (w/o SDR allocation)	445.4	339.6	369.7	331.4	327.3	352.5	355.4	363.1	383.4	406.7	
Months of next year's imports of goods and services	6.4	3.8	4.3	3.5	3.3	3.5	3.3	3.2	3.1	3.1	
Net international reserves											
US\$ millions	427.7	299.6	325.9	290.0	280.0	281.5	253.7	241.0	280.3	329.2	
Months of next year's imports of goods and services	6.2	3.4	3.8	3.1	2.9	2.8	2.3	2.1	2.3	2.5	
Net international reserves (w/o SDR allocation)	342.7	214.6	240.9	205.0	195.0	196.5	168.7	156.0	195.3	244.2	
Months of next year's imports of goods and services	5.0	2.4	2.8	2.2	2.0	1.9	1.6	1.4	1.6	1.9	
Exports of goods and services	141.5	166.9	266.8	308.3	338.5	413.8	470.1	529.4	595.9	655.9	
Imports of goods and services	-726.7	-912.6	-829.5	-1062.5	-1025.0	-1174.3	-1215.1	-1297.4	-1383.2	-1477.5	
GMD per U.S. dollar, period average	51.6	...	56.7	...	...	...	...	...	...	...	
External Debt service	59.5	65.9	76.6	40.2	71.3	54.8	76.0	87.9	91.9	106.5	
NIR/External Debt Service (ratio)	7.2	4.6	4.2	7.2	3.9	5.1	3.3	2.7	3.0	3.1	

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> Overall balance does not include prospective budget support and project grants.

<sup>2</sup> The grant for debt service falling due through April 13, 2022 is available under the CCRT.



**Table 6b. The Gambia: Balance of Payments, 2021–28**  
(Percent of GDP)

	2021	2022		2023		2024	2025	2026	2027	2028
	Prel.	Prog.	Prel.	Prog.	Proj.	Projections				
<b>1. Current account</b>										
<b>A. Goods and services</b>	-28.6	-34.4	-26.0	-32.3	-28.7	-27.7	-24.7	-24.0	-23.2	-22.8
Goods (net)	-28.1	-32.9	-29.7	-33.4	-32.0	-32.0	-29.7	-29.7	-29.7	-29.7
Exports, f.o.b.	1.6	2.2	2.4	5.2	4.1	4.3	4.5	4.7	5.0	5.3
Imports, f.o.b.	-29.7	-35.1	-32.1	-38.6	-36.2	-36.4	-34.2	-34.4	-34.7	-35.0
Services (net)	-0.5	-1.5	3.7	1.1	3.3	4.4	5.0	5.7	6.5	6.9
Services exports	5.3	5.5	10.0	8.1	10.0	10.7	11.1	11.8	12.5	12.9
<i>Of which: Travel income</i>	2.8	3.3	7.1	5.6	7.3	7.7	7.9	8.4	8.8	8.9
Services imports	-5.9	-7.0	-6.3	-7.0	-6.7	-6.3	-6.1	-6.0	-6.1	-6.0
<b>B. Income (net)</b>	-2.5	-1.5	-1.5	-1.3	-1.3	-1.2	-1.1	-1.1	-1.1	-1.0
Income credits	0.2	0.1	0.6	0.1	0.5	0.5	0.5	0.5	0.4	0.4
Income debits	-2.7	-1.6	-2.1	-1.4	-1.9	-1.7	-1.6	-1.5	-1.5	-1.5
<i>Of which: Interest on government debt</i>	0.4	0.5	0.5	0.6	0.4	0.5	0.3	0.3	0.3	0.3
<b>C. Current transfers</b>	26.9	21.1	23.3	21.1	25.6	23.1	22.0	22.2	21.8	21.7
Official transfers	0.5	2.0	1.9	2.1	2.7	1.8	1.7	1.6	0.9	0.8
Remittances	25.8	18.5	21.4	18.4	22.3	20.7	19.8	20.2	20.5	20.4
Other transfers	0.6	0.6	0.0	0.6	0.6	0.5	0.5	0.5	0.5	0.4
Current account (excl. official transfers)	-4.7	-16.8	-6.1	-14.6	-7.2	-7.6	-5.5	-4.4	-3.3	-3.0
Current account (incl. prospective official transfers)	-4.2	-14.7	-4.2	-12.6	-4.4	-5.8	-3.8	-2.8	-2.4	-2.1
<b>2. Capital and financial account</b>										
<b>A. Capital account</b>	2.6	3.8	3.8	4.6	5.1	5.2	4.7	4.5	4.3	4.0
<b>B. Financial account</b>	9.3	4.5	-4.7	7.6	-2.4	0.5	-1.7	-2.0	-0.7	-0.6
Foreign direct investment	4.9	4.6	4.6	4.6	4.3	3.9	3.7	3.6	3.5	3.5
Portfolio investment	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other investment	4.3	-0.3	-9.5	2.8	-6.9	-3.6	-5.6	-5.8	-4.4	-4.3
Capital and financial account	11.9	8.3	-0.8	12.2	2.6	5.6	3.0	2.4	3.6	3.4
Errors and omissions	-1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance <sup>1</sup>	5.5	-8.5	-6.9	-2.5	-4.5	-1.9	-2.4	-2.0	0.3	0.4

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> Overall balance does not include prospective budget support and project grants.

**Table 7. The Gambia: External Financing Needs, 2023–26**  
(Millions of U.S. dollars)

	2023	2024	2025	2026
1. Total financing requirement	-187.9	-275.3	-233.8	-226.2
Current account deficit (excl. official transfers)	-171.1	-208.1	-164.8	-140.9
Public debt amortization	-53.7	-36.8	-59.1	-64.7
Repayment to the IMF	-5.4	-5.2	-7.0	-12.8
Change in official reserves	42.4	-25.1	-2.9	-7.8
Arrears repayment	...	...	...	...
2. Total financing sources	116.3	191.9	150.4	142.7
Capital transfers	120.9	141.6	143.0	143.7
Foreign direct investment (net)	102.4	106.5	110.5	114.6
Portfolio investment (net)	4.5	5.2	5.7	6.1
Public sector debt financing	54.9	60.6	60.6	56.8
Public sector	54.9	60.6	60.6	56.8
Non-Public sector	-0.8	-3.9	-2.9	0.0
Short-term debt				
Other net capital inflows <sup>1</sup>	-166.4	-122.0	-169.4	-178.5
Exceptional financing (CCRT debt relief) <sup>2</sup>	0	0	0	0
Errors and Omissions	0.0	0.0	0.0	0.0
3. Total financing needs	71.5	83.3	83.4	83.5
Budget support (grants)	64.8	50.0	50.1	50.2
Other current transfers	...	...	...	...
IMF disbursements	6.7	33.3	33.3	33.3
<i>Of which</i> : ECF augmentation	...			
Exceptional financing	0.0	0.0	0.0	0.0
<i>Of which</i> : CCRT debt relief	0.0	0.0	0.0	0.0
DSSI	0.0	0.0	0.0	0.0
4. Financing needs	0.0	0.0	0.0	0.0

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> Includes changes in commercial bank NFA, private trade financing and SDR allocation.

<sup>2</sup> The grant for debt service falling due through April 13, 2022 is available under the CCRT.

**Table 8. The Gambia: Decomposition of Public Debt and Debt Service by Creditor, 2022–2024<sup>1</sup>**

	Debt Stock (end of period)			Debt Service						
	2022			2022	2023	2024	2022	2023	2024	2025
	(In US\$ millions)	(Percent total debt)	(Percent GDP)	(In US\$ millions)			(Percent GDP)			
<b>Total</b>	1,669.3	100.0	82.8	117.8	170.6	174.0	5.8	7.2	6.4	7.2
<b>External</b>	1,029.3	61.7	51.1	69.4	71.3	61.8	3.4	3.0	2.3	2.6
Multilateral creditors	701.5	42.0	34.8	45.0	55.9	33.1	2.2	2.4	1.2	2.4
IMF	129.5	7.8	6.4							
World Bank	127.2	7.6	6.3							
ADB/AfDB/IADB	52.0	3.1	2.6							
Other Multilaterals	392.8	23.5	19.5							
<i>o/w: IsDB and OFID</i>	226.5	13.6	11.2							
Bilateral Creditors	300.0	18.0	14.9	21.9	12.0	24.5	1.1	0.5	0.9	0.8
Paris Club	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>o/w: ING Bank N.V. and Govt. of Belgium</i>	0.4	0.0	0.0							
Non-Paris Club	299.6	17.9	14.9	21.9	12.0	24.5	1.1	0.5	0.9	0.8
<i>o/w: Saudi and Kuwait Fund</i>	156.3	9.4	7.8							
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	27.7	1.7	1.4	2.5	3.4	4.2	0.1	0.1	0.2	0.1
<i>o/w: M.A. Kharafi and Sons</i>	27.7	1.7	1.4	2.5	3.4	4.2				
Other international creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>o/w:</i>	0.0	0.0	0.0							
<b>Domestic</b>	640.0	38.3	31.8	48.5	99.4	112.3	2.4	4.2	4.1	4.7
Held by residents, total <sup>4</sup>	640.0	38.3	31.8	48.5	99.4	112.3	2.4	4.2	4.1	4.7
Held by non-residents, total <sup>4</sup>	-	0	0	0	0	0	0	0	0	0
T-Bills	288.8	17.3	14.3	12.1	21.4	22.6	0.6	0.9	0.8	0.0
Bonds	351.2	21.0	17.4	36.4	77.9	89.7	1.8	3.3	3.3	4.7
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Memo items:</b>										
Collateralized debt <sup>2,4</sup>	n/a									
Contingent liabilities <sup>3,4</sup>	n/a									
Nominal GDP	2,015.2									

<sup>1</sup> As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

<sup>2</sup> Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

<sup>3</sup> Includes other-one off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

<sup>4</sup> Capacity constraints limit data availability. Plans to fill the data gaps will be discussed at subsequent program reviews.

**Table 9. The Gambia: Financial Soundness Indicators for the Banking Sector, 2015–23**

	2015	2016	2017	2018	2019	2020	2021	2022	2023		
	December								Mar.	June	Sep.
(Percent, unless otherwise indicated)											
<b>Capital Adequacy Ratios</b>											
Risk Weighted Assets Adjusted Capital Adequacy ratio	33.1	38.2	33.6	31.7	31.4	32.6	29.0	24.8	24.4	24.6	...
Regulatory Capital (i.e. T1+T2)	34.8	39.8	35.1	33.0	32.7	33.8	30.6	26.0	25.9	25.8	...
Primary Capital ratio (i.e. T1)	31.4	35.9	31.9	30.3	30.1	30.1	27.3	23.5	23.3	23.4	...
Non-performing Loans (NPLs) to Primary Capital	7.9	9.8	6.8	3.4	5.8	7.8	4.7	8.6	7.5	6.3	...
<b>Assets Quality Ratios</b>											
Non-Performing Loans Ratio	6.5	9.3	7.2	3.3	4.5	6.8	5.1	4.6	4.4	3.5	...
Aggregate Provision Level	82.2	79.1	99.1	100.2	73.4	80.1	81.0	317.8	104.0	99.6	...
Loan Loss Reserve Ratio	4.6	6.8	6.6	2.9	2.5	4.0	3.0	12.1	4.0	3.2	...
<b>Earnings Ratios</b>											
Return on Assets (ROA)	0.5	0.7	1.6	1.6	1.9	1.9	1.8	2.1	2.8	2.6	...
Return on Equity (ROE)	3.5	4.2	11.0	11.3	15.4	15.3	16.4	20.6	25.3	23.1	...
Net Interest margin	1.8	1.9	8.1	5.9	6.5	6.5	5.4	4.9	5.5	6.1	...
Non-interest Income Ratio	33.2	27.6	31.7	10.9	40.2	38.3	42.4	48.8	45.5	43.0	...
<b>Liquidity Ratios</b>											
Liquid Assets to Short-term Liabilities to Gambian Public	93.4	101.3	92.9	94.8	92.0	93.5	92.0	63.7	70.9	70.0	...
Dalasi Liquid Assets to Dalasi Deposits	88.4	97.5	89.0	93.5	94.7	93.2	97.4	63.8	69.7	67.1	...
Time Deposits to Total Deposits	18.1	17.3	14.3	12.9	11.2	11.7	9.0	9.2	7.7	8.3	...
<b>Sectoral Distribution of credit</b>											
Agriculture and Fishing	3.6	6.5	8.5	1.7	2.0	3.8	0.3	13.3	11.9	10.4	7.4
Manufacturing & Industries	3.4	0.7	0.7	0.4	1.2	1.0	1.0	3.4	3.8	5.3	4.0
Building & Construction	8.5	9.9	13.7	19.7	27.3	27.6	32.8	21.0	21.6	15.8	18.1
Transport & Communication	10.3	9.0	8.1	7.7	7.6	7.6	3.0	2.8	2.6	3.2	2.4
Commerce	39.4	31.2	31.1	31.2	22.9	23.4	20.9	15.5	14.9	15.2	17.7
Tourism	2.6	2.4	5.2	10.8	5.6	5.6	3.4	2.6	2.9	2.7	2.7
Financial Institutions & Enterprise services	4.2	2.1	3.0	3.2	1.2	2.6	2.8	1.9	1.9	2.3	2.3
Other activities combined	27.9	38.1	29.6	25.3	32.2	28.4	35.7	39.5	40.3	45.1	45.4

Source: Central Bank of The Gambia, and IMF Staff Calculations

**Table 10. The Gambia: Indicators of Capacity to Repay the Fund, 2021–36**  
(In percent of the indicated variable)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	Act.	Act.	Projections													
<b>Fund obligations based on existing credit</b>																
Principal (millions of SDRs)	1.09	2.03	2.10	3.89	5.17	9.44	13.94	16.72	17.22	15.17	10.11	5.61	0.50	0.00	0.00	0.00
Charges and interest (millions of SDRs) <sup>1</sup>	0.01	0.00	0.59	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
<b>Fund obligations, existing and prospective credit</b>																
Principal (millions of SDRs)	1.09	1.25	2.10	3.89	5.17	9.44	13.94	16.72	18.22	22.31	21.77	21.65	15.54	13.03	7.90	3.38
Of which: RCF	0.00	0.00	1.94	3.89	4.67	5.44	5.44	3.11	3.11	1.56	0.00	0.00	0.00	0.00	0.00	0.00
Of which: ECF	1.09	1.25	0.16	0.00	0.50	4.00	8.50	13.61	15.11	20.75	21.77	21.65	15.54	13.03	7.90	3.38
Charges and interest (millions of SDRs) <sup>1</sup>	0.01	0.96	0.59	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
<b>Total obligations, existing and prospective credit<sup>2</sup></b>																
In millions of SDRs	1.10	2.21	2.69	5.25	6.53	10.80	15.30	18.08	19.58	23.67	23.13	23.01	16.90	14.39	9.26	4.74
In millions of US\$	1.57	2.96	3.61	7.08	8.85	14.69	20.84	24.71	26.60	32.20	31.50	31.34	23.02	19.58	12.61	6.45
In percent of Gross International Reserves	0.30	0.65	0.88	1.62	2.01	3.28	4.45	5.02	3.86	3.35	2.47	1.88	1.07	0.71	0.36	0.15
In percent of exports of goods and services	1.51	1.26	1.32	2.13	2.36	3.50	4.44	4.85	4.81	5.24	4.58	4.06	2.64	1.98	1.11	0.50
In percent of debt service <sup>1</sup>	3.34	4.52	5.95	15.50	12.00	17.18	23.83	24.70	25.06	30.59	30.88	33.63	26.40	23.11	16.97	9.27
In percent of GDP	0.08	0.14	0.15	0.26	0.29	0.46	0.61	0.69	0.68	0.76	0.68	0.62	0.42	0.33	0.19	0.09
In percent of quota	1.77	3.55	4.32	8.44	10.50	17.36	24.60	29.07	31.48	38.05	37.19	36.99	27.17	23.14	14.89	7.62
In percent of revenues net of grants	0.54	1.16	1.26	2.02	2.33	3.52	4.58	5.03	4.58	5.46	4.92	4.56	3.17	2.48	1.47	0.69
<b>Outstanding Fund credit</b>																
In millions of SDRs	74.05	96.81	97.76	123.95	141.35	154.47	140.52	123.80	105.58	83.27	61.51	39.85	24.31	11.28	3.38	0.00
In millions of US\$	105.48	129.45	131.32	167.05	191.52	210.15	191.44	169.19	143.42	113.29	83.76	54.27	33.11	15.35	4.60	0.00
In percent of Gross International Reserves	19.89	28.47	31.85	38.19	43.49	46.89	40.87	34.41	20.81	11.79	6.58	3.26	1.54	0.56	0.13	0.00
In percent of exports of goods and services	101.82	55.14	48.01	50.37	51.05	50.07	40.80	33.19	25.93	18.42	12.19	7.03	3.80	1.55	0.41	0.00
In percent of debt service <sup>1</sup>	224.90	198.08	216.13	366.02	259.72	245.68	218.90	169.13	135.11	107.61	82.12	58.25	37.97	18.12	6.19	0.00
In percent of GDP	5.16	5.99	5.49	6.08	6.34	6.56	5.64	4.70	3.69	2.68	1.82	1.08	0.61	0.26	0.07	0.00
In percent of quota	119.05	155.64	157.2	199.3	227.3	248.3	225.9	196.0	169.7	133.9	98.9	64.1	39.1	18.1	5.4	0.00
In percent of revenues net of grants	36.27	50.62	45.75	47.74	50.36	50.29	42.06	34.47	24.70	19.22	13.07	7.90	4.56	1.94	0.54	0.00
<b>Net use of Fund credit (millions of SDRs)</b>																
Disbursements	31.26	22.77	2.90	26.19	17.39	13.12	-13.94	-16.72	-18.22	-22.32	-21.76	-21.66	-15.54	-13.03	-7.90	-3.38
Of which: RCF	35.00	24.80	5.00	33.08	22.56	22.56	0.00	0.00	0.00	-0.01	0.01	-0.01	0.00	0.00	0.00	0.00
Of which: ECF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments and Repurchases	35.00	24.80	5.00	30.08	22.56	22.56	0.00	0.00	0.00	-0.01	0.01	-0.01	0.00	0.00	0.00	0.00
Of which: RCF	3.74	2.03	2.10	3.89	5.17	9.44	13.94	16.72	18.22	22.31	21.77	21.65	15.54	13.03	7.90	3.38
Of which: ECF	1.56	0.78	1.94	3.89	4.67	5.44	3.11	3.11	3.11	1.56	0.00	0.00	0.00	0.00	0.00	0.00
Of which: ECF	2.18	1.25	0.16	0.00	0.50	4.00	8.50	13.61	15.11	20.75	21.77	21.65	15.54	13.03	7.90	3.38
CCR Trust debt relief <sup>3</sup>	3.97	0.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Memorandum items:</b>																
Nominal GDP (millions of US\$)	2,044.92	2,161.24	2,391.66	2,748.53	3,019.15	3,205.87	3,395.61	3,602.78	3,885.34	4,230.90	4,607.21	5,016.98	5,463.20	5,949.11	6,478.23	7,054.42
Exports of goods and services (millions of US\$)	103.59	234.79	273.54	331.64	375.14	419.73	469.26	509.73	553.16	615.07	687.31	772.03	871.89	990.24	1,131.16	1,295.76
Gross International Reserves (millions of US\$)	530.41	454.72	412.33	437.47	440.36	448.13	468.40	491.73	689.12	960.52	1,272.90	1,664.13	2,151.39	2,741.41	3,467.21	4,353.51
Debt service (millions of US\$) <sup>1</sup>	46.90	65.35	60.76	45.64	73.74	85.54	87.46	100.04	106.15	105.28	101.99	93.17	87.18	84.74	74.30	69.62
Quota (millions of SDRs)	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2
Revenues net of grants (millions of US\$)	290.8	255.7	287.1	349.9	380.3	417.9	455.2	490.9	580.6	589.5	640.8	686.6	726.1	790.1	859.8	935.6

Sources: IMF staff estimates and projections.

<sup>1</sup> On May 24, 2019 the IMF Executive Board approved a modified interest rate setting mechanism which effectively sets interest rates to zero on ECF and SCF through June 2021 and possibly longer. The Board also decided to extend zero interest rate on ESF till end June 2021, while interest rate on RCF was set to zero in July 2015. Based on these decisions and current projections of SDR rate, the following interest rates are assumed beyond June 2021: 0/0/0 percent per annum for the ECF, SCF and ESF, respectively. The Executive Board will review the interest rates on concessional lending by end-June 2021 and every two years thereafter.

<sup>2</sup> Total obligations include principal and charges and interest.

<sup>3</sup> The grant for debt service falling due through April 13, 2022 is available under the CCRT.

**Table 11. The Gambia: Proposed Schedule of Reviews and Disbursements, 2024–26**

Availability	Disbursement		Condition for Disbursement <sup>1</sup>
	In Millions of SDR	In percent of Quota	
January 12, 2024	8.29	13.33	Approval of the Arrangement
March 31, 2024	8.29	13.33	Board completion of the first review based on observance of performance criteria for December 31, 2023.
September 30, 2024	8.29	13.33	Board completion of the second review based on observance of performance criteria for June 30, 2024.
March 31, 2025	12.44	20.00	Board completion of the third review based on observance of performance criteria for December 31, 2024.
September 30, 2025	12.44	20.00	Board completion of the fourth review based on observance of performance criteria for June 30, 2025.
March 31, 2026	12.44	20.00	Board completion of the fifth review based on observance of performance criteria for December 31, 2025.
September 30, 2026	12.45	20.01	Board completion of the sixth review based on observance of performance criteria for June 30, 2026.
<b>Total Disbursements</b>	<b>74.64</b>	<b>120.0</b>	

Source: IMF staff estimates.

<sup>1</sup> In addition to generally applicable conditions under the ECF Arrangement.

## Annex I. Status of Key Recommendations from 2021 Article IV Consultation

*Several recommendations from the 2021 Article IV consultation have been implemented, including on public procurement, tax and customs administration, SOE sector, and financial supervision. The recommendations on foreign exchange policy are under implementation. Some other key recommendations are still pending, including the adoption of the anti-corruption bill and the full use of the investment prioritization tool.*

<b>Policies</b>	<b>Key Recommendations</b>	<b>Status of Implementation</b>
<b>Fiscal Policy</b>	Strictly enforce the selection and prioritization of public investment projects by the strategic review board, expand its mandate to cover both domestically and foreign-financed projects.	With the support of the IMF and World Bank, the Gambia Strategic Review Board (GSRB) was equipped with the tools to assess the viability of new investment projects. The board has assessed a few foreign financed projects and some PPP arrangements. However, the assessment of domestically financed projects is yet to begin.
	Adhere to the public procurement rules to maximize benefits from expenditure, including from large infrastructure projects.	A new public procurement bill was approved in 2022. The regulations are being finalized. GPPA began regular publication of all procured contracts.
	Enhance revenue mobilization through the implementation of the 2018 TADAT recommendations, including on tax expenditure and digitalization.	The cleansing of the taxpayer registry and the building of the taxpayer ledger for the large taxpayer were completed. An internal affairs unit was created. A taxpayer charter was published. Digitalization advanced by connecting all regional offices to the internet, enhancing GAMDAXNET, launching the ASYCUDA World and securing funding for ITAS.
<b>Debt Policy</b>	Enhance debt management through regular data reconciliation with creditors and improved coordination between the debt directorate and the managers of foreign financed projects.	A data reconciliation exercise was conducted with support from the World Bank; a LTX from the US treasury is supporting the debt directorate. While some issues were noticed, more frequent debt reconciliation exercises are now conducted, and project managers channel their disbursement requests through the Ministry of Finance.
	Strictly adhere to the borrowing plan and prioritize grant and concessional financing.	The Gambia has been prudent in contracting new debt. In 2021, no debt was contracted. In 2022 out of the US\$115 million approved in the borrowing plan only US\$ 61million was contracted, all concessional. The country has been exploring new financing tools.
<b>Monetary and Exchange Rate Policies</b>	Strengthen the monetary policy framework to better address inflationary pressures and increase foreign reserves.	The CBG is one of the few central banks in the region to use the FPAS model to formulate monetary policy and guide the quarterly MPC decisions. Efforts have been made to maintain high reserves, covering 4.5 months of prospective imports, including by saving three quarters of the 2021 SDR allocation for reserves.
	Maintain a flexible exchange rate regime.	The CBG maintains a de jure flexible exchange rate regime but has been confronted with challenging FX pressures, originating from the rising imports costs. The Fund has provided a TA mission on FX management and the team is working with the CBG on implementing its recommendations.

<b>Policies</b>	<b>Key Recommendations</b>	<b>Status of Implementation</b>
<b>Financial Sector Policies</b>	Implement the 2019 FSSR recommendations – including on risk-based supervision and stress testing – and the 2020 safeguards assessment	The CBG has developed the capacity to perform quarterly stress testing for all banks. Several supervision directives are being updated. Recommendations of the 2020 safeguards assessment have been implemented. The CBG is timely audited with no adverse opinions.
	Finalize and commence the implementation of the financial inclusion strategy.	The financial inclusion strategy has been finalized and launched. It aims at providing access to the formal financial system for 70 percent of the adult population by 2025, including for the most vulnerable groups, women, and youth. A steering committee has been put in place and the central bank is spearheading the implementation of the strategy by focusing on FinTech, mobile money and expanding the payment systems for a more integrated financing sector.
<b>Structural Policies</b>	Strengthen the governance and financial management of SOEs.	The Government has enacted a new SOEs bill and is working on the creation of an SOEs commission. Performance contracts were signed with four SOEs. To reduce fiscal burdens and risks arising from SOEs, the Government took major decisions to increase water and electricity tariffs by 30 percent and negotiate a PPP agreement on the Port of Banjul.
	Expand (complete the data collection and processing) the Social Registry to facilitate government delivery of relief support to the most vulnerable households.	The Social Registry has been extended to all rural areas and is being used by the World Bank and UN agencies to deliver targeted support to the most vulnerable. Data collection is ongoing to include the Greater Banjul Area, which will allow for full coverage of the country.
	Address the weaknesses in the business environment, including on governance.	Progress has been made in improving air and road transportation and in expanding electricity access. High-level dialogue between the government and the private sector has been resumed. The Gambia and Senegal have signed various agreement aimed at fostering economic ties between the two countries. The Gambia welcomed in early 2023 a governance diagnostic mission and they are ready to publish the report and implement its recommendations. Nonetheless, the anti-corruption bill has not been adopted yet.
	Address biases and barriers against women and youth to support growth and inclusiveness and address social inequality.	A Ministry of Gender has been created. The government has created a Women Enterprise Fund to provide women access to finance and have prepared the 2023–2027 National Strategic Plan on Gender and Women Empowerment. Work is underway to pilot gender budgeting in the 2024 budget. Several other laws were enacted or amended to enhance women rights.
	Adopt climate-related policies to ensure sustainable development.	The National Development Plan 2013–27 is green recovery focused, making resilience to climate shocks a transversal policy for the country given its vulnerability to climate change. The country has expressed interest in obtaining an RSF and wants to benefit from a climate PIMA from the IMF. The World Bank intends to prepare a Country Climate and Development Report (CCDR) for The Gambia by mid-2024.



## Annex II. An Overview of Socio-Economic Progress and Challenges

*Since its transition from a 22-year autocratic rule in 2017, The Gambia has made marked progress in justice, social and economic, reforms. These efforts have led to the removal of the country from the World Bank fragility list in 2022. However, the country is still confronted with numerous challenges inherited from the past, compounded by the devastating impacts of the multiple external shocks in recent years.*

- 1. The Gambia is gradually recovering from its 22 years of authoritarian regime and economic mismanagement.** Those two decades were characterized by a lack of socio-political freedom, human rights abuses, volatile economic growth, high debt vulnerabilities stemming from misuse of public resources and lack of fiscal discipline, and large balance of payment needs with nearly depleted external reserves. The country came to a turning point in early 2017 after transitioning to a new government committed to the rule of the law, freedom of speech, and socio-economic development. Good progress has been made in restoring democracy, civil liberties, and press freedom; recovering the stolen assets under the former President Yahya Jammeh; and conducting a well-publicized process on the Truth, Reconciliation, and Reparations Commission (TRRC). Transparent and fair presidential, parliamentary, and local elections took place recently. Economic management has also changed radically. Development partners, including the IMF, have supported those reforms.
- 2. Following this turn-around, the Gambia has performed comparatively well on a wide range of political, social, and economic parameters.** The Gambia was removed from the World Bank list of fragile countries; its index improved from a peak of 89.4 (37<sup>th</sup> rank) in 2017 to 78.6 (57<sup>th</sup> rank) in 2022. The Gambia made significant progress on the Reporters Without Borders 2022 World Press Freedom. It improved on the 2022 Global Peace Index. The 2022 Mo Ibrahim report indicates that Gambia has outperformed the continental trend in participation, rights and inclusion with an improvement of almost 20 points over the last ten years. The post democratic turn-around economic policies of the authorities, supported by stepped-up engagement of development partners, allowed The Gambia to lessen the impacts of the COVID-19 pandemic relative to peer countries. Economic growth decelerated by a smaller magnitude; public debt did not increase; and foreign exchange reserves almost doubled.
- 3. Nonetheless, some critical socio-political reforms remain pending, and the TRRC recommendations are still awaiting full implementation.** The security sector reform needs to be completed and bring to an end the mission of the ECOMIG peacekeeping forces, which frustrates a part of the population and the security forces. An attempted coup d'état was thwarted in December 2022. The anti-corruption bill still awaits approval. The country's corruption index, after notable improvement in 2017 and 2018 has deteriorated in 2022. The authorities have conducted a governance diagnostic earlier this year, whose recommendations they intend to implement with IMF support. The constitutional review is stalled, primarily because of disagreement among stakeholders over the retroactivity of the two-term limit on presidential mandates. Other risks are stemming from

occasional armed clashes between Senegalese soldiers and the Casamance separatist rebels along The Gambia's southern borders, which have resulted in deaths and displacements as well as disruptions of timber exports in that area.

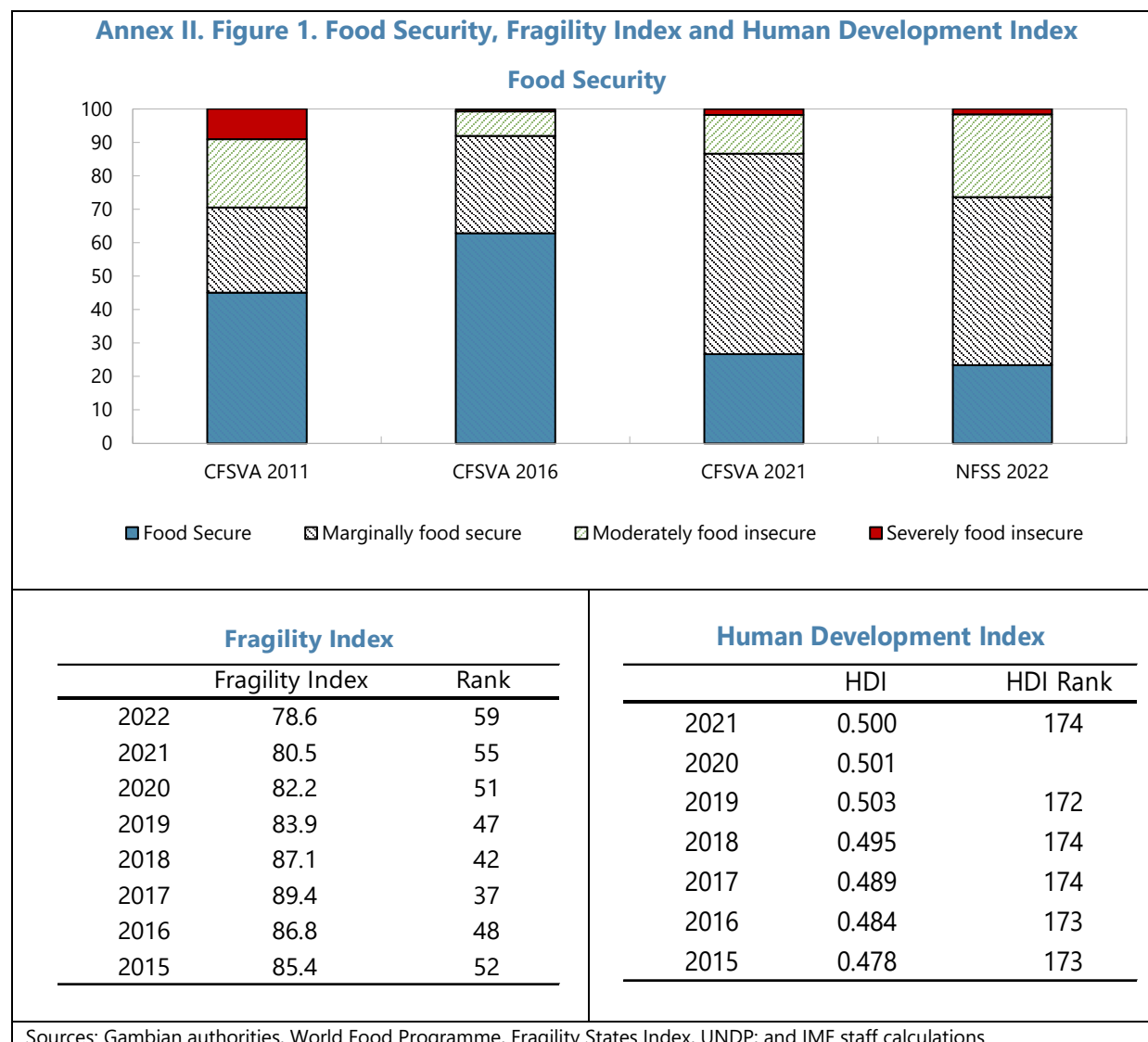
**4. The country's socio-economic hurdles also remain enormous, hampering the attainment of the SDGs.** Widespread losses of jobs and income following the COVID-19 pandemic reversed the gain in poverty reduction and led to more than half of The Gambian population living below the poverty line. The national poverty rate, which declined from 48.6 percent in 2015 to about 45.8 percent in 2019, was projected to reach 44.9 percent in 2020 based on the pre-covid projections (WB, 2022). However, the poverty survey conducted in 2020 showed an increase in the poverty rate to 53.4 percent. Rural poverty is above 70 percent compared with less than 40 percent in urban areas, while inequality increases more rapidly in urban areas as youth fleeing the rural areas are confronted with limited urban jobs which is exposing them to the danger of illegal immigration. The cost-of-living crisis induced by Russia's war in Ukraine exacerbated the deterioration of households' income and exacerbated food insecurity (Annex II. Figure 1). The Human Development Index has declined from 0.503 in 2019 to 0.500 in 2021 as many children were left out of school for several months, health services diverted their resources to addressing COVID-19, and job and income losses disproportionately impacted women and poor households during the pandemic. The country ranked 174<sup>th</sup> out of 191 countries on the 2022 HDI report. The Gambia has undertaken two Voluntary National Review (VNR) processes, showing progress and challenges towards the SDGs.<sup>1</sup>

**5. Limited fiscal space and high risk of debt distress is further constraining infrastructure and social service delivery.** The debt reduction envisaged at the approval of previous 2020-23 ECF program did not materialize owing to the multiple shocks that hindered revenue mobilization and significantly increased spending needs to mitigate the impact of the shocks and support the recovery. The external debt and overall debt risk ratings have remained at high risk of debt distress. Addressing debt vulnerabilities and creating fiscal space to help meet development needs are key macroeconomic objectives. This will require strengthening revenue mobilization through digitization, tax compliance and expand the base; and improving spending efficiencies through better budget preparation, the respect of procurement rules and strict review of all new projects.

**6. Economic progress faces structural, institutional, geographic, and climatic challenges.** Economic activity and exports are dependent on a few sectors, including tourism, remittances, and agriculture. These sectors are highly vulnerable to exogenous shocks. The Gambia river, which divides the country in two narrow and long strips of land, presents challenges for public service delivery and socio-economic integration between the two banks of the river connected with only three bridges and a few aging ferries crossing areas on the 300 km length of river. Cross-border trade with other West African countries relies on access to the overland transit corridor through its

<sup>1</sup> In the 2022 SDG Report, The Gambia ranked 122nd out of 163 countries with a score of 60.2, which is above the regional average of 53.6 (NR-NDP 20230-27). The country has achieved SDG12 on responsible consumption and production and SDG13 on climate action, and made significant progress in achieving SDG16 on peace, justice, and strong institutions. However, despite recent progress recently made in access to education, improving health indicators, and fostering gender equality, the country faces challenges in meeting the remaining SDGs. The VNR also revealed that data gaps are constraining the monitoring of progress towards the SDGs.

sole neighbor. The absence of specialized commercial courts with weak collateral enforcement, combined with a large infrastructure gap, weighs heavily on the business environment. The more frequent and more devastating droughts, floods,<sup>2</sup> and rising sea levels in recent decades have destroyed lives and livelihoods, hindered agricultural activity, and amplified food insecurity.<sup>3</sup>



<sup>2</sup> The July 2022 flood affected close to 50 thousand households and caused about US\$20 million (about 1 percent of GDP) damage according to the Disaster Management Agency.

<sup>3</sup> The share of the moderately food insecure population increased from 11.6 percent in the 2021 consolidated food security vulnerability assessment to 24.8 percent in the 2022 nutrition and food security survey. Latest information indicate that the situation continued to worsen in 2023.

### Annex III. Risk Assessment Matrix<sup>1</sup>

Sources of risks	Relative Likelihood	Impact if realized	Policy Response
<b>External: Intensification of regional conflict(s).</b>	<b>High</b> Escalation of Russia's war in Ukraine or other regional conflicts and resulting economic sanctions disrupt trade (e.g., energy, food, tourism, and/or critical supply chain components), remittances, refugee flows, FDI and financial flows, and payment systems, and lead to refugee flows.	<b>High</b> Income in destinations of exports and origins of tourists will be hindered. The Gambia's exports would dwindle, and tourist arrivals and remittances would decline. Growth would slow down, and foreign exchange pressures would reemerge.	<ul style="list-style-type: none"> <li>Diversify economic activities as well as exports destinations and tourists' origins to reduce vulnerabilities to shocks in a few sectors and dependence on limited groups of countries.</li> <li>Resolve regional trade disruptions to reduce dependence on global trade.</li> </ul>
<b>External: Commodity price volatility.</b>	<b>High</b> A succession of supply disruptions (e.g., due to conflicts, uncertainty, and export restrictions) and demand fluctuations (e.g., reflecting China reopening) causes recurrent commodity price volatility, external and fiscal pressures, and social and economic instability.	<b>High</b> Dependence on imported commodities leads to higher volatility in import bill and volume. Higher exchange rate and domestic price volatility will cause social and economic instability. Unpredictable trade values and production costs slow investment and growth.	<ul style="list-style-type: none"> <li>Provide targeted support to vulnerable households using the expanded social registry.</li> <li>Strengthen the fiscal oversight of NAWEC.</li> <li>Accelerate implementation of national energy roadmap with World Bank support, including use of alternative energy production methods.</li> </ul>
<b>External: Abrupt global slowdown or recession.</b>	<b>Medium</b> Global and idiosyncratic risk factors combine to cause a synchronized sharp growth slowdown, with recessions in some countries, adverse spillovers through trade and financial channels, and market fragmentation, causing sudden stops.	<b>High</b> Exports markets would shrink. Domestic economic activity would be severely impaired. The tax base would shrink, and spending may soar to support the economy and society, resulting into risk of debt distress and widening external imbalances.	<ul style="list-style-type: none"> <li>Build adequate fiscal and foreign exchange buffers.</li> <li>Roll-out targeted social programs to support the vulnerable population.</li> <li>Develop the domestic market to reduce dependence on global demand.</li> </ul>

Sources of risks	Relative Likelihood	Impact if realized	Policy Response
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<sup>1</sup> The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

<b>Domestic: New Covid-19 outbreaks.</b>	<b>Medium</b>	<b>High</b>	<ul style="list-style-type: none"> <li>Accelerate Covid-19 vaccination campaigns through all possible channels.</li> <li>Strengthen preventive health system.</li> </ul>
	Covid-19 infections resume due to the low vaccination rate.	Economic activity would be locked down. Broad-based income support would be needed for the population.	
<b>Domestic: Social discontent and instability.</b>	<b>High</b>	<b>High</b>	<ul style="list-style-type: none"> <li>Involve CSOs and other stakeholders in the society in policy decisions.</li> <li>Strengthen governance further, including through implementation of recommendations from the recent governance diagnostic.</li> </ul>
	Persistently high inflation is eroding households' real income, increasing inequality and intensifying wage increase demands, with the potential for heightened social tensions.	Socio-political uncertainty hurts market confidence and private investment, delays economic and policy reforms, and weakens institutions.	
<b>Domestic: Higher frequency and severity of natural disasters.</b>	<b>Medium</b>	<b>Medium</b>	<ul style="list-style-type: none"> <li>Strengthen food security and rural feeding programs.</li> <li>Build up fiscal and reserve buffers.</li> <li>Build resilience to natural disasters.</li> </ul>
	More frequent cycles of erratic flooding, rainfall, windstorms, and droughts cause severe damage to infrastructure and loss of human lives and livelihoods, amplifying supply chain disruptions and inflationary pressures, causing food shortages, and reducing growth.	Stock of physical and human capital, and thereby, domestic production would be adversely impacted. The number of internally displaced individuals would increase, leading to increased recovery spending and worsened fiscal situation.	

## Annex IV. External Sector Assessment

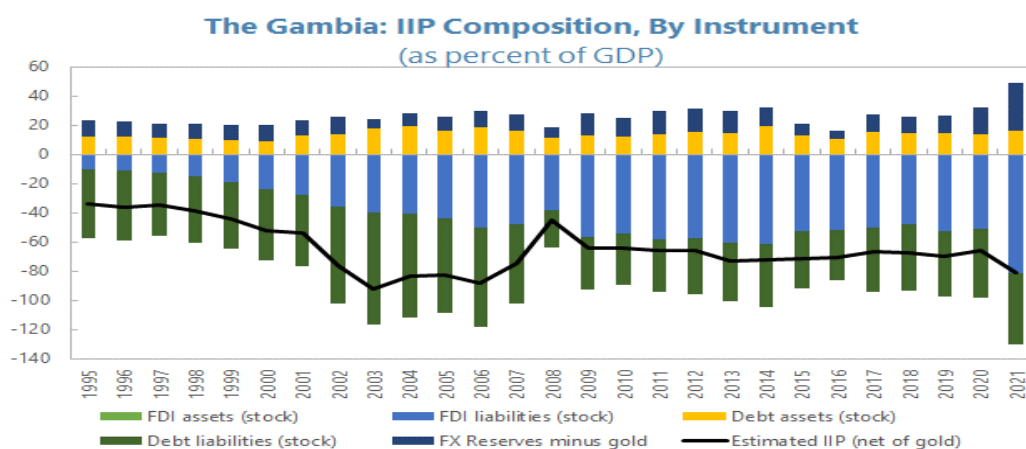
**Overall Assessment:** The external position of the Gambia in 2022 was broadly in line with the level implied by medium-term fundamentals and desirable policies. Staff assesses that the current account deficit (at 4.2 percent of GDP), after adjusting for cyclical and transitory factors related to the pandemic, was 0.6 percent of GDP below the estimated norm, implying real effective exchange rate overvaluation of 3.7 percent. The current account balance in 2023 is expected to stay similar to 2022, on the back of recovery in tourism and increased imports related to large infrastructure projects. Moving forward, lower-than-expected current transfers and the upcoming expiry of debt service deferrals are expected to exacerbate pressure on foreign exchange reserves.

**Potential Policy Responses:** Exchange rate flexibility in the context of continued structural reforms and fiscal consolidation will help sustain The Gambia's external position. Maintaining strong external buffers is essential, considering the heightened vulnerabilities related to the adverse external financing environment and Russia's war in Ukraine, as well as in anticipation of the conclusion of debt deferrals.

### Foreign Assets and Liabilities: Position and Trajectory

**Background.** The Gambia's net international investment position (NIIP) has gradually worsened since 2014, reaching approximately -81 percent of GDP in 2021. External debt and FDI liabilities have been the primary drivers of The Gambia's NIIP, with a sizeable share of the liabilities denominated in US dollars. Gross liabilities in 2021 were around 130 percent of GDP, 40 percent of which were debt liabilities.

**Assessment.** Efforts to reduce the persistent current account deficit and improve the NIIP position would help external debt sustainability in the medium term. Limits set on external borrowing under the previous ECF arrangement, and a continued build-up of FX reserves buffers by the Central Bank of The Gambia (CBG) will help maintain external sustainability.



2021 (Percent GDP)	NIIP: -81.3	Gross Assets: 48.7	Debt Assets: 16.4	Gross Liabilities: -130	Debt Liabilities: -48.8
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### Current Account

**Background.** The current account deficit in 2022 was 4.2 percent of GDP (or US\$ 91 million). In particular, imports increased significantly from 2021, largely due to higher global commodities prices. Tourist arrivals increased by 80 percent relative to 2021 but remained below pre-pandemic levels by 22 percent. Workers' remittance inflows declined from US\$527 million in 2021 to US\$476 million in 2022. The current account deficit is expected to stay at a comparable level in 2023 on the back of a recovery in tourism combined with an uptick in imports related to ongoing large infrastructure projects.

**Assessment.** The EBA-lite methodology's current account (CA) approach produces a current account gap of -0.6 percent of GDP, after including adjustors to the current account for the temporary impact of the pandemic on tourism. This gap is

associated with an adjusted current account deficit of –3.8 percent of GDP against a norm of –3.2 percent of GDP. Compared to the previous External Sector Assessment (performed in 2021), the CA gap remains small, reflecting the ongoing alignment of the external position with the level implied by medium-term fundamentals and policies deemed desirable for the Gambia. The CA gap of -0.6 percent of GDP is consistent with a REER overvaluation of 3.7 percent. The biggest driver of the relative policy gap is the public health expenditure.

### Model Estimates for 2022

	CA model 1/ (in percent of GDP)	REER model 1/ (in percent of GDP)
<b>CA-Actual</b>	<b>-4.2</b>	
Cyclical contributions (from model) (-)	0.3	
COVID-19 adjustors (-) 2/	-0.6	
Additional temporary/statistical factors (-)	0.0	
Natural disasters and conflicts (-)	-0.1	
<b>Adjusted CA</b>	<b>-3.8</b>	
<b>CA Norm</b> (from model) 3/	<b>-3.2</b>	
Adjustments to the norm (-)	0.0	
<b>Adjusted CA Norm</b>	<b>-3.2</b>	
<b>CA Gap</b>	<b>-0.6</b>	<b>-4.6</b>
o/w Relative policy gap	1.7	
Elasticity	-0.17	
<b>REER Gap</b> (in percent)	<b>3.7</b>	<b>27.4</b>

1/ Based on the EBA-lite 3.0 methodology  
2/ Additional cyclical adjustment to account for the temporary impact of the tourism (0.6 percent of GDP).  
3/ Cyclically adjusted, including multilateral consistency adjustments.

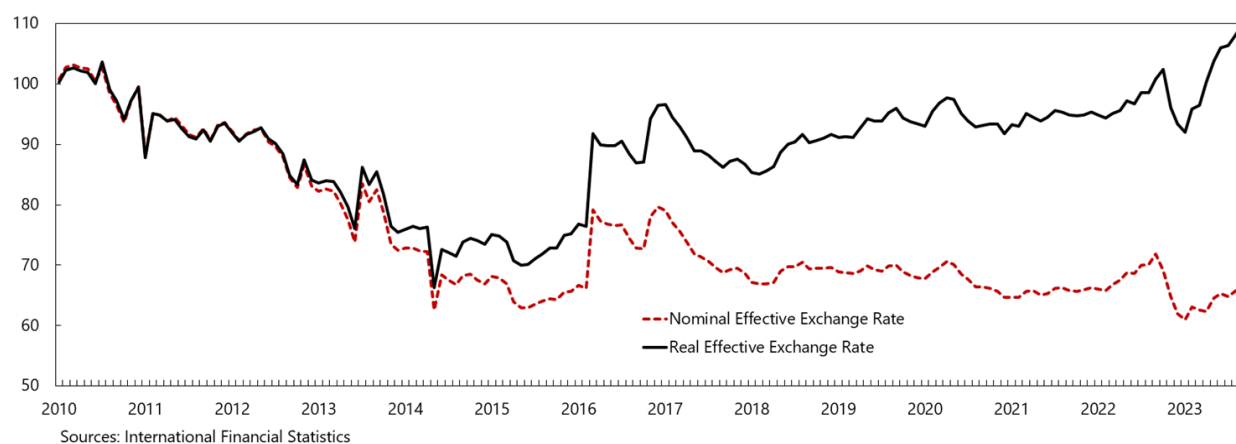
### Real Exchange Rate

**Background.** The real exchange rate depreciated slightly by 2 percent in 2022. Since January 2023, it had appreciated by 16 percent by September 2023.

**Assessment.** The CA approach of the EBA-lite model implies an overvaluation of 3.7 percent, while the REER model implies an overvaluation of 27.4 percent. Given the historically poor fit of the REER model for The Gambia, and the large residuals, staff assess that the real exchange rate is broadly in line with fundamentals with an estimated overvaluation in the range of -2 to 8 percent, consistent with the CA gap in the range from -1.6 to 0.4 percent of GDP.

### Exchange Rate Developments - Monthly

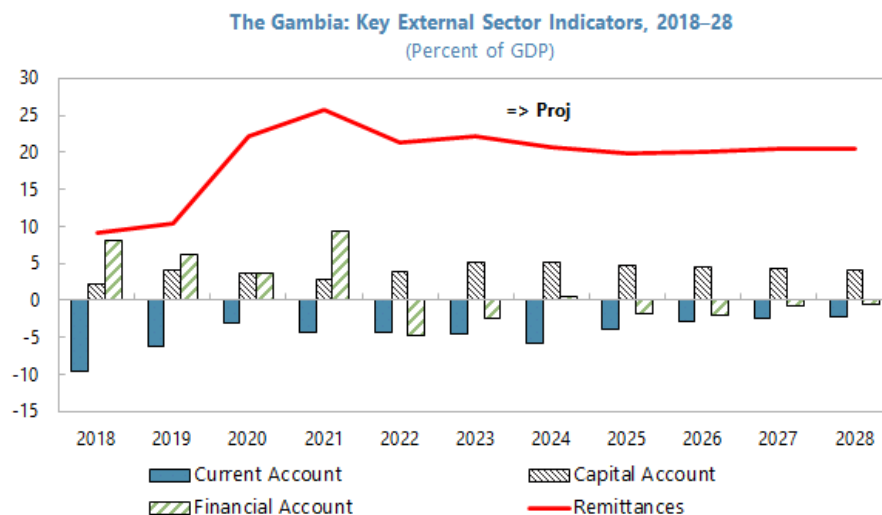
(Index 2010=100, increase is appreciation)





## Capital and Financial Accounts: Flows and Policy Measures

**Background.** The Gambia's capital account increased from 2.9 percent of GDP in 2021 to 3.8 percent in 2022, as disbursements of project (i.e., capital) grants increased. Meanwhile, the financial account showed a deterioration, declining from 9.3 percent of GDP in 2021 to -4.7 percent in 2022, due to a drop in other investment.



**Assessment.** Weak capital and financial accounts have reduced the overall balance-of-payments. Net capital and financial flows are expected to recover over the medium term.

## FX Intervention and Reserves Level

**Background.** The Gambia's gross international reserves stood at US\$454.7 million in 2022, which is 21 percent of GDP or 5.3 months of prospective imports. Gross reserves have risen markedly from a recent trough of US\$60 million in 2016. This has been driven by amplified disbursement of external financial assistance (including from the IMF), CA improvement, and private inflows of foreign exchange, which have allowed the central bank to rebuild its buffers. Reserves have declined to US\$426 million in October 2023, due to higher imports.

Since 2017, the CBG has intervened on a limited scale in the FX market. Such (opportunistic) interventions have had the primary purpose of anticipating government's forex transactions (such as for debt service) and dampening short-term exchange rate volatility. Significant forex shortages occurred in 2022, exerting pressures on the CBG to sell forex. While pressures on the foreign exchange market eased in early 2023 during the high tourist season and following depreciation of the exchange rate to better reflect market forces, forex supply has fallen below demand again in recent months. After being a net forex buyer in early 2023, the CBG has become again a net seller.

**Assessment.** Using the Fund's approach to assessing reserve adequacy in credit-constrained economies (ARA-CC), under a cost of holding reserves of 3 percent, the estimated adequate level of reserves is 3 months of imports. This is less than what staff assess as adequate level of reserves, because of The Gambia's vulnerability to BoP shocks and the sharply rising external debt service projected at the end of the debt deferral period in 2025, which is expected to put significant strains on The Gambia's FX reserves. In anticipation of the conclusion of the debt deferral period and considering the heightened vulnerabilities associated with the adverse external financing environment and Russia's war in Ukraine, staff assesses that the central bank should be holding foreign exchange reserves corresponding to at least 4.5 months of prospective imports of goods and services.



## Annex V. Concession Agreement on the Senegambia Bridge

*Given the limited fiscal space and the large development needs, the Gambian authorities are looking for innovative financing options that would not exacerbate debt vulnerabilities. The Africa50's asset recycling program consists of a concession agreement for a private partner to manage the Senegambia bridge and collect tolls in return for upfront payments to the government. Such payments would allow financing other infrastructure projects.*

- 1. The Senegambia Bridge, completed in January 2019, is a major infrastructure project.** It has a national and regional importance, connecting key regions of the country as well as northern and southern regions of Senegal. It serves as a crucial node for the regional corridor. The US\$100 million bridge, financed with a grant by the African Development Bank (AfDB), has been providing increasing resources to the budget. The authorities believe that implementing a more effective governance structure and operating the bridge 24/7 will generate significantly higher revenue. The 24-hour operation has now been possible following an agreement with Senegal to keep their borders around the bridge open 24/7.
- 2. The Gambian authorities are capitalizing on the steady income stream from the bridge to address pressing financing needs, including for the large infrastructure gap.** They plan to put in place a concession agreement with Africa50, which is an infrastructure development fund supported by the African Development Bank and some of its member countries.<sup>1</sup> The agreement is a part of the Africa50's Asset Recycling Program. It will involve a private entity, jointly owned by Government of The Gambia and Africa50, that will operate and maintain the bridge for a duration of either 25 years or when the private company realizes its expected rate of return on its investment, whichever date is earlier. In return, the concessionaire will pay a concession fee of US\$100 million to The Gambian government at different stages of the concession. During the concession period, no competing route will be developed until the traffic volume reaches a sustained profitability level.
- 3. The concession agreement will result in lower future non-tax revenue from the bridge in exchange for significant upfront payments.** During the period of the concession agreement, the government will only receive its equity share (12.5 percent) of dividend payments and a portion of which will be used to maintain the access roads to the bridge. In exchange, the agreement can generate taxes and upfront payments that can be utilized to invest in much-needed infrastructure projects. Those other infrastructure projects are expected to yield economic returns to the country and population. More broadly, The Gambian authorities are currently developing a legal framework to underpin public-private partnerships—the PPP bill—which should be finalized and adopted swiftly.

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<sup>1</sup> The agreement was signed during the visit of the President of the AfDB in Banjul in October 2023.

## Annex VI. Capacity Development Strategy, 2023–25

*The Gambia is an intensive beneficiary and user of capacity development from the IMF, which will help the authorities implement the new ECF-supported program. The focus of CD in the near and medium term will include domestic revenue mobilization (including streamlining tax expenditures), strengthening public financial management (including rationalizing spending and enhancing cash management), bolstering SOE governance, and reinforcing debt management, the monetary policy framework, financial sector supervision and macroeconomic statistics.*

### A. Context

1. **IMF Technical Assistance (TA) program will support surveillance and the new ECF-supported program objectives.** The core of Fund TA during the new program will focus on enhancing domestic revenue mobilization (including streamlining tax expenditures), strengthening public financial management (including rationalizing spending and enhancing cash management), bolstering SOE governance, and reinforcing debt management, the monetary policy framework, financial sector supervision and macroeconomic statistics. TA in these areas will play a key role in the achievement of program quantitative targets and the progress on the structural reform agenda.
2. **Three resident advisors at GRA** (revenue mobilization), **MOFEA** (macro-fiscal analysis) **and CBG** (banking supervision) **will continue to support capacity development to the end of their respective donor-funded TA projects.**

### B. Strategy and Priorities

3. **The Gambia is an intensive TA user with relatively weak institutional capacity.** CD is constrained by absorption and implementation gaps, exacerbated by low staffing level and high staff turnover. However, the capacity to absorb and implement TA has improved over the recent years. There's also good ownership at management levels and capacity absorption in the key priority areas of the new Fund-supported program. More virtual and in person CD missions have helped to upgrade work processes at the operational levels through deeper engagement due to increased interaction and "hand-holding". CD delivery by resident advisors also helps mitigate risks related to high staff turnover and low staffing levels.
4. **The authorities' priorities.** The CD's priorities are aligned with the authorities' National Development Plan (NDP) 2023-2027 and the structural reform agenda under new ECF-supported program.

<b>Priorities</b>	<b>Objectives</b>	<b>Challenges</b>
Tax Policy and Revenue Administration	Agree on new Tax Expenditure Policy in accordance with the recommendations made as part of the January 2023 tax policy mission to reduce the use of exemptions. Strengthen core tax and customs administration functions, including to improve compliance across the four taxpayer obligations (registration, filing, payment, and accurate reporting) with a focus on key economic sectors. Continue support to GRA's digital transformation while enhancing collaboration with development partners. Strengthen the Tax Policy Directorate's capacities for tax policy analysis and revenue forecasting modelling. Develop a medium-term revenue mobilization strategy. Reform the legal basis of the upstream petroleum fiscal regime.	Limited human and institutional capacity at the GRA.
PFM	TSA remaining roadmap implementation strengthened cash flow forecasting and prudent budget execution and control. Enhanced performance monitoring and reduced subsidies for SOEs and IFMIS expansion to all subvented agencies and projects. Improved fiscal data and reporting, risk monitoring, transparency, and legislation (revised Public Finance Bill). Support the Budget Directorate to align the PBB proposals with the NDP and the MTEF; and the PPP Directorate to establish a framework for public investment management. Create the conditions for climate and gender sensitive budgeting in the medium term.	Weak human and institutional capacity at MoFEA, and weak internal management and expenditure controls at SOEs, and subvented agencies.
Debt Management Reporting and Reconciliation	Strengthen external debt reporting and reconciliation. Develop a domestic borrowing plan that provides operational guidance to the CBG in line with the MTDS (i.e., lengthen maturity of domestic debt to manage rollover risk). Improve data dissemination from DLDM to the CBG.	Weak capacity in debt unit in MoFEA, slow adoption and limited use of improved systems and processes
Implementation of Recommendations from the 2019 Financial Sector Stability Review (FSSR)	Implement FSSR recommendations to strengthen supervision, stress testing, macroprudential policy and bank safety nets, resolution and crisis management.	Weak capacity, low staff numbers and dependence on extensive donor support to implement FSSR recommendations.

<b>Priorities</b>	<b>Objectives</b>	<b>Challenges</b>
Monetary policy	Improve monetary policy modeling and its integration into the monetary policy decision-making process.	Staff turnover
Money market and FX market	Improve liquidity forecasting and its management, and interbank FX market	Weak capacity and slow implementation of recommendations
Financial Market Infrastructures/Payment Systems	Operationalize an effective oversight and risk management framework for financial market infrastructures/payment systems	This important function of the CBG is at a very infant stage of development.
Governance diagnostic	Implement macro-critical structural reforms (through ECF program conditionality) to tackle weak governance and vulnerability to corruption, based on the findings and recommendations of the governance diagnostic report.	Weak human capacity and limited resources to strengthen institutional capacity.
Government Finance Statistics	Strengthen compilation and dissemination of Government finance statistics (GFS) and public sector debt statistics (PSDS) by expanding coverage, and/or increasing timeliness, frequency, and breadth of data reporting for both GFS and PSDS	Institutional capacity constraints.
External sector statistics	Strengthen the timely compilation and dissemination of balance of payments and international investment position statistics. Promote the compilation and dissemination of reliable external debt statistics.	High turnover of external sector statistics compilers. Significant source data shortcomings: imports--mostly re-exports, grants, and direct investment. Lack of coordination among public agencies such as the Central Bank of Gambia, Gambia Revenue Authority, Gambia Bureau of Statistics, Ministry of Finance and Economic Affairs and Ministry of Foreign Affairs.
Real Sector Statistics	Strengthen compilation and dissemination of National Accounts and Price statistics by ensuring comprehensive updates and rebasing in regular basis, by improving data quality, transparency, granularity, and timelines as well as by developing new macroeconomic indicators.	Institutional capacity and financial resources constraints. Dependence on extensive donor support to conduct statistical surveys in a regular basis.

## Annex VII. Enhanced Safeguards

### A. Enhanced Safeguards 1A

**1. The size of Gambia's de facto senior debt and other multilateral debt as a share of total external debt is around 68 percent and is projected to decline overtime.** This share at end-2024, which assumes two disbursements under the new ECF arrangement, will fall to around 62 percent. The debt held by institutions afforded preferred creditor status—the IMF, World Bank, and other major development banks—accounts for 30 percent of total external debt. Total multilateral debt as a share of GDP is projected to fall significantly under the program, from around 32 percent of GDP at end-2022 to below 24 percent at end-2025. The Gambia has no collateralized debt..

**Annex VII Table 1. The Gambia: Public Debt Decomposition, 2022–25<sup>1</sup>**

Creditor profile	Debt Stock (end of period)			
	Actual	Projections		
	2022	2023	2024	2025
	(In US\$ millions)			
<b>Total debt</b>	1,669.3	1,691.8	1,764.8	1,788.0
<b>External debt</b>	1,029.3	1,032.0	1,084.2	1,112.4
Multilateral creditors	701.5	664.4	667.0	706.6
IMF	129.5	131.3	167.1	191.5
World Bank	127.2	124.6	121.4	129.4
ADB/AfDB/IADB	52.0	...	...	...
Other Multilaterals	392.8	408.5	378.5	385.7
<i>o/w: IsDB and OFID</i>	226.5	...	...	...
Bilateral Creditors	300.0	331.9	344.3	346.1
<b>Domestic</b>	640.0	659.7	680.6	675.6
<b>Memo items:</b>				
Nominal GDP	2,161.2	2,391.7	2,748.5	3,019.2
<b>Multilateral and collateralized debt</b>				
<i>Multilateral debt</i>				
Percent of external debt	68.2	64.4	61.5	63.5
Percent of GDP	32.5	27.8	24.3	23.4
<i>o/w: IMF and WB</i>				
Percent of external debt	24.9	24.8	26.6	28.9
Percent of GDP	11.9	10.7	10.5	10.6
<i>o/w: ADB/AfDB/IADB</i>				
Percent of external debt	5.1	...	...	...
Percent of GDP	2.6	...	...	...
<i>o/w: Other multilaterals</i>				
Percent of external debt	38.2	39.6	34.9	34.7
Percent of GDP	18.2	17.1	13.8	12.8
<i>Collateralized debt</i>				
Percent of external debt	-	-	-	-
Percent of GDP	-	-	-	-

<sup>1</sup> As reported by Gambian authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

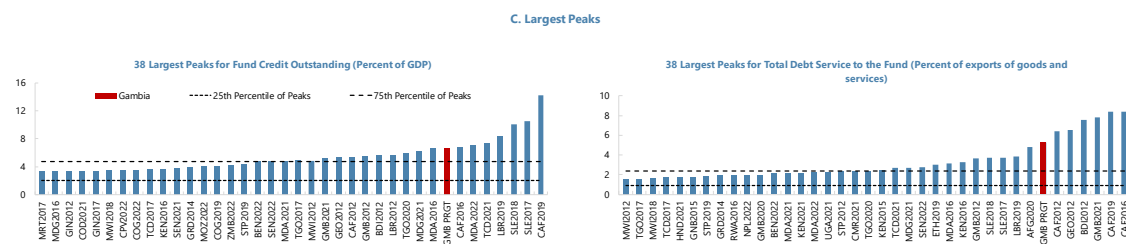
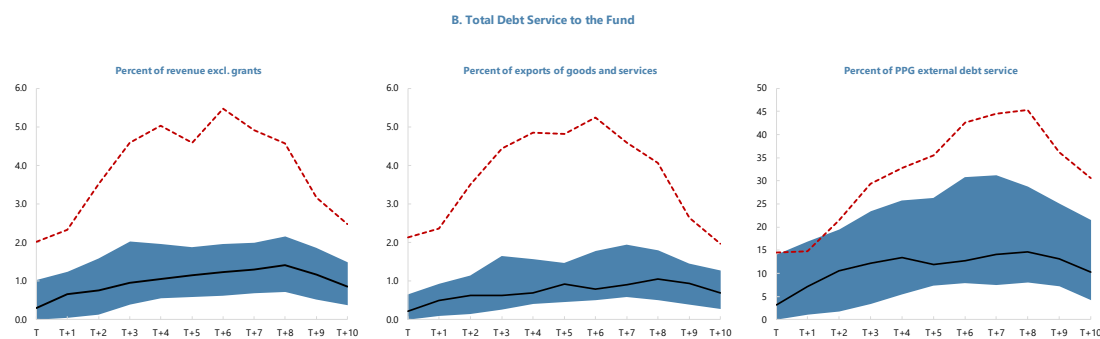
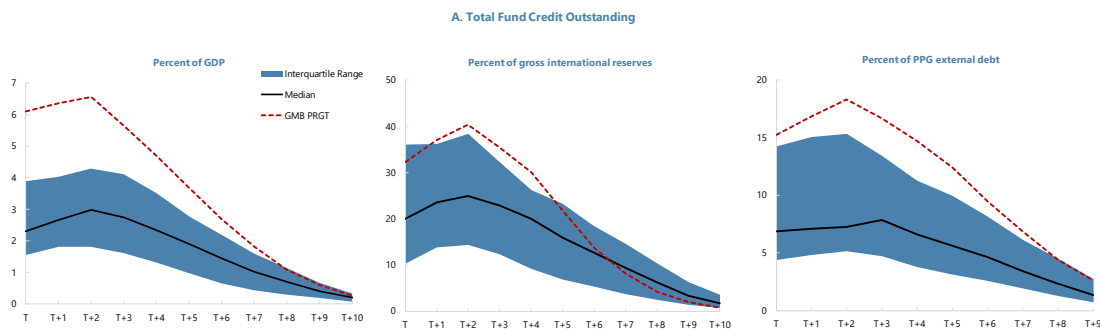
## B. Enhanced Safeguards 1B

**2. The Gambia's capacity to repay the Fund is adequate, but subject to significant risks which the new ECF-supported program will mitigate.** The stock of debt to the Fund as a share of GDP exceeds largely the top quartile of past PRGT arrangements and is amongst the PRGT's top exposures in the last decade. The various indicators of stock of debt to the Fund peak in 2026 and gradually converge towards other PRGT cases during the projection period. Based on existing and prospective drawings, debt service to the Fund, both as a share of revenue net grants and as a share of exports of goods and services, is projected to rise from around 2.0-2.1 percent in 2024, peaking in 2030 at around 5.2-5.5 percent. These ratios are well above the top quartile of past PRGT arrangements. The high ratio of debt to multilateral creditors, which is more difficult to restructure, is also contributing to the elevated capacity to repay the Fund risks. Moreover, the capacity to repay the Fund is subject to significant downside risks, including the war in Ukraine, commodity price shocks, a global slowdown, natural disasters, and other fiscal pressures. Nonetheless, risks to the capacity to repay are mitigated by the authorities' strong track record of servicing their debt obligations to the Fund, the strengthening of debt and liquidity management, and the implementation of policies and reforms under the new ECF-supported program. Such policies include the enhancement of fiscal buffers through both revenue and spending measures, the strengthening of external buffers through forex market and exchange rate policies, and the authorities' commitment to other structural reforms under the ECF arrangement.

## C. Enhanced Safeguards 2

**3. A key objective of the new ECF-supported program is to tackle debt vulnerabilities.** The Gambia's public debt is deemed sustainable but at high risk of external and overall debt distress. Debt vulnerabilities have improved in 2021-23 under the previous Fund-supported program, driven mostly by expenditure restraints. The planned 2024 fiscal consolidation will deliver a reduction of public debt of about 6 percentage points of GDP. The medium-term fiscal framework, which is predicated on enhanced domestic revenue mobilization and spending restraints, foresees further fiscal consolidation to firmly put public debt on a downward tending path in a context of expiring debt deferrals and large development and social needs. Thus, the PV of external debt remains within the threshold of 40 percent of GDP for the entire forecast horizon and the PV of total public debt is projected to decline below the benchmark of 55 percent of GDP from 2024. Although some liquidity indicators breach their respective thresholds for some years, in a similar way as in previous program reviews, they decline at the end of the projection period.

### Annex VII Figure 1. The Gambia: Capacity to Repay Indicators Compared to UCT Arrangements for PRGT Countries (In percent of the indicated variable)



Notes:  
 1) T = date of arrangement approval. PPG = public and publicly guaranteed.  
 2) Red lines/bars indicate the CR indicator for the arrangement of interest.  
 3) The median, interquartile range, and comparator bars reflect all UCT arrangements (including blends) approved for PRGT countries between 2012 and 2022.  
 4) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.  
 5) Comparator series is for PRGT arrangements only and runs up to T+10.  
 6) Debt service obligations to the Fund reflect prospective payments, including for the current year.  
 7) In the case of blends, the red lines/bars refer to PRGT+GRA. In the case of RST, the red lines/bars refer to PRGT+GRA+RST.

## Appendix I. Letter of Intent

Banjul, The Gambia  
December 18, 2023

Ms. Kristalina Georgieva  
Managing Director  
International Monetary Fund  
Washington, DC 20431

Madam Managing Director,

On behalf of the Government and the people of The Gambia, we thank the IMF for its continued support which has been timely and substantial. Thanks to the 2020-2023 ECF-supported program, economic growth has outperformed peer countries despite the effects of the COVID-19 and Russian war in Ukraine shocks. Tourist arrivals are rebounding towards their 2019 levels, remittance inflows remain strong, and public and private construction continue robustly. However, inflationary pressures continue to intensify driven mostly by elevated commodity prices and the depreciation of the Dalasi. Due to the measures taken to alleviate the impacts of the exogenous shocks on the population, our public debt did not decline as expected at the approval of the previous ECF-supported program, rather debt remained constant throughout the program period. Our foreign exchange reserves exceeded initial program targets and we made progress on reforms in areas including revenue administration, tax policy, public financial management and SOEs.

Nonetheless, much needs to be done to consolidate these gains, build resilience, reduce debt vulnerabilities, foster macroeconomic stability, expand employment opportunities, and reduce poverty, as envisaged under our Recovery-Focused National Development Plan (2023–27). To help achieve these objectives, we are requesting the IMF Executive Board approval of a 36-month arrangement under the Extended Credit Facility (ECF) in the amount of SDR74.64 million (120 percent of quota) to address our protracted balance of payments financing needs linked to large exogenous shocks and the expiration of debt deferrals. We are requesting the disbursement of the first tranche of SDR 8.29 million under the arrangement, with SDR 4 million to be on-lent from the CBG to the treasury upon the signing of a memorandum of understanding.

The attached Memorandum of Economic and Financial Policies (MEFP), which builds on our achievements under the 2020-2023 ECF-supported program and our 2023-27 RF-NDP, describes our medium-term policy commitments to support our program request and sets out in detail our reform agenda. We expect the pursuit of the ECF-supported program to catalyze additional donor support that will help advance reforms and boost the resources available for development and social spending.

The ECF-supported program will also help strengthen governance in our economic and financial institutions. Our multipronged efforts in this area are already yielding results. An SOE commission has been created following the adoption of the SOE bill. The anti-corruption bill is under



consideration at the National Assembly, and the PFM and PPP bills are going through the amendment process. We stand ready to implement the recommendations from the recent governance diagnostics mission carried out by the Fund. In this context, we look forward to working with the IMF staff on governance issues, to ensure further progress in these areas.

We believe that the policies and measures outlined in the attached MEFP are adequate to achieve the objectives of the ECF-supported program and we stand ready to take any additional measures that may become necessary for this purpose, keep a close policy dialogue with the IMF, and seek technical assistance, as needed. We will consult with the IMF staff, or whenever the Managing Director requests such consultation, prior to any revisions to the policies contained therein, in accordance with the IMF's policies on such consultations. We will provide the IMF staff, on a timely basis, with all information needed to monitor the program and will cooperate fully with the IMF to achieve our policy objectives.

In keeping with our longstanding commitment to transparency, the Government consents to the publication of the IMF staff report, including this letter, the attached MEFP and Technical Memorandum of Understanding (TMU). Therefore, we authorize the IMF to publish these documents on its website in accordance with IMF procedures once the IMF Executive Board completes the review of our request for an ECF arrangement.

Sincerely yours,

/s/

Seedy Keita

/s/

Buah Saidy

Minister of Finance and Economic Affairs

Governor, Central Bank of The Gambia

Attachments: I. Memorandum of Economic and Financial Policies (MEFP)  
II. Technical Memorandum of Understanding (TMU)

## Attachment I. Memorandum of Economic and Financial Policies

*This memorandum of Economic and Financial Policies (MEFP) briefly summarizes our achievements under the 2020–23 Extended Credit Facility (ECF) arrangement and sets out our economic and financial policy commitments to support our request for a successor three-year ECF arrangement of the International Monetary Fund (IMF). This MEFP outlines our policies to support post-pandemic recovery, address the impacts of Russia's war in Ukraine, and promote poverty reduction and inclusive growth.*

### Background

1. **Following decades of an authoritarian regime and poor governance, we have consolidated our democratic transformation over the last six years.** In 2022, we successfully organized peaceful and inclusive presidential, parliamentary, and local elections. Justice reforms are advancing, including on human rights and freedom of speech. This period of democratic transformation has also been one of a major change in our economic management. We remain committed to further deepening and strengthening political and economic reforms.
2. **Under the previous 2020-23 ECF arrangement, we endeavored to mitigate the impacts of the multiple large exogenous shocks and carry out turn-around reforms.** Economic growth suffered from lockdowns of activities and falls in tourism. Inflation soared under pressures from global food and fuel prices. We took measures to alleviate the impacts of these exogenous shocks on the population. Tax collection was reduced on fuel and some food items; health and some social expenditures were increased to protect lives and livelihoods. These measures prevented our public debt from declining; instead, it remained constant throughout the program period. Our foreign exchange reserves increased, and good progress was made on structural reforms, including on revenue administration, PFM, and SOEs.
3. **Recognizing the role that the previous ECF arrangement played in advancing reforms and catalyzing support from other development partners, we are requesting a successor Fund-supported program.** A renewed engagement with the IMF will support policy reforms and capacity-building aimed at achieving the objectives of our Recovery-Focused National Development Plan, including on fostering inclusive economic recovery, maintaining macroeconomic stability, reducing debt vulnerability, and strengthening good governance. The new arrangement with the IMF will also provide a framework for continued and sustained engagement with other development partners.

### Recent Economic Developments

4. **Our economic recovery is faster than anticipated, but inflation remains elevated.** GDP growth reached 4.9 percent in 2022, supported by the agriculture, services, and construction sectors. Tourist arrivals during 2023H1 increased by 25 percent relative to 2022H1 but remain 20 percent below the figures in 2019. Remittance inflows declined in 2022 but increased by 15 percent during

2023H1 relative to 2022H1. Inflation continues to accelerate, reaching 18.4 percent (y-o-y) in July-August 2023, driven by war-induced food inflation (24.3 percent, y-o-y), recent electricity tariffs adjustment (37 percent), and Dalasi depreciation vis-à-vis the US\$ (21 percent, y-o-y). Our financial sector remains resilient in a context of ample excess liquidity.

**5. In the first three quarters of 2023, we made efforts on budget management in the face of multiple challenges.** Total revenue fell below projections by 0.6 percent of GDP as domestic revenue was on target, but major budget support was delayed. Domestic revenue increased by 33 percent in nominal terms compared to the same period in 2022. Lower direct tax collection (90 percent of target in nominal terms) was compensated by higher-than-expected custom and non-tax revenue, which were supported by higher fuel prices passthrough during this period, higher customs collection linked to elevated import bills, and a central bank dividend of 0.6 percent of GDP. Overall spending was broadly in line with projections. Current spending slightly exceeded projections due to large increases in wages (23 percent increase in nominal terms relative to the same period last year) and interest payments. Capital spending, including unbudgeted new road constructions, increased by 55 percent in nominal terms relative to the previous year but was below projections as a ratio of GDP by about 0.1 percentage point. As a result, the overall deficit stood at 3.0 percent of GDP compared to a projection of 2.4 percent of GDP, financed partially by the privatization proceeds of Megabank. The remaining deficit, combined with the payment of previous year's arrears, led to an excess of net domestic borrowing by 1.4 percent of GDP.

**6. Pressures on the foreign exchange market are once again re-emerging.** Although gross reserves are at a relatively comfortable level (about 4.4 months of prospective imports), they have been declining in recent months. While CBG was a net forex buyer in end-2022 and early 2023, it has turned into a net seller since March 2023. For the first nine months of 2023, the CBG has sold on a net basis the equivalent of US\$35 million in the interbank forex market. Our official exchange rate vis-à-vis the US\$ depreciated by 11 percent between end-December 2022 and end-October 2023 and the wedge with the parallel exchange rate currently stands at about 9 percent.

**7. We remain committed to strong structural reforms.** An SOE commission has been created following the adoption of the SOE bill. Efforts are underway to sign performance contracts with four additional SOEs. The PFM bill is going through further amendments, the PPP bill is submitted to the Cabinet for approval, and the anticorruption bill remains under consideration at the National Assembly.

## Macroeconomic Outlook

**8. Risks to the outlook are tilted to the downside, due to the protracted war in Ukraine.** After 4.9 percent in 2022, real GDP growth is projected at above 5 percent in 2023. Growth will peak at around 6 percent in 2024, before stabilizing around 5 percent in the medium term. Inflation is expected to persist in 2023 and gradually ease thereafter due to the restrictive monetary policy and base effects. Forex reserves, in months of imports, are projected to gradually decline in the medium term partly due to higher debt service following the expiration of the debt deferrals in 2025. The government will implement a fiscal consolidation plan to reduce the fiscal deficit by 1.8 percent of

GDP between 2023 and 2026 and help firmly put the debt ratio to GDP on a downward trend. The outlook remains highly uncertain as a protracted war in Ukraine, the conflict in Gaza and Israel and a global slowdown could jeopardize tourist arrivals and increase commodity prices while intensifying inflationary and forex pressures and reducing workers' remittance inflows. These risks could reignite social discontent. On the upside, we expect to benefit from the threshold program and in the medium term from a Compact with the Millennium Challenge Corporation.

## Macroeconomic Policies and Structural Reforms

### A. Inflation and Foreign Exchange Policy

**9. The central bank recently increased its policy rate and stands ready to further tighten the monetary policy stance to tackle inflation pressures.** The MPC hiked the policy rate to 17 percent in August 2023. Given the elevated inflation outlook in the short-term, the MPC stands ready to further tighten the policy rate, if necessary, based on the latest inflation data and trends. The CBG will also rapidly mop up excess liquidity in the banking system through the issuances of CBG bills in early 2024 based on the situation of excess liquidity at end-2023, the use of the deposit window and, as needed, changing the reserves requirement ratio. The CBG remains committed to deploying a combination of policy tools until inflation declines to around the CBG's target of 5 percent.

**10. The CBG is taking measures to ensure the smooth functioning of the foreign exchange market.** The CBG is committed to maintaining an exchange rate that fully reflects market forces and moving forex transactions into the banking system. The CBG has prepared and published a robust foreign exchange policy, including an intervention policy (Prior Action). The Daily Reference Rate and Weekly Valuation Rate, currently computed and published by CBG, have been replaced with a single official exchange rate that better reflects market developments. The band around the reference exchange rate has been removed. Guidelines for forex operations of regulated institutions will also be prepared and published to ensure the smooth functioning of the forex market.

### B. Fiscal Policy

**11. We are committed to meeting the end-2023 fiscal targets to lay a strong foundation for our near- and medium-term fiscal strategy.** We are enforcing commitment and cash plans to strictly contain spending within available resources and achieve the fiscal targets. We are intensifying revenue collection efforts including containing fuel subsidies and enhancing tax compliance, to ensure that GRA meets its target. As international fuel prices continue to increase, we will make efforts to allow full passthrough of fuel prices while striking a balance with preserving social cohesion, including through targeted social programs when the social registry is fully completed. We have implemented all the triggers for 2023 budget support disbursements, including from World Bank, which has increased its initial commitment by US\$20 million. We will use the additional resources, including the proceeds from the sale of Megabank and dividends from the CBG, to reduce the net domestic borrowing and clear payment arrears. We stand ready to take

remedial actions, including freezing non-priority spending including a freeze on foreign travels and aligning the implementation of infrastructure projects with available resources, to ensure meeting the fiscal targets.

**12. The 2024 budget will pursue fiscal consolidation to curb public debt.** We will anchor the 2024 fiscal framework on an overall fiscal deficit of about 2.7 percent of GDP. We will achieve these fiscal targets through the following measures.

- On the revenue side: we will continue to make efforts to allow full passthrough of fuel prices while striking a balance with preserving social cohesion, including through targeted social programs when the social registry is fully completed. The Cabinet will adopt a revised GIEPA act with more limited tax incentives (structural benchmark at end-June 2024). The revision of the Act will include restricting the coverage to priority sectors, eliminating the possibility to extend SICs based on expansion and re-investment, cancelling SICs that do not perform in line with the expected deliverables, excluding fuel from the list of tax exempted goods, and requiring all SIC holders to be compliant with their local tax obligations. We will strengthen the revenue collection and enforcement framework for the telecom sector, through enhanced audits (structural benchmark end-September 2024). We will expand rental property taxation by updating the rental property register. We will enforce collection of CIT and withholding taxes on companies executing donor-funded projects. We are determined to bolster the collection of some other non-tax revenue, including administrative fees that have not been adjusted for several years.
- On the spending side: we will rationalize subsidies to NFSPMC (GGC), NAWEC and subvented agencies. We will prepare a study on consolidating redundant subvented agencies with MDAs (structural benchmark end-December 2024). We will continue to tighten overseas travels, and we will execute infrastructure projects within available resources. We will submit to the National Assembly a 2024 budget consistent with the above parameters before consideration of the new ECF program by the IMF Board (prior action).

**13. Our medium-term fiscal framework will aim to firmly put public debt on a downward trend, while addressing the expiring debt deferrals and the large development needs.** The fiscal framework underpinning our ECF-supported program will aim to reduce the overall fiscal deficit by about 1.5 percentage points of GDP during the program period, which corresponds to an improvement in the domestic primary balance—the fiscal parameter under the direct control of our government—by about 2 percentage points of GDP. While the proposed fiscal consolidation is, at this stage, planned to be based broadly equally on efforts in domestic revenue and domestically financed spending, we intend to forcefully intensify domestic resource mobilization to address our debt-development trade-off. To this end, we intend to utilize innovative options to finance infrastructure projects without worsening debt vulnerabilities. Such options include an Asset Recycling Program, promoted by Africa50, which is an entity supported by the African Development Bank. We will ensure that such innovative financing options conform with the fiscal and debt objectives under our ECF-supported program and do not create additional fiscal risks. The pace of

spending will be based on the completion of major OIC-related infrastructure projects and other containment efforts.

**14. We will take strong revenue and PFM measures to support our near- and medium-term fiscal frameworks.**

- On revenue collection: we will adopt a set of tax policy measures, including by eliminating profit shifting clauses during contract renewals, adopting a revised GEIPA act with more limited tax incentives, strengthening the revenue collection and enforcement framework for the telecom sector through enhanced audits, expanding rental property taxation, and enforcing the collection of CIT and withholding taxes on companies executing donor-funded projects. We will ensure full operation of the platform and command center for the single window of customs administration (structural benchmark end-February 2024). We will thereafter complete the e-tracking system, and the construction of a weigh bridge, for domestic and re-export cargo. The digitalization process will be accelerated through the implementation of ITAS. We will strengthen compliance risk management with a focus on key economic sectors. Customs border and inland controls will be strengthened, post-clearance audits improved, and the internal integrity mechanism enhanced. We will also develop a domestic revenue mobilization strategy (structural benchmark end-September 2024), which will underpin a medium-term revenue strategy. The expected revenue collection path will be revisited during the program implementation period to account for the impacts of commitments to implement the domestic revenue mobilization strategy.
- On public financial management: we will expand the scope of the Gambia Strategic Review Board (GSRB) selection criteria to domestically financed investment projects and PPPs, with a reinforced GSRB appraisal function. The regulations for recently approved bills will be quickly finalized and enacted, including the GPPA and SOE acts. We will collaborate closely with the National Assembly to accelerate the adoption of the PFM and PPP bills to, respectively, strengthen budget processes and accountability and contain fiscal risks. The newly created directorate of revenue and tax policy will improve revenue forecasting and budget ceiling estimates to align annual budgets with the medium-term fiscal framework and the RF-NDP. We have trained all ministries on program-based budgeting and prepared a roadmap to be approved by the Cabinet in early 2024 to ensure that pilot ministries submit their 2025 budget in compliance with this requirement (structural benchmark end-December 2024). We have piloted gender-responsive budgeting in five ministries for the 2024 budget and will roll out progressively to all ministries. We will improve the effectiveness of the cash management committee.

**15. Our public debt continues to be sustainable, but the risks of overall and external debt distress remain high.** To ensure that our public debt is well anchored on a downward path, we commit to: implementing a strong medium-term fiscal framework, bolstering domestic revenue mobilization, strengthening the prioritization of spending, containing domestic borrowing and CBG advances, adhering to the agreed external borrowing plan, preventing SOEs- and PPP-related fiscal

risks and contingent liabilities, and building strong fiscal and forex buffers in preparation for the upcoming expiration of debt deferrals.

## C. SOE Sector and Governance

**16. We intend to radically change the vision for the SOE sector to turn them from fiscal burdens to revenue sources.** Instead of entities dependent on government subsidies, we will turn the SOEs into large assets that can generate resources for the government. To this end, we will improve governance as well as the operational and financial performance of the SOEs. The quarterly performance reports for the four SOEs that signed performance contracts provide timely information that allows us to recommend measures for improving performance when it falls below expectations. Thus, we plan to expand the signing of performance contracts to four other SOEs, namely Gambia International Airlines Ltd (GIA), Gambia Printing and Publishing Corporation (GPPC), National Food Security Processing and Marketing Corporation (NFSPMC-GGC), and Gambia Postal Services Corporation (GAMPOST) (structural benchmark end-February 2024). We will pursue the partial or full privatization of GAMCEL, with a view to boosting investment, enhancing competitiveness, reducing fiscal risks, and contributing to the government budget (structural benchmark end-March 2025). We will continue and expand the publication and coverage of the fiscal risk statement and the financial performance of the SOE sector despite the backlog of audited financial statements for 2022 and 2023.

**17. We remain steadfast in our commitment to implement the recommendations from a recent governance diagnostic to address governance weaknesses and corruption vulnerabilities.** The governance diagnostic report is currently before Cabinet. It will be published and a plan for the implementation of its recommendations will be finalized (structural benchmark end-April 2024). While an extensive legislative reform agenda has been implemented since the country's democratic turn-around, we will continue to institute reforms. We will collaborate with the National Assembly to accelerate the adoption of the anti-corruption bill; subsequently, we will set up a high-level anti-corruption commission. To strengthen accountability and prevent misuse of public resources, we will transmit the Ombudsman reports for 2021 and 2022 to the National Assembly and publish on the website of the Office of the Ombudsman (structural benchmark end-March 2024). We will also seek avenues to revamp the asset declaration framework to prevent illicit enrichment. We will prepare a revised draft of AML/CFT legal framework aligned with the international AML/CFT standards as set up by the Financial Action Task Force (structural benchmark end-March 2024). We will build capacity and accelerate the digitalization of administrative processes to ease transparency and allow all laws and regulations to be published for easy access to the public.

## D. Unlocking Growth Potential

**18. To support strong recovery and inclusive growth, we are strengthening the business environment.** The private sector plays a critical role in implementing the RF-NDP due to the limited fiscal space of the government given the high debt vulnerabilities. To harness the private sector's full potential in creating jobs and fostering economic diversification and resilience, we will create and



expand one-stop-shops for business creation and facilitation; we have developed and launched an Employment Policy with the goal of creating 150,000 jobs in the next five year; We have revived the National Business Council, a platform for exchange between the government and the private sector, chaired by the President; we are discussing the establishment of a free trade zone around the Senegambia corridor area to access the regional market; a capital market will be developed to increase access to finance for businesses; we are organizing farmers to enhance self-financing, expand activities outside the four-month agricultural season, and revive non-farming rural activities; we will review the Gambia Competition and Consumer Protection act; with support from the EU and UNCTAD, we will set up a digital platform for business registration with a goal towards facilitating business creation and increasing formal sector employment (structural benchmark end-December 2024); we will accelerate the expansion of Banjul port while conducting studies for the deep sea Sanyang port; reform the land tenure and land management system, including for businesses; and strengthen and make full use of the bilateral cooperation with neighbors, the ECOWAS trade agreement, and AfCFTA.

**19. We will endeavor that the dividends of growth will benefit all groups of the population.** To ensure economic opportunities are provided for all groups and to cushion the impacts of measures to address the high debt burden on the most vulnerable population, we plan on enhancing access to finance including for women and youths including through the support of the World Bank. Also with support from the World Bank, we will extend the social registry to urban areas, including Banjul and the Kombo areas (structural benchmark end-December 2024). Based on the completion of this expansion, we will roll-out, in consultation with development partners, targeted social programs. This registry will serve as a more effective means for targeting social assistance programs and will eventually replace the existing subsidy system. We are improving the provision and quality of education, including by the opening of a new university campus in Faraba and the opening of new technical and vocational education and training (TVET) centers. We are designing and rolling out a new health insurance scheme to improve access to health services to build the human capital required for long-term strong and inclusive growth.

## E. Climate Change and Gender Issues

**20. We aim to build resilience to the vagaries of climate change due to our vulnerability to extreme weather events.** Given our high vulnerability to flooding, storm, droughts, deforestation, coastal erosion, and rising sea levels, we have developed a Long-Term Climate-Neutral Development Strategy 2050 aimed at realizing the 2050 Climate Vision to meet commitments under the Paris Agreement. Our policies and actions on climate are deemed compatible with the goals of the 1.5°C Paris climate agreement. To further boost our resilience, we will adopt climate mitigation policies encouraging renewable energy generation and supporting energy security; introduce adaptation measures, such as strengthening early-warning systems, increasing crop diversification and rotation, and switching to drought-tolerant crop and animal species; strengthen public finance and investment management to attract more climate finance funds and benefit climate investment. We intend to conduct a Climate-PIMA assessment and integrate climate considerations in PFM processes.



**21. To foster inclusive growth, we will make efforts to tackle gender inequality and close gender gaps.** We have made progress in tackling gender-based discrimination, including by introducing prohibitions of discrimination in the constitution, signing, and translating into domestic law the Maputo Protocol and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW,) and creating and empowering the Ministry of Gender, Children and Social Welfare to advocate for women. We will continue to tackle gender inequalities in our society to unlock the economic potential of women and enable the vital role that their full and equal participation will play in sustainable and inclusive development. As such, we will implement and expand the gender budgeting pilot program, increase investment in maternal health and childcare services, and close the gender gap in higher education and labor markets. We will also expand the Women’s Enterprise Fund to facilitate financial access for women and reduce their dependence on informal financial services.

## CAPACITY DEVELOPMENT

**22. We continue to engage with the Fund to strengthen our capacity development through TA missions.** We recognize that technical assistance and training play a critical role in building capacity. We appreciate the IMF’s availability to deliver high quality TA upon request to strengthen areas including revenue administration, public financial management, macroeconomic statistics production and dissemination, tax policy, fuel pricing, forex policy, SOEs, and governance diagnostic. We are working together with technical assistance to advance the project on GDP rebasing. The provision of technical assistance, including through resident experts, has facilitated in-depth diagnostics essential in implementing our reform plans.

## PROGRAM MONITORING

**23. The government will take all measures needed to meet quantitative targets and observe structural benchmarks under the program.** The program will be subject to semiannual reviews and performance criteria, indicative targets and structural benchmarks as set out in Tables 1-3 of this Memorandum and defined in the attached Technical Memorandum of Understanding (which also sets out the requirements for data reporting to IMF staff). We expect the first program review, which will be based on quantitative targets at end-December 2023 and structural benchmarks around that period, to be completed on or after March 15, 2024. The second program review will be based on end-June 2024 targets and is expected to be completed on or after September 15, 2024. The third program review will be based on the end December 2024 targets and is expected to be completed on or after March 31, 2025.

**Table 1. The Gambia: Quantitative Performance Criteria and Indicative Targets for 2024**

(Cumulative from beginning of calendar year to end of month indicated; millions of dalasi, unless otherwise indicated)

	2023				2024			
	Dec.	Mar.	Jun.	Dec.	Dec.	Mar.	Jun.	Dec.
	Prog.	Prog.	Prog.	Prog.	Prog.	Prog.	Prog.	Prog.
<b>Performance criteria</b> <sup>1</sup>								
1. Net domestic borrowing of the central government (ceiling)	2,300	1,300	2,600	2,800	2,700			
2. Domestic primary balance (cumulative floor)	-1,150	-160	-100	1,100	1,040			
3. Stock of net usable international reserves of the central bank (floor, US\$ million)	280	277	265	267	282			
4. New external payment arrears of the central government (ceiling, US\$ million) <sup>2</sup>	0.0	0.0	0.0	0.0	0.0			
5. New nonconcessional external debt contracted or guaranteed by central government (ceiling, US\$ million) <sup>2</sup>	0.0	0.0	0.0	0.0	0.0			
6. Outstanding stock of external public debt with original maturity of one year or less (ceiling, US\$ million) <sup>2</sup>	0.0	0.0	0.0	0.0	0.0			
7. New concessional external debt contracted or guaranteed by central government (ceiling, US\$ million) <sup>3</sup>	119	90	90	90	90			
<b>Indicative targets</b> <sup>1</sup>								
8. Total tax revenue (floor)	13,800	4,400	8,900	13,100	17,200			
9. Monthly ceiling on central bank credit to the central government at non-market terms (GMD millions) <sup>4</sup>	0	0	0	0	0			
10. Stock of net domestic assets of the central bank (ceiling)	10,904	11,365	11,825	12,285	12,745			
11. Poverty-reducing expenditure (floor)	10,000	2,500	5,000	7,500	11,000			
<i>Memorandum items:</i>								
Budget Support (grants, US\$ millions)	64.8	8.9	8.9	23.3	50.0			
Base Money (stock, GMD millions)	21,234	21,577	21,919	22,261	22,603			
IMF disbursements (SDR millions)	5.0	11.2	22.4	22.4	33.5			
<sup>1</sup> For definitions and related adjustors, see the Technical Memorandum of Understanding (TMU). End-June and End-December are test dates. Targets for end-March and end-September are indicative targets (ITs), except for continuous performance criteria.								
<sup>2</sup> These criteria apply on a continuous basis.								
<sup>3</sup> The debt limit is formulated in nominal terms due to authorities' limited capacity to monitor and observe conditionality on aggregate debt levels (including in PV terms).								
<sup>4</sup> The zero ceiling applies to all outstanding credit (for example, overdrafts and advances) at non-market terms as of the end of each quarter, excluding the RCF onlending and the 30-year bond held by the CBG.								
<sup>4</sup> First disbursement of SDR 5.0 million (8.0 percent of quota) was made on March 31, 2020.								

**Table 2. The Gambia: External Borrowing Plan, 2023-26<sup>2</sup>**  
(US\$ millions)

	2023		2024	2025	2026	2024–26
	Prog.	Act.	Prog.	Proj.	Proj.	Prog.
<b>Source of debt financing<sup>1</sup></b>						
Total debt contracted	119		90	90	90	270
Concessional debt	119		90	90	90	270
Multilateral debt	94		60	60	60	180
<i>Of which</i> : Port expansion	50		0	0	0	0
Bilateral debt	25		30	30	30	90
Nonconcessional debt	0		0	0	0	0
<b>Use of debt financing</b>						
Infrastructure	119		90	90	90	270
<i>Of which</i> : Port Expansion	50		0	0	0	0
Other (including budget support)	0		0	0	0	0

1/ External public debt contracted or guaranteed.

2/ Any remaining unused amount in each year will be carried forward to following year.

**Table 3. The Gambia: Proposed Prior Actions and Structural Benchmarks, 2024**

<b>Measures</b>	<b>Macro Rationale</b>	<b>Timing</b>	<b>Status</b>
<b>Prior actions</b>			
Publish the central bank's foreign exchange policy reaffirming the commitment to market-determined exchange rate and more closely reflecting market conditions.	Ensure external stability and safeguards forex reserves		
Submit to the National Assembly a 2024 budget in line with ECF program parameters.	Ensure fiscal and debt sustainability		
<b>Domestic revenue mobilization (GRA/MOFEA)</b>			
Set up a platform and command center for a single window of customs administration.	Enhance revenue collection.	End-February 2024	
Adopt a domestic revenue mobilization strategy	Enhance revenue collection.	End-September 2024	
Adopt by the Cabinet a revised GIEPA act with streamlined tax incentives.	Ensure cost-benefit balance between revenue losses and economic contributions of beneficiaries of tax incentives.	End-June 2024	
Undertake, by the Gambia Revenue Authority, 10 comprehensive audits of Large Taxpayers, including in the telecom sector.	Improve revenue collection in fast-growing niche sectors.	End-September 2024	
<b>Public financial management (MOFEA and Cabinet)</b>			
Ensure Cabinet approval of the roadmap for implementation of program-based budgeting and initiate roll-out in preparing 2025 draft budget for pilot ministries.	Improve the effectiveness of the budget in reaching the expected outcome.	End-December 2024	
Prepare a study on consolidating redundant subvented agencies with MDAs.	Improve efficiency of institutions and reduce burdens on the budget.	End-December 2024	
<b>Governance and SOE reforms (MOFEA)</b>			
Sign performance contracts with four additional SOEs.	Improve operational and financial situation of SOEs and reduce fiscal risks.	End-February 2024	
Publish the governance diagnostic report and finalize a plan for the implementation of its recommendations.	Strengthen governance in key macro-critical areas.	End-April 2024	
Complete partial or full privatization of GAMCEL.	Turn SOEs from fiscal burdens to revenue-generating assets.	End-March 2025	
Prepare a revised draft law on AML/CFT aligned with the international AML/CFT standards as set up by the Financial Action Task Force.	Fight financial crimes	End-March 2024	
Transmit the Ombudsman reports for 2021 and 2022 to the National Assembly and publish on the website.	Strengthen accountability and prevent misuse of public resources	End-March 2024	
Complete the expansion of the social registry to Banjul and Kombo areas.	Improve the targeting of social programs to the most vulnerable population.	End-December 2024	
Set up a digital platform for business registration.	Facilitating business creation and increasing formal sector employment	End-December 2024	

## Attachment II. Technical Memorandum of Understanding

### Introduction

This memorandum sets out the understandings between The Gambian authorities and the staff of the International Monetary Fund (IMF) regarding the definitions of quantitative targets and structural benchmarks that will be used to monitor performance under the ECF-supported program through January 2027. It also sets out the related reporting requirements and describes the adjusters that will be applied to certain quantitative targets under the program. Unless otherwise specified, all quantitative performance criteria (PCs) and indicative targets (ITs) will be evaluated in terms of cumulative flows from the beginning of the period.

### Quantitative Targets

#### A. Cumulative Floor on the Central Government Domestic Primary Balance

1. **Definitions:** The central government for the purposes of the program consists of the set of institutions currently covered under the state budget. The central government includes the central administration, public institutions and other entities that are financed through the budget. Central Government includes Ministries, Departments, and Agencies and excludes local and regional governments and public enterprises.
2. **Definitions:** The domestic primary balance of the Central government is measured above-the-line and defined in accordance with the monthly consolidated Central Government budget report on budget execution (Statement of Government Operations) for the month and cumulatively from the beginning of the year. Domestic primary balance is calculated by subtracting expenses (except interest payment) and domestically financed capital expenditures from domestic revenue. Domestic revenue is recorded on a cash basis and includes tax revenues and non-tax revenues. Revenues exclude any type of financial transfers from the Central Bank (except dividends payments), interest income from intra-public sector holding of securities and debt obligations, proceeds from the sale of financial assets, and special drawing rights (SDRs) allocated by the Fund or received bilaterally from other IMF members.
3. **Adjuster:** The cumulative floor on the central government domestic primary balance targets will be adjusted downward by the excess of the dalasi equivalent of the total budget support grants received in that period relative to the program forecasts specified in the table below.
4. **Supporting material:** Reporting on the domestic primary fiscal balance will form part of the consolidated budget report described in ¶32 below.

## B. Net Domestic Borrowing of the Central Government

**5. Definition:** The *net domestic borrowing* of the Central Government is defined as the change in net treasury position at the Central Bank of the Gambia, the government bond (30-year bonds) held by the CBG, and the stock of securities (T-bills, T-bonds, Sukuk, NAWEC Bond) held by banks and the non-monetary sector. Net treasury position covers the sum of the balance of the treasury main account (TMA), the consolidated revenue account, the revenue accounts, the special deposit accounts (T-bills, T-bonds and Sukuk) accounts, and any other accounts that receive central government revenue or pay central government spending (currently the special deposit account, Gambia Africard revenue account, Senegambia bridge toll facility, and Covid 19 recovery project, with the list to be updated at every program review). The following components are excluded: (i) on-lending of the IMF credit (under RCF or ECF) to the budget and lending to the Treasury of any portion of the SDR general allocation, (ii) changes in the balances of other deposits accounts (including project accounts), and (iii) the face value of government securities issued to increase the CBG's capital to the statutory level enshrined in the CBG Act.

**6. Adjuster:** The NDB targets will be adjusted downward/upward by the excess/shortfall of the dalasi equivalent of the total budget support grants received in that period relative to the program forecasts specified in the table below. The upward adjustment of the NDB target to compensate for the shortfall in the disbursements of budget support may not exceed GMD 1 billion at end-December 2023 and GMD 1 billion at each quarter of 2024.

<b>Text Table 1. The Gambia: Program Forecasts of External Budget Support Grants in 2023-2024</b> (Cumulative flow in millions of US dollars)				
December 2023	March 2024	June 2024	September 2024	December 2024
44.8	8.9	8.9	23.3	50.0

**7. Supporting material:** Reporting on net domestic borrowing will form part of the consolidated budget report described in ¶32 below and the IMF weekly data produced by the Central Bank.

## C. Net Domestic Assets of the Central Bank

**8. Definition:** The *net domestic assets* of the CBG are defined as the difference between reserve money and the net foreign assets of the CBG. Reserve money is defined as the sum of currency issued by the CBG (i.e., currency in circulation) and the deposits of commercial banks at the CBG. Net foreign assets are defined as foreign assets minus foreign liabilities. Foreign assets and foreign liabilities are defined as claims on nonresidents and liabilities to nonresidents, respectively.

**9.** For program monitoring purposes, in the calculation of the net domestic assets of the CBG, foreign assets and liabilities will be converted at the prevailing exchange rates.

**10. Supporting material:** Net domestic assets of the central bank will be transmitted as part of the balance sheet of the CBG (compiled based on the TMU rates) on a monthly basis within four weeks of the end of each month. For analytical purposes, the balance sheet of the CBG compiled on a current-rate basis will also be submitted.

#### D. Net Usable International Reserves of the Central Bank of The Gambia

**11. Definition:** The *net usable international reserves (NIR)* of the CBG are defined as the difference between usable reserve assets and reserve liabilities. To this effect, *usable reserve assets* are readily available claims on nonresidents denominated in convertible foreign currencies. They include the CBG holdings of SDRs, foreign currency cash, foreign currency securities, deposits abroad, and the country's reserve position at the IMF. Excluded are any assets that are pledged, collateralized, or otherwise encumbered, claims on residents, claims in foreign exchange arising from derivatives in foreign currencies vis-à-vis domestic currency (such as futures, forwards, swaps, and options), precious metals, assets in nonconvertible currencies, and illiquid assets (including capital shares in international organizations). *Reserve liabilities* are all foreign exchange liabilities to residents and nonresidents, including commitments to sell foreign exchange arising from derivatives (such as futures, forwards, swaps, and options), and all credit outstanding from the IMF, but excluding any liabilities to the IMF's SDR Department.

**12. For program monitoring purposes, in the calculation of the net usable international reserves of the CBG, foreign assets and liabilities will be converted at the prevailing exchange rates.**

**13. Adjuster:** The quarterly NIR targets for each quarter will be adjusted downward/upward by the US dollar equivalent of the shortfall/excess of total budget support grants received in that quarter relative to the program forecasts for the quarter as specified in the table above. The downward adjustment to the NIR targets to compensate for the shortfall in budget support will be capped at US\$40 million.

**14. Adjuster:** In case of an allocation of SDRs by the IMF, the net usable international reserves of the CBG will be adjusted upward by the amount of the SDR allocation.

**15. Supporting material:** A detailed reserve statement with end-month data on net usable international reserves of the CBG will be transmitted within seven days of the end of each month.

#### E. New External Debt Payment Arrears of the Central Government

**16. Definition:** 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 nonresidents by residents of an economy. External debt payment arrears are defined as external debt obligations of the central government that have not been paid when due in accordance with the relevant contractual terms (taking into account any contractual grace periods).

**17. For program purposes,** external arrears exclude (i) financial obligations of the government for which the creditor has accepted in writing to negotiate alternative payment schedules before the relevant payment; (ii) arrears on claims which the government has represented as being disputed; (iii) arrears on claims that cannot be settled due to international sanctions; and (iv) arrears on trade credits, with the exception of arrears on payments due to the International Islamic Trade Finance Corporation (ITFC). Non-accumulation of new external debt payment arrears by the central government is a target, to be observed continuously.

**18. Supporting material:** An accounting of non-reschedulable external arrears (if any) by creditor countries, with detailed explanations, will be transmitted on a monthly basis within four weeks of the end of each month. This accounting would include, separately, arrears owed by the Central Government and other public sector entities to Paris Club, non-Paris-Club, private, pluri-lateral and multilateral creditors. In addition, any non-observance of this performance criteria must be reported immediately.

## F. New Non-Concessional External Debt Contracted or Guaranteed by the Central Government

**19. Definition: This target refers to new non-concessional external debt contracted or guaranteed by the Central Government denominated in any currency other than the Gambian dalasi.** It applies not only to debt as defined in ¶8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 15688-(14/107), adopted December 5, 2014), as amended, but also to commitments contracted or guaranteed for which value has not been received. For program purposes, the guarantee of a debt arises from any explicit legal or contractual obligation of the central government to service a debt owed by a third-party debtor (involving payments in cash or in kind). A debt will be considered contracted when conditions for its entrance into effect have been met, including approval by the National Assembly. Loans or purchases from the IMF and concessional debts as defined below, are excluded from this target as is any debt with maturity of one year or less. This performance criterion will be assessed on a continuous basis.

**20. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt.** The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD LIBOR is 2.42 percent and will remain fixed for the duration of the program. The spread of six-month EURIBOR over six-month USD LIBOR is -250 basis points. The spread of six-month JPY LIBOR over six-month USD LIBOR is -250 basis points. The spread of six-month GBP LIBOR over six-month USD LIBOR is -150 basis points. For debts with a grant element equal or below zero, the PV



will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97).

**21. Supporting material:** A comprehensive record, including a loan-by-loan accounting of all new concessional and non-concessional debt contracted or guaranteed by the Central Government with detailed explanations, will be transmitted on a quarterly basis within four weeks of the end of each quarter. In addition, any non-observance of this performance criteria must be reported immediately.

**22. MoFEA will forward, within four weeks of the Central Government contracting or guaranteeing any new external loan, the loan's terms and conditions including interest rate, grace period, maturity, interest, fees, and principal payment schedule with all annexes.**

## G. New Concessional External Debt Contracted or Guaranteed by the Central Government

**23. Definition: This target, which is a ceiling, refers to new concessional external debt contracted or guaranteed by the Central Government denominated in any currency other than the Gambian dalasi.** It applies to debt as defined in ¶15. Concessional debt is as defined in ¶16.

**24. For borrowing packages comprising both loan and grant components** to meet the concessional requirement (grant element of 35 percent), only the loan components will count toward the borrowing limit.

**25. Supporting material and data provision:** Refer to ¶17 and ¶18.

## H. Outstanding Stock of External Public Debt with Original Maturity of One Year or Less

**26. Definition: This target refers to the stock of outstanding external public debt with original maturity of one year or less, owed or guaranteed by the public sector.**<sup>1</sup> Public sector consists of the Central Government and regional governments and other public agencies, including the central bank. Trade credits are excluded from this target including the ITFC credits. This performance criterion will be assessed on a continuous basis.

**27. Supporting material:** A comprehensive record of all external debt with original maturity of less than one year owed or contracted by the public sector, with detailed explanations, will be

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<sup>1</sup> The term "debt" has the meaning set forth in ¶18(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 15688-(14/107), adopted December 5, 2014, as amended. "Domestic debt" is defined as debt denominated in Gambian dalasi, while "external debt" is defined as debt denominated in any currency other than the Gambian dalasi.

transmitted on a quarterly basis within four weeks of the end of each quarter. In addition, any non-observance of this performance criteria must be reported immediately.

## I. Tax Revenue

**28. Definition: This indicative target refers to taxes and duties collected by the Domestic Taxes Department and Customs and Excises Department of the Gambia Revenue Authority (GRA).** Tax revenue is the sum of revenues collected against all the tax codes outlined below (Text Table 2). Nontax revenue, such as licensing fees, fines, and levies collected by the GRA are excluded from this target. Levies collected by the GRA on behalf of other organizations are also excluded (National Education & Technology Training Levy, AU Levy, ECOWAS Levy).

**29. Supporting material: A monthly report on revenue collected by the GRA will be transmitted within four weeks of the end of each month.**

<b>Domestic Taxes</b>		<b>Customs and Excise</b>	
<b>Revenue Code</b>	<b>Revenue Item</b>	<b>Revenue Code</b>	<b>Revenue Item</b>
111101	Personal Tax	115101	Import Duty Oil
111201	Company Tax	--	Import Excise Tax Oil
113301	Capital Gains	115102	Import Duty Non-Oil
112010	Payroll Tax	114121	Import VAT Oil
114523	Business Registration Fees	114122	Import VAT Non-Oil
114404	Entertainment	114201	Import Excise Tax
142250	Pool Betting Levy	114202	Domestic Excise Duty
--	Informal Sector	115602	Environmental Tax on Imports
114402	Air Transport Levy	115201	Export Duties
111102	Stamp Duty	111301	Miscellaneous
114111	Environmental Tax		
114123	Excise Telecom		
114521	Casino, Gaming & Machines Licences		
114533	Value Added Tax (VAT)		
142231	Road tax		
114528	Firearms and games licenses		
142205	International Certificate for Motor Vehicles		
142206	General Dealers License		
142230	Mandatory Fine for Motor Traffic Violation		
--	Cattle Tax		

## J. Central Bank Credit to the Central Government at Non-Market Terms

**30. Definition: This target refers to the consolidated balance on the Treasury Main Account, the Consolidated Revenue Fund, other revenue accounts, and the special security proceeds accounts.** It also covers all gross claims on the Central Government on the balance sheet of the central bank, with terms (including maturity and yield) materially different from the ones prevailing in the market for Treasury bills and bonds around the time of acquisition of these claims. The target also covers any overdue payments of principal and interest on Central Government securities held by the central bank. This performance criterion will be assessed at the end of each month.

**31. To monitor this indicative target, the negative balance of the TMA should not exceed 10 percent of the previous year's tax revenue.** The overdrafts on the TMA shall be fully repaid at the end of the year.

**32. Supporting material:** Reporting on new central bank credit to the government at nonmarket terms will form part of the monetary sector data described in ¶34 and ¶35 below.

## K. Poverty-Reducing Expenditures

**33. Definition: Poverty-reducing expenditures consist of expenditures financed out of The Gambia Local Fund (GLF) on the following areas:** Agriculture and Natural Resources; Education; Health; Nutrition, Population and HIV-AIDS; Infrastructure Program; Social Fund for Poverty Reduction; Implementation and Monitoring of Poverty Reduction Programs; Support to Cross-Cutting Programs; ICT Research and Development; Decentralization and Local Government Capacity Building; Governance and Civil Service Reform Program.

**34. Supporting material:** A monthly report on poverty-reducing expenditures will be transmitted within four weeks of the end of each month.

## Other Data Requirements and Reporting Standards

**35. In addition to providing the data needed to monitor program implementation in relation to the program's performance criteria, indicative targets, and structural benchmarks, as set out above, the authorities will transmit the following data within the time frame specified below:**

### L. Prices

**36. The monthly disaggregated consumer price index, including weights for each major category, with January 2020 = 100, will be transmitted within four weeks of the end of each month.**

### M. Government Accounts Data

**37. A monthly consolidated Central Government budget report (i.e., the Statement of Government Operations) on budget execution for the month and cumulatively from the beginning of the year, will be transmitted to the IMF within four weeks of the end of each month.** The report will cover: (i) revenue data by major items (such as taxes on income, profits, and capital gains; domestic taxes on goods and services; taxes on international trade and transactions; other taxes; non-tax revenue); (ii) external grants by type (e.g., budget support grants, project grants); (iii) details of recurrent expenditure (including goods and services, interest payments, and subsidies and other current transfers); (iv) details of capital expenditure and net lending (including data on externally financed capital expenditure, expenditure from the Gambia Local Fund, and net lending); (v) the overall balance, the primary and the basic balance; and (vi) details of budget financing (including net domestic and net external borrowing and their components).

**38. End-week data on net domestic borrowing will be transmitted weekly within five business days of the end of each week.**

## **N. Monetary Sector Data**

**39. The balance sheet of the CBG, prepared on the basis of current and program exchange rates, will be transmitted on a monthly basis to the IMF within four weeks of the end of each month.** The balance sheet will explicitly identify all claims on, and liabilities to, the government. Claims include overdrafts, holdings of treasury bills, government bonds, advances to the government in foreign currency, and other claims on the government. Liabilities include balances in the treasury expenditure account, the consolidated revenue fund and other revenue accounts, the treasury bill special deposit account, the privatization proceeds account, and other deposit accounts. The transmission will include the individual balances on the government accounts listed in Table 1.

**40. The consolidated balance sheet of the commercial banks and a monetary survey (i.e., a consolidation of the accounts of the CBG and commercial banks), including foreign currency deposits held by residents of The Gambia with commercial banks, will be transmitted within four weeks of the end of each month.**

**41. Daily data on reserve money will be transmitted weekly within five business days of the end of each week.**

## **N. Treasury Bill Market and Interbank Money Market**

**42. Weekly data on the amounts offered and issued, net issuance, over/under subscription, and yields (interest rates) of the various instruments will be transmitted on a weekly basis within five business days of the end of each week.** Data on treasury bills and CBG bills outstanding (both at face value and at discounted value and including information on the distribution by bank and non-bank holders) will be transmitted on a monthly basis within six weeks of the end of each month.

**43. Daily data on the interbank money market (interest rates, maturities, and volumes of transactions) will be transmitted weekly within five business days of the end of each week.**

## **O. External Sector Data**

**44. The CBG will also forward within four weeks of the end of each month, data on transactions in official reserves.**

**45. Daily interbank market exchange rates, defined as the simple average of the daily weighted average buying and selling rates, will be transmitted on a weekly basis within five business days of the end of the week.** Weekly interbank market exchange rates, defined as the simple average of the weekly weighted average buying and selling rates, will be transmitted on a monthly basis within seven days of the end of the month. The CBG's monthly average and end-

month exchange rates, including those for all currencies in which foreign assets and liabilities are denominated, will be transmitted within seven days after the end of each month.

**46. Daily data on foreign exchange intervention by the central bank will be transmitted weekly within five business days of the end of each week.**

**47. A detailed reserve statement with end-week data on net usable international reserves of the CBG will be transmitted weekly within five business days of the end of each week.**

**48. The CBG will also forward monthly data on the volume of transactions (purchases, sales, and total) in the foreign exchange market by each major group of participants (CBG, commercial banks, and foreign exchange bureaus) in dalasi within seven days of the end of each month.**

**49. The CBG will publish daily on its website the official exchange rates reflecting the market conditions prevailing on that same day.**

## **P. Public Enterprises' Data**

**50. MoFEA will forward within eight weeks of the end of each quarter, data on monthly cash flow of NAWEC, GNPC, GAMTEL, GAMCEL, GCAA, SSHFC, and NFSPMC.**

**51. MoFEA will forward within eight weeks of the end of each quarter, data on the stock of consolidated Central Government's stock of payment arrears to NAWEC at the end of each month.**



# THE GAMBIA

## STAFF REPORT FOR THE 2023 ARTICLE IV CONSULTATION AND REQUEST FOR A PROGRAM SUPPORTED UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT— INFORMATIONAL ANNEX

December 18, 2023

Prepared By

Staff of the International Monetary Fund

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## RELATIONS WITH THE FUND

(As of August 31, 2023)

**Membership status.** Joined September 21, 1967. The Gambia accepted the obligations under Article VIII, Sections 2(a), 3, and 4, of the Fund's Articles of Agreements on January 21, 1993.

<b>I. General Resources Account:</b>	<b>SDR Million</b>	<b>%Quota</b>
Quota	62.20	100.00
IMF's Holdings of Currency (Holdings Rate)	52.91	85.06
Reserve Tranche Position	9.35	15.03
<b>II. SDR Department:</b>	<b>SDR Million</b>	<b>%Allocation</b>
Net cumulative allocation	89.38	100.00
Holdings	55.86	62.50
<b>III. Outstanding Purchases and Loans:</b>	<b>SDR Million</b>	<b>%Quota</b>
RCF Loans	27.99	45.00
ECF Arrangements	70.55	113.42

#### IV. Latest Financial Commitments:

##### Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Mar 23, 2020	Jun 14, 2023	70.55	70.55
ECF	May 25, 2012	Mar 20, 2015	18.66	10.89
ECF <sup>1</sup>	Feb 21, 2007	Mar 31, 2011	24.88	22.55

##### Outright Loans:

Type	Date of Commitment	Date Drawn/Expired	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF <sup>2</sup>	Apr 15, 2020	Apr 17, 2020	15.55	15.55
RCF	Jun 26, 2017	Jul 05, 2017	11.66	11.66
RCF	Apr 02, 2015	Apr 13, 2015	7.78	7.78

<sup>1</sup> Formerly PRGF

<sup>2</sup> Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e. Board approval date.

**V. Overdue Obligations and Projected Payments to Fund<sup>3</sup>**

(SDR Million; based on existing use of resources and present holdings of SDRs)

	2023	2024	Forthcoming 2025	2026	2027
Principal	0.78	3.89	5.17	9.44	13.94
Charges/Interest	0.34	1.37	1.36	1.36	1.36
<b>Total</b>	1.12	5.25	6.53	10.81	15.31

**VI. Implementation of HIPC Initiative:**

I.	Commitment of HIPC assistance	Enhanced Framework
	Decision point date	Dec 2000
	Assistance committed	
	by all creditors (US\$ Million) <sup>4</sup>	66.60
	Of which: IMF assistance (US\$ million)	2.30
	(SDR equivalent in millions)	1.80
	Completion point date	Dec 2007
II.	Disbursement of IMF assistance (SDR Million)	
	Assistance disbursed to the member	1.80
	Interim assistance	0.44
	Completion point balance	1.36
	Additional disbursement of interest income <sup>5</sup>	0.49
	<b>Total disbursements</b>	2.29

**VII. Implementation of Multilateral Debt Relief Initiative (MDRI):**

	MDRI-eligible debt (SDR Million) <sup>6</sup>	9.42
	Financed by: MDRI Trust	7.44
	Remaining HIPC resources	1.98
	Debt Relief by Facility (SDR Million)	

Delivery Date	Eligible Debt		
	GRA	PRGT	Total
December 2007	N/A	9.42	9.42

**VIII. Implementation of Catastrophe Containment and Relief (CCR):**

<sup>3</sup> When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

<sup>4</sup> Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts cannot be added.

<sup>5</sup> Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

<sup>6</sup> The MDRI provides 100 percent debt relief to eligible member countries that qualified for the assistance. Grant assistance from the MDRI Trust and HIPC resources provide debt relief to cover the full stock of debt owed to the Fund as of end-2004 that remains outstanding at the time the member qualifies for such debt relief.



Date of Catastrophe	Board Decision Date	Amount Committed (SDR million)	Amount Disbursed (SDR million)
N/A	Apr 13, 2020	2.10	2.10
N/A	Oct 02, 2020	2.10	2.10
N/A	Apr 01, 2021	1.87	1.87
N/A	Oct 06, 2021	1.09	1.09
N/A	Dec 15, 2021	0.78	0.78

### Safeguards assessments

An updated safeguards assessment of the CBG, completed in July 2020, noted considerable progress in strengthening the legal framework, modernizing the internal audit function, and improving financial reporting. Recommendations included, *inter alia*: (i) strengthening the CBG's external audit arrangement with the Auditor General (ii) ensuring compliance with International Financial Reporting Standards; (iii) addressing capacity constraints in the Internal Audit Department; (iv) revising the Audit Committee Charter to explicitly provide for its independence, including removing the requirement for Deputy Governors to attend meetings; and (v) engaging an expert in financial reporting and/or auditing to assist the AC in their oversight role. Progress in implementing the 2020 safeguards recommendations has been considerable, including strengthening the CBG's financial position and external audit mechanism, and revising the AC Charter. However, further progress is needed in strengthening capacity in foreign reserves management and internal audit.

### Exchange rate arrangement

The de jure exchange rate arrangement is "free floating", and the de facto exchange rate regime is "other managed". The exchange rate is determined in the foreign exchange market. The Gambia participates in the W-ERM II of the WAMZ, which requires that the spot exchange rate between the dalasi and the US dollar be maintained within  $\pm 15\%$  of the central rate; however, the authorities have not yet implemented these measures. Since mid-2022, following the global monetary tightening, The Gambia has been confronted with a tight foreign exchange market leading to a depreciation of the Dalasi and the emergence of a wedge of about 10 percent between the official and the parallel exchange rate. The Gambia has accepted the obligations of Article VIII, Sections 2(a), 3 and 4 and maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions and multiple currency practices, except for restrictions maintained solely for the preservation of national or international security, which have been notified to the Fund in accordance with the procedures set forth in Executive Board decision 144-(52/51).

### Last Article IV consultation

The Executive Board concluded the 2021 Article IV consultation on November 24, 2021.

## Technical assistance

The Fund has been providing The Gambia with extensive technical assistance in macroeconomic, fiscal (public financial management and revenue administration), monetary, banking supervision, and in improving the compilation of macroeconomic statistics. Specific technical assistance projects since end-2011 are the following:

<b>Fiscal Affairs Department</b>	
October 2023	TA mission advised on digitalization of internal auditing functions.
September 2023	TA mission provided training on customs border and inland control.
August/September 2023	TA mission advised on customs risk management.
August 2023	TA mission advised on the development of an organogram for SOE commission.
August 2023	TA mission advised on the preparation of pilot gender-responsive budgeting for FY24.
July/August 2023	TA mission advised on ITAS implementation.
June/July 2023	TA mission advised on piloting gender responsive budgeting in The Gambia.
March 2023	TA mission provided training on customs risk management.
February 2023	TA mission advised on automatic fuel pricing mechanism.
January 2023	TA mission advised on international profit shifting and tax incentives.
January 2023	TA mission advised on the petroleum fiscal regime.
January 2023	TA mission performed a governance diagnostic.
November/December 2022	TA mission advised on strengthening the public-private partnership framework.
November 2022	TA mission advised on developing an asset management policy.
October/November 2022	TA mission provided support to the Parliamentary budget office to implement program-based budgeting.
November 2022	TA mission advised on debt management.
October 2022	TA mission provided support on implementation of program-based budgeting.
September 2022	TA mission advised on enhanced revenue performance.
July 2022	TA mission advised on tax policy analysis and revenue forecasting.
June/July 2022	Two TA mission provided support on customs and border controls.
June 2022	TA mission advised on core tax functions improvement.
May/June 2022	TA mission advised on developing quality assurance framework for the internal audit directorate.
April 2022	TA mission provided support on fiscal risk statement preparation.
March/April 2022	TA mission provided support to the GRA to develop its IT and digitalization strategy.
March/April 2022	TA mission advised on customs trade facilitation.
March/May 2022	TA mission advised on customs post clearance controls
March 2022	TA mission advised on assessing and enhancing the payroll management system.
March/April 2022	TA mission advised on green budgeting for FY22
January/February 2022	TA mission provided support to the training of SOE officials in international financial reporting standards.
November 2021	TA mission followed up on gender responsive budgeting.

### Monetary and Capital Markets Department

September/October 2023	TA mission followed up on enhancing stress testing framework.
August 2023	TA mission advised on developing forecasting and policy analysis system.
July 2023	TA mission advised on improving oversight framework for FMIs.
June 2023	TA mission advised on improving FX market operations.
June 2023	TA mission advised on improving IFRS implementation.
May 2023	TA mission provided support on developing forecasting and policy analysis system.
May 2023 -	Technical expert advising on banking supervision.
March 2023	TA mission advised on improving cyber resilience.
February 2023	TA mission advised on enhanced revenue performance.
February 2023	TA mission provided support on developing forecasting and policy analysis system.
January 2023	TA mission advised on improving liquidity forecasting and liquidity management framework.
November 2022	TA mission provided support on developing forecasting and policy analysis system.
September/October 2022	TA mission advised on improving risk-based supervision.
August 2022	TA mission provided support on developing forecasting and policy analysis system.
August 2022	TA mission advised on enhancing the stress testing framework.
May 2022	TA mission provided support on developing forecasting and policy analysis system.
February 2022	TA mission provided support on developing forecasting and policy analysis system.
November 2021	TA mission provided support on developing forecasting and policy analysis system.

### Statistics Department

June 2023	TA mission provided support on the development of quarterly GDP.
April 2023	TA mission advised on BOP/IIP source data.
April 2023	TA mission provided support on the development of quarterly GDP.
December 2022	TA mission advised on GDP rebasing.
August 2022	TA mission provided support on the development of quarterly GDP.
May 2022	TA mission advised on compilation of government finance statistics.
April 2022	TA mission advised on BOP/IIP source data.
March/April 2022	TA mission advised on improving the PPI.
March/April 2022	TA mission provided support on the development of quarterly GDP.
December 2021	TA mission provided support on the development of quarterly GDP.

### Resident Representative

Mr. Patrick Gitton has been the Fund's Resident Representative in The Gambia since September 8, 2023.

## RELATIONS WITH OTHER FINANCIAL INSTITUTIONS

As of December 12, 2023, The Gambia collaborates with the World Bank Group, the African Development Bank, and the Islamic Development Bank. Further information may be obtained from the following websites:

### A. World Bank

<https://www.worldbank.org/en/country/gambia>

### B. African Development Bank

<https://www.afdb.org/en/countries/west-africa/gambia>

### C. Islamic Development Bank

<https://www.isdb.org/gambia>

## STATISTICAL ISSUES

<b>The Gambia—Statistical Issues Appendix</b> As of November 29, 2023
<b>I. Assessment of Data Adequacy for Surveillance</b>
<p><b>General:</b> Data provision has some shortcomings but is broadly adequate for surveillance. The authorities are making efforts to address shortcomings in the areas of monetary and financial data, balance of payments, and external debt statistics.</p>
<p><b>National Accounts (NA):</b> The Gambia Bureau of Statistics (GBoS) has improved the annual national accounts estimates and implemented the System of National Accounts 2008 through the GDP rebasing exercise of base year 2013. The GBoS has developed quarterly GDP estimates by the production approach, and in May 2023 published for the first-time quarterly GDP estimates for 2013Q1–2022Q4. GDP figures, methodological notes and policy of revisions has been made available to users. Collaboration with stakeholders has improved and line ministries continue to contribute to the development of sectoral statistics, particularly in agriculture, health, education, transport, and construction. Although there are some improvements in the timeliness and accessibility of GDP figures, the GBoS continues to face capacity and financial constraints to process data in a timely manner.</p>
<p><b>Price Statistics:</b> With STA technical assistance, the GBoS is working towards updating the Consumer Price Index (CPI) weights using the 2020 Integrated Household Survey (IHS). The current CPI uses expenditure weights derived from the 2015/16 IHS, making the index weighting structure outdated and not reflective of current expenditure patterns.</p>
<p><b>Government Finance Statistics:</b> With STA technical assistance, the authorities are in the process of fully implementing an upgraded IFMIS to apply the framework of the Government Finance Statistics Manual 2014 (GFSM 2014) through budgeting, accounting, and reporting processes to compile fiscal statistics for budgetary central government using GFSM 2014 classification. Ensuring consistency of fiscal statistics throughout budget documents, accounting system, and fiscal reports as well as expanding the coverage of fiscal statistics would require sustained capacity development effort. The compilation of project grant disbursements and project grant use remains a challenge. Monthly data on domestic government financing are available with a delay of about four weeks.</p>
<p><b>Monetary and Financial Statistics:</b> The Central Bank of The Gambia (CBG) reports monetary data, using Standardized Report Forms for the central bank and other depository corporations (ODCs), which are published in the International Financial Statistics. However, the CBG faces some data shortcomings. The CBG reports monetary data to STA with a lag of 3 to 6 months and with a large gap in the historical data between May 2015 and December 2016. For some financial assets and liabilities including loans and deposits of ODCs, economic sector and currency breakdowns consistent with the IMF's Monetary and Financial Statistics Manual are not available. The coverage of ODCs excludes credit institutions, and deposit-taking microfinance companies, which issue short-term liabilities. The CBG is currently developing data for other financial corporations comprising insurance corporations and the National Provident Fund.</p> <p><b>Financial Access Survey (FAS):</b> Gambia reports data on several series and indicators of the Financial Access Survey (FAS) including one indicator (commercial bank branches per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).</p>

**Financial sector surveillance:** Data quality has improved significantly following the introduction of an automated platform for regulatory returns. This paved the way for the implementation of comprehensive stress tests. However, cross border exposure data for financial corporations are not available. The CBG reported Financial Soundness Indicators (FSIs) to STA in October 2016 for publication on the IMF's FSI webpage, including 11 of the 12 core indicators and 8 encouraged indicators for deposit takers. However, the CBG does not regularly update FSIs.

**External sector statistics:** The CBG produces quarterly balance of payments (BOP) statistics following the Balance of Payments Manual, 6th edition (BPM6). The CBG recently resumed BOP data submission to STA. Other improvements included the updating of the enterprise registry, and the launching of report forms to real estate agencies on a quarterly basis. Despite some improvements, BOP statistics continue to be affected by serious shortcomings. All transfers inflows are classified as current transfers; however, some relate to real estate purchases by nonresidents. A foreign assets and liabilities survey (FALS) was conducted in 2022 covering the 2015-2020 period; there is lack of reliable data sources for direct investment and other financial account transactions of other sectors. Financial account transactions of central bank and commercial banks are estimated as differences of positions without exchange rate changes adjustments; therefore, revaluations are incorrectly recorded as transactions. There is room to improve coordination within the CBG and with other agencies to make full use of available administrative data for compilation purposes, including the use of financial statements of banks and selected nonfinancial corporations and the validation of financial account transactions of the general government with external debt data of the Ministry of Finance and Economic Affairs. The production of IIP statistics, even though partial and preliminary, is key to improve and validate the quality of investment income and financial account transactions. The latest TA mission conducted in 2023 assisted on the preparation of preliminary partial IIP statistics for 2021.

## II. Data Standards and Quality

The Gambia implemented the enhanced General Data Dissemination System (e-GDDS) by launching a National Summary Data Page in May 2018. Timeliness needs to be improved.

A data ROSC was published on December 1, 2005.

### The Gambia: Common Indicators Required for Surveillance

(As of November 29, 2023)

	Date of latest observation	Date Received	Frequency of Data <sup>6</sup>	Frequency of Reporting <sup>6</sup>	Frequency of Publication <sup>6</sup>
Exchange Rates	Current	Current	D	W	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities <sup>1</sup>	Current	Current	W	W	M
Reserve/Base Money	8/2023	9/2023	D	W	M
Broad Money	8/2023	9/2023	M	M	M
Central Bank Balance Sheet	8/2023	9/2023	M	M	M
Consolidated Balance Sheet of the Banking System	8/2023	9/2023	M	M	M
Interest Rates <sup>2</sup>	Current	Current	W	W	M
Consumer Price Index	10/2023	11/2023	M	M	M
Revenue, Expenditure, Balance and Composition of Financing <sup>3</sup> – Central Government	10/2023	11/2023	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt <sup>4</sup>	8/2023	10/2023	M	M	M
External Current Account Balance	Q2/2023	9/2023	Q	Q	Q
Exports and Imports of Goods and Services	Q2/2023	9/2023	Q	Q	Q
GDP/GNP	2022	5/2023	A	A	A
Gross External Debt	8/2023	10/2023	Q	I	A
International Investment Position <sup>5</sup>	N/A	N/A			

<sup>1</sup>Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

<sup>2</sup>Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

<sup>3</sup>Foreign, domestic bank, and domestic nonbank financing.

<sup>4</sup>Including currency and maturity composition.

<sup>5</sup>Includes external gross financial asset and liability positions vis-à-vis nonresidents.

<sup>6</sup>Daily (D); weekly (W); monthly (M); quarterly (Q); annually (A); irregular (I); and not available (NA).



# THE GAMBIA

## STAFF REPORT FOR THE 2023 ARTICLE IV CONSULTATION AND REQUEST FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY—DEBT SUSTAINABILITY ANALYSIS

December 18, 2023,

Approved By  
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**(IDA)**

Prepared by the staffs of the International Monetary Fund and the International Development Association

<b>The Gambia: Joint Bank-Fund Debt Sustainability Analysis</b>	
<b>Risk of external debt distress</b>	High
<b>Overall risk of debt distress</b>	High
<b>Granularity in the risk rating</b>	Sustainable
<b>Application of judgment</b>	No

*The Gambia's overall and external debt distress risk ratings remain high and public debt continues to be deemed sustainable,<sup>1</sup> similar to the previous DSA. Under the updated macro framework, there remain breaches of the indicative thresholds for the PV of external debt-to-exports, external debt service-to-exports and external debt service-to-revenue. These breaches primarily reflect continued weaknesses in projected exports in the early years and rising debt service commitments in the medium term. Similar to that estimated in the previous DSA, the PV of overall debt-to-GDP ratio remains on a downward sloping path and drops below its benchmark of 55 percent of GDP in 2024, underpinned by fiscal consolidation, reliance on grants and concessional loans, and support from development partners. This path indicates that the public debt outlook remains sustainable. Downside risks are linked to the protracted war in Ukraine and the path of the COVID-19 pandemic that could weaken economic recovery, intensify fiscal pressures, and adversely affect the debt profile.*

<sup>1</sup> The Gambia's Composite Index is estimated at 2.99 and is based on October 2023 WEO update and 2022 WB CPIA that was published in July 2023; the debt carrying capacity remains medium.



## PUBLIC DEBT COVERAGE

1. **Similar to the previous DSA in June 2023 (sixth ECF review), the current DSA uses end-2022 data as a starting point.** The DSA uses a broader coverage of the public sector, which includes the central government, central bank and government-contracted debt pertaining to State-owned enterprises (SOEs) (Text Table 1) <sup>2,3</sup>. SOE debt linked to trade credit from the Islamic Trade Finance Corporation (ITFC) is accounted for in the government debt. This includes short-term external financing to the large SOEs, namely, the National Water and Electric Company (NAWEC) and the Gambia National Petroleum Company (GNPC).<sup>4</sup> Additionally, the coverage for the contingent liabilities test uses default settings for financial markets (at the minimum of 5 percent of GDP), representing the average cost to the government from a potential financial crisis in a low-income country, and SOE debt (at 2.0 percent of GDP for debt not explicitly guaranteed by the government).<sup>5</sup> Exposures to PPPs are set at zero, as PPPs in The Gambia are estimated to be marginal as a proportion of GDP. The DSA uses a currency-based definition of external debt. There is no significant difference between a currency-based and residency-based definition of external debt.<sup>6</sup>

**Text Table 1. The Gambia: External and Public DSAs: Coverage of Public Debt and Design of Contingent Liabilities Stress Test**

Subsectors of the public sector	Check box		
1 Central government	X		
2 State and local government			
3 Other elements in the general government			
4 o/w: Social security fund			
5 o/w: Extra budgetary funds (EBFs)			
6 Guarantees (to other entities in the public and private sector, including to SOEs)	X		
7 Central bank (borrowed on behalf of the government)	X		
8 Non-guaranteed SOE debt			

1 The country's coverage of public debt	The central government, central bank, government-guaranteed debt		
	Default	Used for the analysis	Reasons for deviations from the default settings
2 Other elements of the general government not captured in 1.	0 percent of GDP	0	
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2.0	
4 PPP	35 percent of PPP stock	0.00	PPPs are estimated to be marginal as a proportion of GDP
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
<b>Total (2+3+4+5) (in percent of GDP)</b>		<b>7.0</b>	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1). If it is already included in the government debt (1) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

<sup>2</sup> The projects financed by these loans are implemented by SOEs, and the capital assets acquired through these projects, with a few exceptions, are held on the balance sheets of the SOEs. Some of the external loans were on-lent by the Government, with a formal agreement signed with the SOE and the liability recorded on the SOE balance sheet, but for several loans there is no formal on-lending agreement (Source: World Bank. 2022. The Gambia Integrated State-Owned Enterprises Framework (iSOEF) Assessment).

<sup>3</sup> The outstanding external loans contracted by the Government for SOEs amounted to 16.6 percent of GDP at end-2022.

<sup>4</sup> The outstanding debt to ITFC amounted to 1.1 percent of GDP at end-2022.

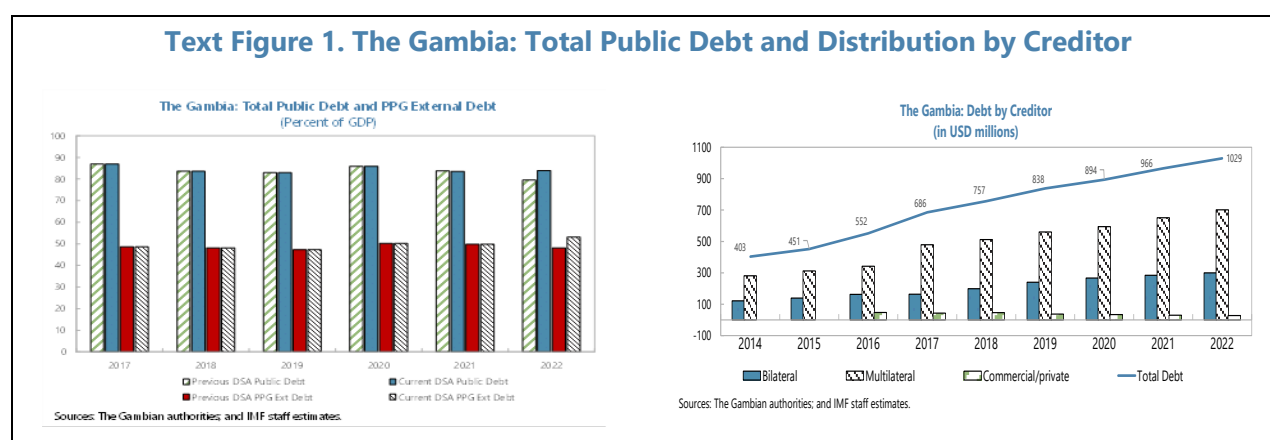
<sup>5</sup> The 2020 Consolidated SOE Financial Performance Report prepared in April 2022 by the Directorate for SOE Oversight, MOFEA assessed the total SOE liabilities at 19 percent of GDP for end-2020. Accounting for the on-lent, guaranteed external and domestic debt pertaining to SOEs already covered in the public debt for this DSA, the unguaranteed SOE debt approximates to 2.0 percent of GDP.

<sup>6</sup> Locally issued LC-denominated debt held by non-residents and locally issued FX-denominated debt held by residents are insignificant.

## BACKGROUND

### A. Recent Debt Developments

**2. The Gambia's total public debt to GDP stood at about 84 percent and external debt to GDP at about 52 percent as of end-2022; the composition remains broadly unchanged from the sixth ECF review (Text Figure 1).** The Gambia's external debt primarily comprises of concessional and semi-concessional loans from multilateral and plurilateral creditors, with creditors from the Middle East forming the single largest creditor sub-group. Around 68 percent of the Gambia's PPG external debt is owed to multilateral creditors, with bilateral creditors (29 percent) and commercial creditors (3 percent) comprising relatively smaller shares among the creditor categories. While approximately 30 percent of the PPG external debt is owed to the IMF and MDBs, about 70 percent of PPG external debt is owed to a combination of various creditors from the Middle East (Text Table 2).<sup>7</sup>



**3. Debt service and undisbursed debt projections on existing debt in the latest baseline are similar to projections during the sixth ECF review.** The overall external debt service between 2022-2029 stands at a cumulative US\$652 million. Of the total debt service, amortization stands at \$562 million, with the remaining US\$90 million in interest charges. Meanwhile, the amount of undisbursed loans stood at US\$250 million in December 2022, compared to US\$298 million in end-2021.

### B. Macroeconomic Assumptions

**4. Economic activity is recovering robustly but inflation pressures persist (MEFP 14).** GDP growth estimates for 2022 was revised upwards to 4.9 percent (from an earlier estimate of 4.4 percent), supported by the agriculture, services, and construction sectors. Tourist arrivals at end-2023Q3 increased by 18 percent (y-o-y) from the same period in 2022 but remained 15 percent below pre-pandemic periods.

<sup>7</sup> The Gambia has arrears on external debt owed to Libya and Venezuela. However, these arrears have materialized due to problems that are not an indication of debt distress. The discussions on debt reconciliation with Libya are ongoing, with the most recent correspondence in March 2022. Regarding the arrears to Venezuela, the Gambian authorities received a letter in January 2022 from Venezuela. They have been contacting the Venezuelan authorities to re-engage on the discussion on arrears.

Remittance inflows increased by 6.2 percent at end-2023Q3 relative to the same period in 2022. Headline inflation reached 18.5 percent (y-o-y) in September 2023, driven by externally-induced food inflation, the recent electricity tariffs adjustment, and the depreciation of the Dalasi vis-à-vis the US\$. Budget execution during the nine months of 2023 faced some challenges but the end-2023 fiscal targets are within reach, possibly with some overperformance, including because of higher-than-expected budget support from development partners. The macroeconomic outlook continues to be subject to exceptionally large uncertainty, owing to the war in Ukraine and conflict in the middle East.

**Text Table 2. The Gambia: Decomposition of Public Debt and Debt Service by Creditor, 2022-2024<sup>1</sup>**

	Debt Stock (end of period)			Debt Service					
	2022			2022	2023	2024	2022	2023	2024
	(In US\$ millions)	(Percent total debt)	(Percent GDP)	(In US\$ millions)			(Percent GDP)		
<b>Total</b>	1,669.3	100.0	82.8	117.8	170.6	174.0	5.8	7.2	6.4
<b>External</b>	1,029.3	61.7	51.1	69.4	71.3	61.8	3.4	3.0	2.3
Multilateral creditors	701.5	42.0	34.8	45.0	55.9	33.1	2.2	2.4	1.2
IMF	129.5	7.8	6.4						
World Bank	127.2	7.6	6.3						
ADB/AfDB/IADB	52.0	3.1	2.6						
Other Multilaterals	392.8	23.5	19.5						
<i>o/w: IsDB and OFID</i>	226.5	13.6	11.2						
Bilateral Creditors	300.0	18.0	14.9	21.9	12.0	24.5	1.1	0.5	0.9
Paris Club	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>o/w: ING Bank N.V. and Govt. of Belgium</i>	0.4	0.0	0.0						
Non-Paris Club	299.6	17.9	14.9	21.9	12.0	24.5	1.1	0.5	0.9
<i>o/w: Saudi and Kuwait Fund</i>	156.3	9.4	7.8						
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	27.7	1.7	1.4	2.5	3.4	4.2	0.1	0.1	0.2
<i>o/w: M.A. Kharafi and Sons</i>	27.7	1.7	1.4	2.5	3.4	4.2			
Other international creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>o/w:</i>	0.0	0.0	0.0						
<b>Domestic</b>	640.0	38.3	31.8	48.5	99.4	112.3	2.4	4.2	4.1
Held by residents, total <sup>4</sup>	640.0	38.3	31.8	48.5	99.4	112.3	2.4	4.2	4.1
Held by non-residents, total <sup>4</sup>	-	0	0	0	0	0	0	0	0
T-Bills	288.8	17.3	14.3	12.1	21.4	22.6	0.6	0.9	0.8
Bonds	351.2	21.0	17.4	36.4	77.9	89.7	1.8	3.3	3.3
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Memo items:</b>									
Collateralized debt <sup>2,4</sup>	n/a								
Contingent liabilities <sup>3,4</sup>	n/a								
Nominal GDP	2,015.2								

<sup>1</sup> As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

<sup>2</sup> Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

<sup>3</sup> Includes other one-off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

<sup>4</sup> Capacity constraints limit data availability. Plans to fill the data gaps will be discussed at subsequent program reviews.

**5. The DSA is consistent with the macroeconomic framework outlined in the staff report.** The baseline scenario assumes the implementation of sound macroeconomic policies, structural reforms, and an ambitious infrastructure investment plan. The key macroeconomic assumptions are as follows (Text Table 3, which also compares the assumptions relative to the previous DSA)

- Real GDP growth:** GDP growth estimates have been revised upwards to 5.3 percent in 2021 and 4.9 percent in 2022, supported by the agriculture, services and construction sectors. Economic growth is projected to strengthen and hover around 6 percent in 2023-24. Tourist arrivals increased by 18 percent (y-o-y) at end-2023Q3 relative to the same period in 2022. During the same period, remittance inflows increased by 6.2 percent, which continue to support the construction sector. Agriculture is benefiting from good rainfalls, improved seeds, and lower-cost fertilizers. It also benefits from increased investment in projects by international partners, the building of storage facilities to reduce loss from spoilage, and the projected coming online of the new GGC factory in 2024 which will increase its capacity. Growth is projected to converge gradually to a steady state of 5 percent in the medium and long term, supported by an expansion of the tourism sector as it continues to recover to its pre-Covid 19 levels and benefit from the 2024 OIC conference as well as investment financing project from the World Bank, higher production and value-added from the agriculture sector, impacts of ongoing large infrastructure projects (urban and rural road construction, port expansion, energy projects, etc.), sustained public and private construction, improvement in the business environment (bolstered by the vast judicial reform agenda, updated regulations to improve access to finance, upcoming digitalization of the business registration process etc.), and continuation of strong policies started after the democratic transition (SOEs, governance, etc.). The agriculture sector should be revitalized by the issuance of regulations aimed at reducing aflatoxin exposure in the groundnut, maize and rice value chains, and to reinforcing compliance with safety standards by operators in the food sector. The issuance of regulations to facilitate private sector participation in the energy sector and the penetration of renewable energies should help boost energy production. The projected long-term economic growth of 5 percent is in line with economic growth in peer countries. For instance, in neighboring ECOWAS countries, average historical growth during 2004-19 stood at 5.4 percent and future long-term growth for 2023-44 is projected at 5.2 percent.
- Inflation:** Headline inflation reached 18.5 percent (y-o-y) in September 2023, driven by externally-induced food inflation (24.4 percent), the recent electricity tariffs adjustment (37 percent), and the depreciation of the Dalasi vis-à-vis the US\$ (10.2 percent, y-o-y). Inflationary pressures are projected to persist in 2023 and gradually ease thereafter, owing to the restrictive monetary policy. Inflation is projected to converge to the CBG's target of 5 percent from 2026. The CBG increased the policy interest rate in all recent monetary policy committee meetings. They intend to tighten further the monetary policy stance using an appropriate combination of policy tools as needed, including the issuance of CBG bills and the increase in the reserve requirement ratio.
- Fiscal deficit:** The 2023 fiscal framework underpinning the DSA is anchored on previous parameters, including the adopted 2023 budget and recently agreed 2024 fiscal aggregates. Despite some challenges in the budget execution during 2023H1, the authorities are committed to achieve an overall fiscal deficit of 2.3 percent of GDP at end-2023, slightly overperforming earlier targets, and lower net domestic borrowing, owing to higher-than-expected budget support from partners, dividend payments from the central bank, and privatization proceeds from Megabank. The fiscal deficit is

expected to gradually improve in the medium term, supported by both revenue and spending measures. In the near term, the fiscal consolidation is supported by, among other measures, the recently-introduced electricity tariff adjustment and efforts to adjust domestic fuel prices to reflect passthrough from international prices. The authorities also expect in 2024 additional revenue from the Africa 50's Asset Recycling Program and the court-mandated license penalty. Revenue mobilization measures, currently underway and supporting medium-term fiscal consolidation, include streamlining tax exemption, cleansing and maintaining accurate tax ledgers for large taxpayers, accelerating the implementation of Asycuda World, and consolidating toll bridge collection. Furthermore, efforts are underway to collect additional resources, including from privatization and the sale of stolen assets under the Janneh Commission. A reform monitoring committee has been put in place to ensure swift implementation of measures required to trigger support from development partners. On the spending side, measures to address the COVID-19 pandemic and the Russia's war in Ukraine are expected to be phased out gradually in the near and medium term; the electoral cycle has been completed and the related spending will decline; the OIC-related large infrastructure projects have been completed; and the budget will be executed based on a strict cash plan that aligns spending with available resources. Some large infrastructure projects are also nearing completion, particularly the projects related to the OIC conference, including the Bertil-Harding highway.<sup>8</sup> The investment prioritization and selection tool by the GSRB will be expanded to domestically financed and PPP projects to enhance efficiency and contain spending. Furthermore, the authorities intend to overhaul the SOE sector to reduce their dependence on the budget and turn them into income-generating assets and consolidate redundant agencies with relevant Ministries.

- **Financing needs and assumptions:** The baseline assumes that the financing mix will be consistent with a prudent borrowing strategy, aimed at gradually increasing the share of domestic debt and only seeking new external financing on concessional or semi-concessional terms.
- **External financing:** Financing needs originate mainly from the persistent implications of the COVID-19 pandemic, the war in Ukraine, the conflict in Israel and Gaza, the large development needs, as well as the expiration of the debt deferrals.<sup>9</sup> The external financing will come from multilaterals and official bilaterals, which includes the IMF's new ECF lending (100 million US dollars during 2024-2026) as well as World Bank IDA financing. There will be no new commercial borrowings.
- **Domestic borrowing:** With regards to the instruments used for domestic debt financing, the DSA assumes that over the next five years, 80 percent of all new debt will be financed via T-bills, 15 percent via 3-year bonds and the remaining via 5-year bonds. This distribution is very similar to the actual issuance pattern seen over the past year (2021-2022). In the medium-term, the issuance is projected to shift gradually toward longer-term bond maturities.

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<sup>8</sup> The key features and drivers of the medium-term fiscal framework are outlined in Annex II of the Fourth ECF Review Staff Report.

<sup>9</sup> Total debt service relief due to confirmed deferrals from the 2019 negotiations with bilateral creditors amounted to around US\$129 million, where most bilateral creditors participated. For more details, please see the 3rd ECF review in December 2021. The implication of the expiration of the debt deferral is discussed in para 12 and has also been added under the financing needs.

- **Current account:** The current account deficit in 2022 was 4.2 percent of GDP (or US\$ 91 million). In particular, imports in 2022 increased significantly from 2021, largely due to higher global commodities prices. Tourist arrivals in 2022 increased by 80 percent relative to 2021 but remained below pre-pandemic levels by 22 percent. The current account deficit is expected to stay at a comparable level in 2023 on the back of a recovery in tourism combined with an uptick in imports related to ongoing large infrastructure projects. The current account deficit is expected to remain substantial in the medium term. Pressures on the balance of payments and foreign exchange are expected to persist in 2023-24 and may persist even further if the external shocks do not dissipate. In the longer term, the external sector is expected to improve as tourism strengthens, cross-border exports disruptions dissipate, exports increase in groundnuts, and imports related to large OIC-related investment projects diminish.
- **FX Reserves:** The Gambia's gross international reserves stood at US\$454.7 million in 2022, which is 21 percent of GDP or 5.3 months of prospective imports. Gross reserves have risen markedly from a trough of US\$60 million in 2016. This has been driven by amplified disbursement of external financial assistance (including from the IMF), CA improvement, and private inflows of foreign exchange, which have allowed the central bank to rebuild its buffers. Reserves have declined to US\$426 million in October 2023, due to higher imports.

**6. The realism of the macroeconomic framework is confirmed based on several metrics** (Figure 3 and 4). The projected fiscal adjustment for the next three years is in the top quartile of the distribution of approved Fund-supported programs for LICs since 1990, underpinned by (i) the projected phasing out of revenue and spending measures related to COVID-19 and the war in Ukraine; (ii) the completion of large infrastructure projects related to the OIC conference; (iii) revenue mobilization measures; and (iv) development partners' disbursements. The contribution of government investment to real GDP growth is conservative and remains in the order of the historical magnitudes. Regarding the relation between fiscal adjustment and growth paths, the baseline projection deviates at times from the growth paths under the different fiscal multipliers. However, given the development partners' projected support and the strong macroeconomic policies (including under the IMF-supported program), the projected rebound in growth seems reasonable. The drivers of projected medium-term debt-creating flows for public debt are comparable to those underlying the historical outturns.<sup>10</sup>

<sup>10</sup> The residuals in the forecast years for the external and public DSAs include the contribution of real exchange rate movements, factors affecting debt changes but not captured by debt-creating flows (i.e., project grants), as well as adjustment for coverage between fiscal accounts and DSAs. The relatively large residual in 2023 is partly attributed to the debt data reconciliation.

**Text Table 3. The Gambia: Selected Macroeconomic Indicators (2021–2027)**

	2021	2022	2023	2024	2025	2026	2027	15-year average <sup>1</sup>
Real GDP Growth (percent)								
Current DSA	5.3	4.9	5.6	6.2	5.8	5.0	5.0	5.0
Previous DSA <sup>5</sup>	4.3	4.4	5.6	6.3	5.8	5.0	5.0	5.0
Exports of goods and services growth (percent) <sup>2</sup>								
Current DSA	-9.1	88.6	26.9	22.2	13.6	12.6	12.6	14.7
Previous DSA	20.0	25.9	30.9	38.6	7.1	6.3	6.4	9.2
Imports of goods and services growth (percent) <sup>2</sup>								
Current DSA	7.9	14.2	23.6	14.6	3.5	6.8	6.6	6.6
Previous DSA	7.3	23.4	19.2	9.6	6.0	3.6	5.5	5.7
CA deficit (percent of GDP) <sup>3</sup>								
Current DSA	4.2	4.2	4.4	5.8	3.8	2.8	2.4	-7.1
Previous DSA	0.1	6.0	11.9	8.9	9.5	8.6	8.0	1.9
Public investment (percent of GDP)								
Current DSA	6.2	8.3	9.5	9.6	8.8	8.4	8.1	6.5
Previous DSA	6.2	8.4	9.1	8.2	8.7	8.2	8.4	7.8
Overall fiscal deficit <sup>4</sup>								
Current DSA	4.8	4.9	2.3	2.7	1.3	1.0	1.0	0.6
Previous DSA	4.6	4.9	2.7	2.0	0.9	0.5	0.6	1.3

Sources: The Gambian authorities; and IMF staff estimates and projections.

<sup>1</sup> Defined as the simple average of the last 15 years of the projection (2028-42).

<sup>2</sup> In current dollar terms, including re-exports.

<sup>3</sup> Includes worker's remittances and grants.

<sup>4</sup> Includes grants.

<sup>5</sup> Previous DSA numbers are taken from Sixth Review ECF

## COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

**7. This DSA uses the CI vintage October 2023 WEO and 2022 CPIA, which assess that The Gambia's debt carrying capacity remains classified as "medium" (Text Table 4).** The classification of the Gambia's debt carrying capacity is based on a CI score of 2.99, which is higher than the previous DSA. The import coverage of reserves is the most significant contributor to the CI score, followed by the CPIA value, which reflects the quality of institutions and policies. The CI score has been updated with the October 2023 WEO and 2022 CPIA. The relevant thresholds applicable to public and publicly guaranteed external debt are 40 percent for the PV of debt-to-GDP ratio, 180 percent for the PV of debt-to-exports ratio, 15 percent for the debt service-to-exports ratio, and 18 percent for the debt service-to revenue ratio. For the PV of total public debt-to-GDP ratio, the benchmark is 55 percent.

**8. Stress tests follow the standardized settings, with none of the individual tailored stress tests applicable for The Gambia.** The standardized stress tests use the default settings, with the combined contingent liabilities test assuming a shock of 7.0 percent of GDP (5 percent of GDP for financing sector shock and 2.0 percent of GDP for non-guaranteed SOEs debt).



Text Table 4. The Gambia: Debt Carrying Capacity and Thresholds

<b>Country</b>	Gambia, The		
<b>Country Code</b>	648		
<b>Debt Carrying Capacity</b>	Medium		
	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Final	Medium	Medium	Medium
	2.99	2.93	2.91
<b>EXTERNAL debt burden thresholds</b>			
<b>PV of debt in % of</b>			
Exports	180		
GDP	40		
<b>Debt service in % of</b>			
Exports	15		
Revenue	18		
<b>TOTAL public debt benchmark</b>			
PV of total public debt in percent of GDP			55

## EXTERNAL DSA

**9. Under the baseline scenario, three of the four external debt indicators breach the threshold for varying periods within the forecast horizon (Figure 1).** The PV of external debt-to-exports breaches the threshold level of 180 in 2023 and 2024, before falling below the threshold and continuing to decline for the remainder of the projection period. The debt-service-to-exports ratio breaches the threshold level of 15 percent in 2023, and again between 2025-27. The external debt service-to-revenue ratio breaches the threshold level of 18 percent in 2023, and then again between 2025-28, before falling below the threshold for the remainder of the forecast horizon. These breaches are broadly similar to those seen during the previous DSA (sixth ECF review). The reason for the breaches can be attributed to lower export growth in the near-term and higher debt service commitments in the medium-term. The PV of external debt-to-GDP remains within the threshold level of 40 percent for the entire forecast horizon.

**10. Under the stress test scenarios, all the indicators breach their thresholds for varying periods under the forecast horizon.** With the combined bound test, the PV of debt-to-GDP breaches the threshold level of 40 percent in 2024 and falls below the threshold in 2030. With the bound test of exports, the PV of debt-to-exports breaches the threshold level of 180 percent in 2023 and remains above the threshold for the remainder of the forecast horizon. With the bound test of exports, the debt-service-to-exports ratio breaches the threshold level of 15 percent in 2023 and remains above the threshold for the remainder of the forecast. With the combined bound test, the debt-service-to-revenue ratio breaches the threshold level of 18 percent in 2023 and remains above the threshold for the remainder of the forecast horizon.



## PUBLIC DSA

**11. Under the baseline scenario, the PV of total public debt-to-GDP ratio is temporarily in breach of the benchmark in the near term.** Under the baseline scenario, the PV of total public debt-to-GDP breaches the benchmark level of 55 percent in 2023 but falls within the benchmark level in 2024 and continues to decline thereafter throughout the forecast horizon. Two other indicators of public debt, namely the PV of debt-to-revenue and debt service-to-revenue are on a declining trend for the entire duration of the forecast horizon in the baseline scenario. Under the stress scenario, with the bound test of other flows, the PV of total public debt-to-GDP remains above the benchmark until 2030.

## RISK RATING AND VULNERABILITIES

**12. The Gambia's external debt has a high risk of distress but is sustainable.** The weakness in exports continues to weigh on the export-related external debt service indicators in the near term. As highlighted in the sixth ECF review, the sharp slowdown in tourism and the associated decline in exports of goods and services is expected to normalize over the next couple of years. Additionally, the breaches of the debt-service thresholds in later years reflect the period when debt-service deferrals negotiated with creditors are expected to expire, potentially leading to higher debt-service payments coming due in those years and tighter liquidity. The resumption of external debt servicing obligations is expected to absorb significant resources from much-needed social and infrastructure investments expenditure. The breaches highlight The Gambia's limited space for additional borrowing in the near term and emphasize the need to continue to build ample buffers to face the increased debt-service burden that lies ahead.

**13. The liquidity risk can be mitigated by some factors.** To address higher future debt service, the authorities are implementing measures that are expected to bolster further domestic revenue mobilization in the near and medium term, including the overhaul of the SOE sector to reduce fiscal burdens and generate revenue. The authorities are also making efforts to further develop the tourism sector and diversify exports. Moreover, the policies that aim at supporting foreign exchange reserves will also help address liquidity constraints.

**14. The Gambia's overall public debt position is also assessed at high risk of debt distress but remains sustainable, based on the public DSA and the external DSA.**<sup>11</sup> The PV of total public debt-to-GDP continues to follow a firmly downward sloping path, remains within the benchmark from around 2024 onwards, continuing to decline thereafter. Since the indicator falls below the benchmark within 3 years of the projection horizon and remains under benchmark thereafter, the overall debt position is deemed sustainable. Public debt is deemed sustainable due to a set of factors, including a continued downward sloping path underpinned by fiscal consolidation, reliance on grants and concessional loans, and support from development partners. The authorities are addressing risks related to debt service by implementing a debt management policy that reduces roll-over risks, including by lengthening maturity.

<sup>11</sup> The overall risk of public debt distress is regarded as high if any of the four external debt burden indicators or the total public debt burden indicator breach their corresponding thresholds/benchmark under the baseline.

**15. This assessment, however, is subject to downside risks.** Risks stem from a protracted war in Ukraine, renewed waves of COVID-19 infections, and some uncertainty over donor support disbursements (due to the authorities' ability to timely meet the triggers and to donors' planning) that could adversely affect the debt profile. Separately, capital inflows from remittances, which have been robust since 2020, are subject to uncertainty in the medium and long terms. Risks related to climate change are also important, as evidenced by the recent major flooding in July 2022. In a downside scenario, growth could fall by about 2.0 percentage points below the baseline in the near term. The fiscal deficit would widen due to higher spending and lower revenues, increasing financing needs and pushing PV of total public debt to fall below the benchmark level of 55 percent two years later than under the baseline. Moreover, foreign exchange reserves would come under pressure, creating challenges to external debt servicing capacity. Nonetheless, if domestic revenue mobilization efforts are strengthened and successful, they could help mitigate these risks to debt vulnerabilities.

**16. Factors that could affect future assessments include data revisions, availability of concessional financing for infrastructure projects and the potential decline in donor support.** As highlighted in previous ECF staff reports, further efforts are needed to bolster data collection and reconciliation, both for debt as well as external sector statistics. Uncertainty over data quality and delivery could hamper future assessments in a timely and comprehensive fashion. Strengthening inter-agency coordination and data sharing on public debt and grants data would be important to address data collection and reconciliation issues. Meanwhile, the execution of several large public investment projects is underway, including the extension of the Port of Banjul and the Bertil Harding highway. Financing plans with respect to these projects should remain within the ceilings of the external borrowing plan. Any deviation from the borrowing plan could pose risks to the debt outlook. Additionally, any significant change in future disbursements of donor grants towards budget support or key infrastructure project financing will also have implications for The Gambia's debt profile. The World Bank will continue to support debt management, SOEs, and public investment management under the planned Public Administration Modernization Project (PAMP, P176924) with reform actions complemented through the pipeline Development Policy Financing operations and SDFP.<sup>12</sup>

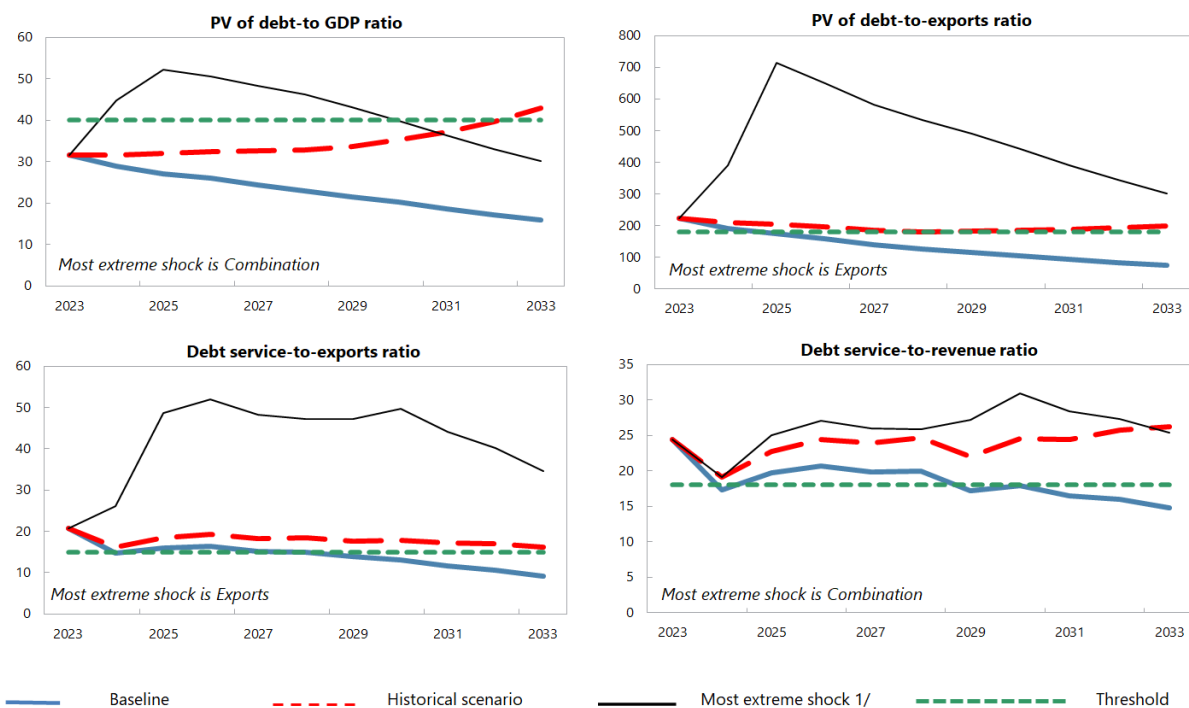
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<sup>12</sup> As part of IDA's Sustainable Development Finance Policy (SDFP) Policy Performance Actions (PPAs) for FY22, The Gambia successfully approved of a three-year public investment program (PIP) for selected priority sectors (i.e., health, education, agriculture, infrastructure, energy, and environment) to rationalize public investment and anchor debt sustainability and ensured that new borrowing remained within the ceilings on of the external borrowing plan. The Gambia has also successfully implemented FY23 PPAs focusing on (i) improving debt transparency by having the annual public debt bulletin for 2022, including a table on government guarantees extended to all SOEs, published, (ii) improving fiscal and debt sustainability by preparing and publishing the first Fiscal Risk Statement (FRS), and (iii) enhancing debt sustainability by ensuring that any new external borrowing remains concessional. Ongoing FY24 PPAs focus on (i) improving debt transparency by publishing a report on outstanding arrears between Government and SOEs and among SOEs and issuing a circular institutionalizing the publication of arrears as part of the annual debt issued, (ii) reducing fiscal risks by adopting through a circular or similar regulatory instrument a credit risk assessment score card for the provision of public guarantees and on lending to SOEs, and (iii) improving debt sustainability by ensuring that new external borrowing remains concessional.

**Authorities' Views**

**17. The authorities concurred with the main points of the analysis and acknowledged the challenges it highlights.** The debt stock is under pressures due to factors such as the COVID-19 pandemic, the repercussions of the war in Ukraine, and substantial infrastructure investment needs. Additionally, the expiration of the debt service deferral period, coupled with the anticipated increase in debt service commitments from 2025, poses further challenges. Consequently, the authorities have implemented measures aimed at reducing the overall debt burden and addressing the persistent high risk of debt distress. They remain steadfast in their commitment to diminishing debt vulnerabilities and intend to achieve this objective by exercising continued restraint in new borrowing and implementing a robust medium-term fiscal framework. In relation to longstanding external arrears, progress is being made in discussions with Libyan authorities to reconcile the debt amount. Simultaneously, efforts are underway to engage with Venezuelan authorities to resume discussions regarding arrears.

**Figure 1. The Gambia: Indicators of Public Guaranteed External Debt Under Baseline and Alternative Scenarios, 2023–2033**



Customization of Default Settings		
	Size	Interactions
<b>Tailored Tests</b>		
Combined CLs	No	
Natural Disasters	n.a.	n.a.
Commodity Prices <sup>2/</sup>	n.a.	n.a.
Market Financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing Assumptions for Stress Tests*		
	Default	User defined
<b>Shares of marginal debt</b>		
External PPG MLT debt	100%	
<b>Terms of marginal debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	25	25
Avg. grace period	4	4

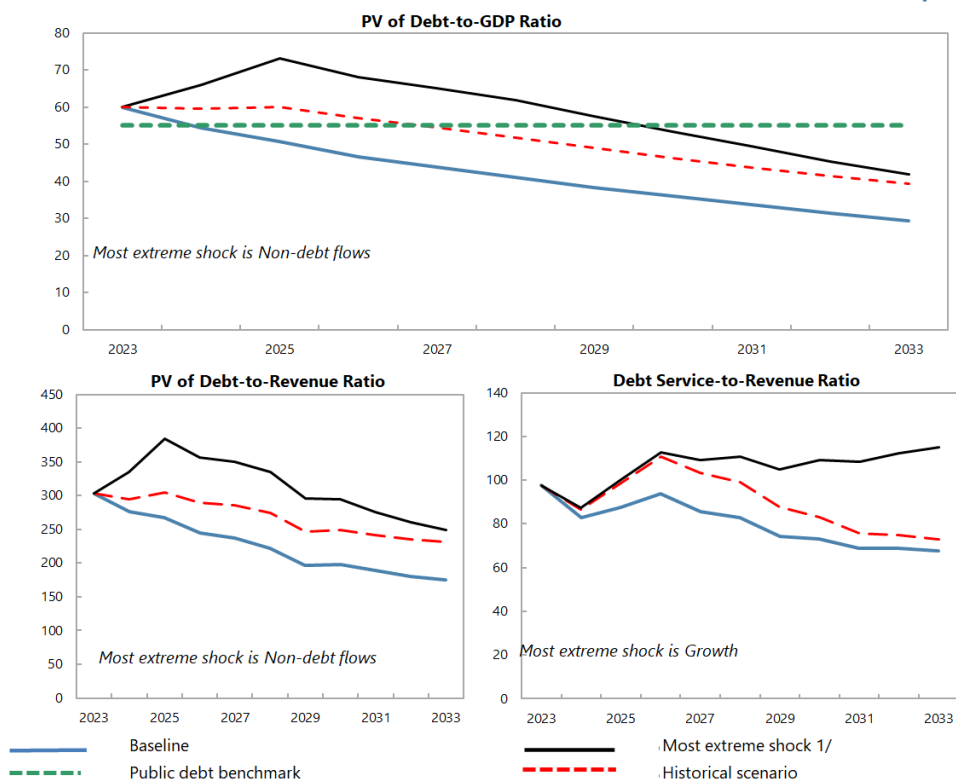
\* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

**Figure 2. The Gambia: Indicators of Public Debt Under Alternative Scenarios, 2023–33**



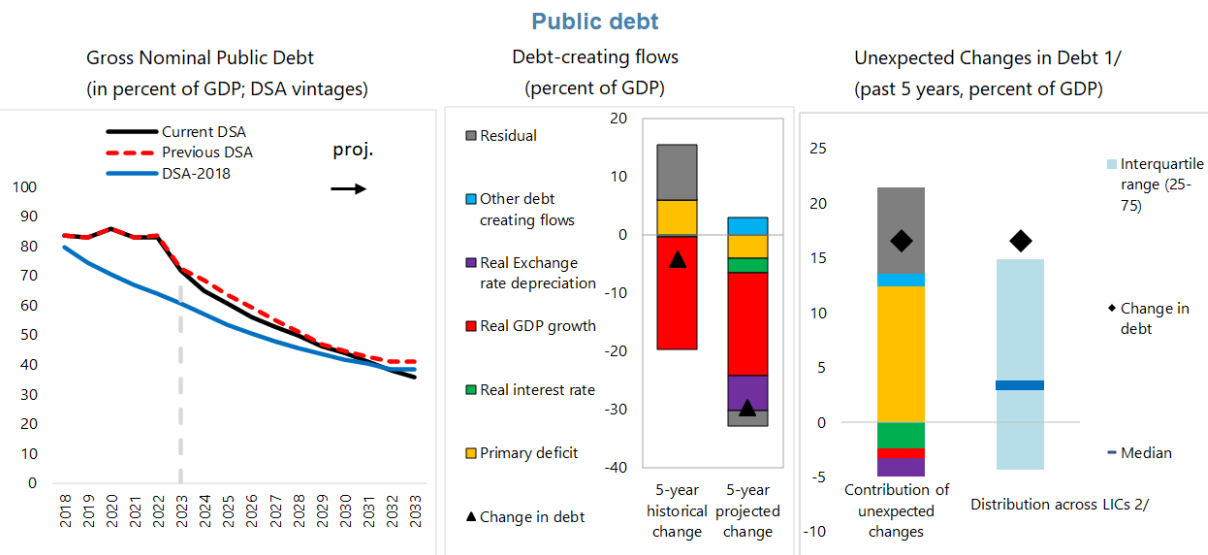
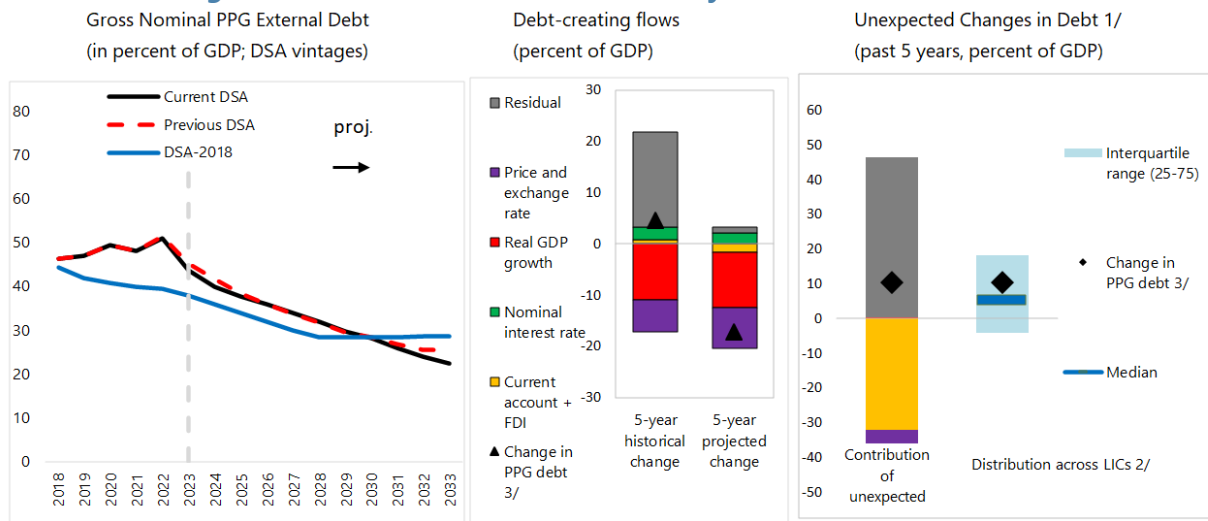
Borrowing Assumptions for Stress Tests*	Default	User defined
<b>Shares of marginal debt</b>		
External PPG medium and long-term	19%	19%
Domestic medium and long-term	18%	18%
Domestic short-term	63%	63%
<b>Terms of marginal debt</b>		
<b>External MLT debt</b>		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
Avg. maturity (incl. grace period)	25	25
Avg. grace period	4	4
<b>Domestic MLT debt</b>		
Avg. real interest rate on new borrowing	4.9%	4.9%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
<b>Domestic short-term debt</b>		
Avg. real interest rate	2.0%	2.0%

\* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

**Figure 3. The Gambia: Drivers of Debt Dynamics- Baseline Scenario**

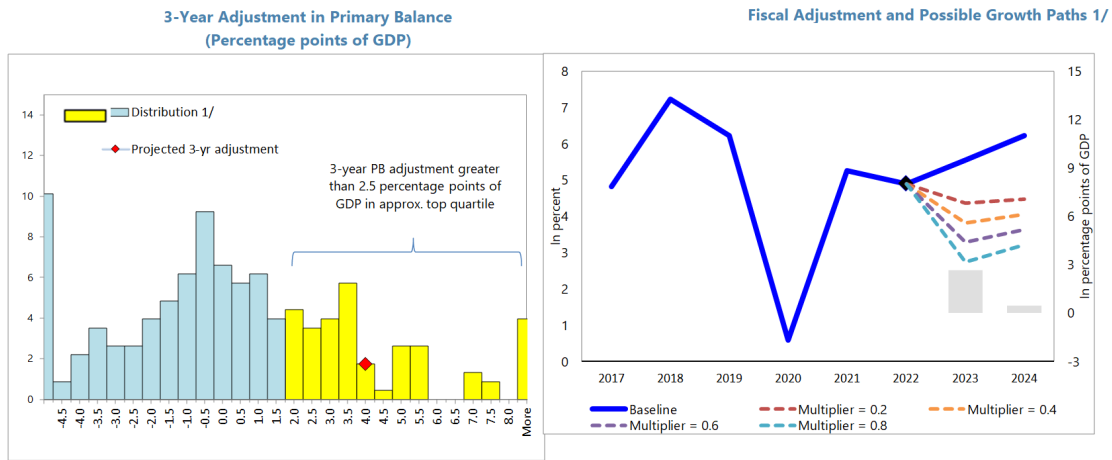


1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

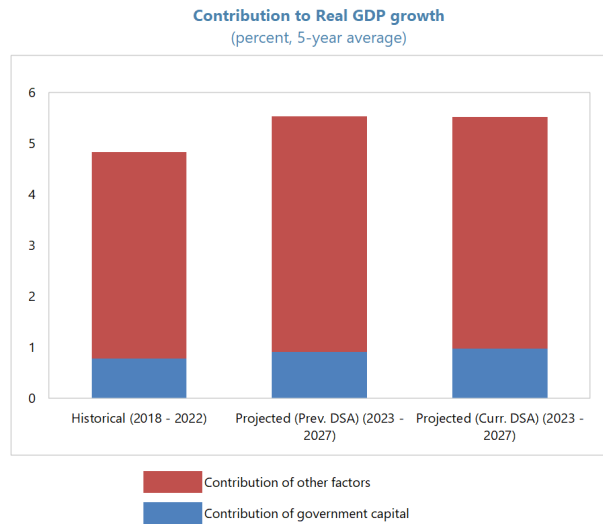
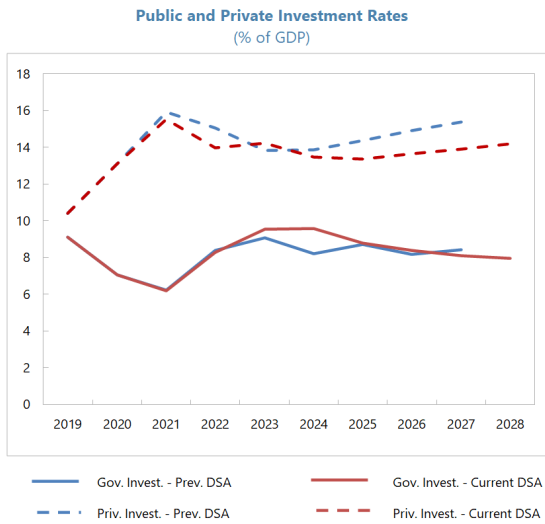
3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

**Figure 4. The Gambia: Realism Tools**



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).



**Table 1. The Gambia: External Debt Sustainability Framework, Baseline Scenario, 2020–2043**  
(In percent of GDP, unless otherwise indicated)

	Actual			Projections										Average 9/		
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Historical	Projections
<b>External debt (nominal) 1/</b>	50.2	49.6	52.3	44.7	40.6	38.2	36.2	34.1	32.1	32.1	32.4	22.4	22.4	11.2	45.4	32.4
<b>of which: public and publicly guaranteed (PPG)</b>	49.5	48.2	51.1	43.8	40.0	37.8	35.9	33.9	32.0	32.0	32.0	22.4	22.4	11.1	43.7	32.2
Change in external debt	2.9	-0.7	2.8	-7.7	-4.1	-2.4	-2.1	-2.1	-2.0	-1.7	-1.7	-1.7	-1.7	-0.9	-0.4	-3.4
Identified net debt-creating flows	-0.9	-6.4	-3.1	-2.5	-0.5	-2.0	-2.6	-2.8	-2.9	-2.9	-2.9	-2.9	-2.9	-2.8	-0.4	-3.4
Non-interest current account deficit	2.8	3.7	3.7	4.0	5.1	3.5	2.5	2.1	1.9	1.9	1.9	1.9	1.9	1.9	6.3	1.5
Deficit in balance of goods and services	28.6	28.6	26.0	28.7	27.7	24.7	24.0	23.2	22.8	22.8	22.8	22.8	22.8	22.8	19.4	22.2
Exports	8.6	6.9	12.3	14.2	15.1	15.6	16.5	17.5	18.2	18.2	18.2	18.2	18.2	18.2	19.4	22.2
Imports	37.2	35.5	38.4	42.9	42.7	40.2	40.5	40.7	41.0	41.0	41.0	41.0	41.0	41.0	19.4	22.2
Net current transfers (negative = inflow)	-0.7	-26.9	-23.3	-25.6	-23.1	-22.0	-22.2	-21.8	-21.7	-21.7	-21.7	-21.7	-21.7	-21.7	-14.4	-21.4
of which: official	-4.6	-0.5	-1.9	-2.7	-1.8	-1.7	-1.6	-0.9	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-14.4	-21.4
Other current account flows (negative = net inflow)	1.6	2.0	0.9	0.8	0.5	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.4	1.4	0.7
Net FDI (negative = inflow)	-3.8	-4.9	-4.6	-4.3	-3.9	-3.7	-3.6	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-2.9	-5.2	-3.4
Endogenous debt dynamics 2/	0.0	-5.3	-2.1	-2.2	-1.7	-1.8	-1.5	-1.4	-1.3	-1.3	-1.3	-1.3	-1.3	-0.8	-5.2	-3.4
Contribution from nominal interest rate	0.1	0.5	0.6	0.5	0.7	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.1	0.2
Contribution from real GDP growth	-0.3	-2.3	-2.3	-2.6	-2.4	-2.1	-1.8	-1.7	-1.6	-1.6	-1.6	-1.6	-1.6	-1.1	-0.6	-0.6
Contribution from price and exchange rate changes	0.2	-3.4	-0.4	...	...	...	...	...	...	...	...	...	...	...	0.2	0.2
<b>Residual 3/</b>	3.9	5.7	5.9	-5.2	-3.5	-0.4	0.5	0.7	1.0	1.0	1.0	1.0	1.0	4.9	27.4	0.6
of which: exceptional financing 4/	-0.5	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.6
<b>Sustainability indicators</b>																
<b>PV of PPG external debt-to-GDP ratio</b>	...	...	347	315	288	271	260	244	228	228	228	15.9	15.9	7.8	...	...
<b>PV of PPG external debt-to-exports ratio</b>	...	...	280.7	222.5	191.2	174.1	157.2	139.0	125.4	125.4	125.4	73.7	73.7	18.0	...	...
<b>PPG debt service-to-exports ratio</b>	3.7	51.9	28.7	20.8	14.7	15.9	16.3	15.2	14.9	14.9	14.9	9.1	9.1	2.0	...	...
<b>PPG debt service-to-revenue ratio</b>	2.2	25.2	30.0	24.5	17.4	19.7	20.7	19.9	20.0	20.0	20.0	14.8	14.8	6.5	...	...
Gross external financing need (Million of U.S. dollars)	-11.4	50.7	84.4	90.3	114.0	85.4	64.5	53.1	47.6	47.6	47.6	-207.7	-207.7	-3462.8	...	...
<b>Key macroeconomic assumptions</b>																
Real GDP growth (in percent)	0.6	5.3	4.9	5.6	6.2	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.6	5.2
GDP deflator in US dollar terms (change in percent)	-0.4	7.4	0.7	4.8	8.2	3.8	1.1	0.9	1.0	1.0	1.0	3.7	3.7	3.7	0.8	3.4
Effective interest rate (percent) 5/	0.3	1.1	1.2	1.0	1.8	0.8	0.8	0.8	0.8	0.8	0.8	1.2	1.2	1.5	1.2	1.0
Growth of exports of G&S (US dollar terms, in percent)	-57.8	-9.1	88.6	26.9	22.2	13.6	12.6	12.6	10.1	13.8	19.0	13.8	19.0	5.5	14.5	14.5
Growth of imports of G&S (US dollar terms, in percent)	-4.6	7.9	14.2	23.6	14.6	3.5	6.8	6.6	6.8	6.3	7.4	8.0	8.0	8.5	8.0	8.5
Grant element of new public-sector borrowing (in percent)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Government revenues (excluding grants, in percent of GDP)	14.5	14.2	11.8	12.0	12.7	12.6	13.0	13.4	13.6	13.3	13.3	13.3	13.3	13.3	13.3	13.3
Aid flows (in Million of US dollars) 6/	153.3	51.3	119.7	213.9	214.9	201.6	223.0	204.3	205.7	241.5	287.4	241.5	287.4	287.4	12.6	13.4
Grant-equivalent financing (in percent of GDP) 7/	...	...	...	8.8	8.2	7.4	7.3	6.2	6.0	4.1	2.1	...	...	...	6.2	6.2
Grant-equivalent financing (in percent of external financing) 7/	...	...	...	85.0	78.6	78.2	79.8	82.4	80.8	76.2	79.4	...	...	...	78.3	78.3
Nominal GDP (Million of US dollars)	1,809	2,045	2,161	2,392	2,749	3,019	3,206	3,396	3,603	3,819	4,038	4,263	4,493	4,728	12,808	12,808
Nominal dollar GDP growth	0.2	13.0	5.7	10.7	14.9	9.8	6.2	5.9	6.1	6.1	6.1	6.1	6.1	6.1	4.6	4.6
<b>Memorandum items:</b>																
PV of external debt 8/	...	...	...	324	294	275	262	246	230	230	230	15.9	15.9	7.8	...	...
In percent of exports	...	...	...	286	195.0	176.6	158.8	140.1	126.1	126.1	126.1	73.8	73.8	18.2	...	...
Total external debt service-to-exports ratio	3.7	51.9	28.7	20.8	14.7	15.9	16.3	15.2	14.9	14.9	14.9	9.1	9.1	2.0	...	...
PV of PPG external debt (in Million of US dollars)	...	...	...	73.2	79.12	81.85	83.1	82.81	82.24	86.67	99.51	86.67	99.51	99.51	...	...
(PV-PV-1)/GDP-1 (in percent)	...	...	...	0.2	1.6	1.0	0.5	-0.1	-0.2	0.1	0.1	0.1	0.1	0.1	...	...
Non-interest current account deficit that stabilizes debt ratio	-0.1	4.4	0.9	11.7	9.1	5.9	4.6	4.2	3.8	3.8	3.8	-1.2	-1.2	-25.0	...	...

Sources: Country authorities and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as  $(1 - g - r) / (1 + p - g)$  times previous period debt ratio, with  $r =$  nominal interest rate;  $g =$  real GDP growth rate, and  $p =$  growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief), changes in gross foreign assets, and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Includes relief under CRTI. The relatively large residuals can be partly attributed to the debt data reconciliation as mentioned in the 3rd ECF review in December 2021.

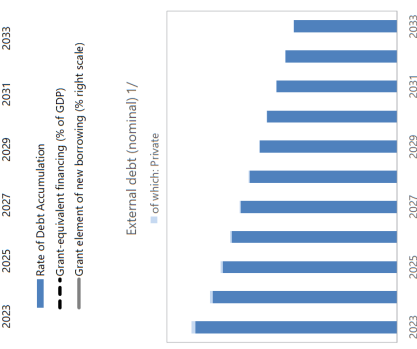
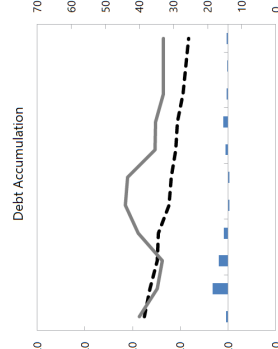
5/ Current-year interest payments divided by previous period debt stock.

6/ Defined as grants, concessional loans, and debt relief.

7/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

8/ Assumes that PV of private sector debt is equivalent to its face value.

9/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.





**Table 2. The Gambia: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020–2043**  
(In percent of GDP, unless otherwise indicated)

	Actual										Projections										Average 7/
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Historical	Projections				
<b>Public sector debt 1/</b>	85.9	83.1	82.8	71.8	65.2	60.8	56.2	53.0	48.9	45.9	43.3	41.1	39.8	38.5	37.2	78.5	51.2				
of which: external debt	49.5	48.2	51.1	43.8	40.0	37.8	35.9	33.9	32.0	30.2	28.4	26.6	24.8	23.0	21.2	43.7	32.2				
Changes in public sector debt	2.9	-2.8	-0.3	-11.1	-6.6	-4.3	-4.7	-3.2	-3.1	-2.5	-1.8	-1.1	-0.5	-0.1	0.0	0.0	0.1				
Identified debt-creating flows	0.0	-4.5	-0.1	-6.2	-4.1	-3.9	-4.1	-2.9	-2.7	-1.7	-1.1	-0.5	-0.1	0.0	0.0	-0.5	-3.0				
Primary deficit	-0.8	1.8	2.8	0.1	-0.4	-1.3	-1.5	-0.9	-0.8	0.0	-0.8	-0.8	-0.8	-0.8	-0.8	1.0	-0.5				
Revenue and grants	23.0	16.7	17.4	19.8	19.7	19.0	19.1	18.5	18.5	16.8	15.1	13.4	11.7	10.0	8.3	16.7	18.6				
of which: grants	8.5	2.5	5.5	7.8	7.0	6.4	6.0	5.1	4.9	3.5	1.8	0.1	-0.4	-0.8	-1.2	17.8	18.1				
Primary (noninterest) expenditure	22.2	18.5	20.2	19.9	19.3	17.6	17.6	17.6	17.6	16.8	14.4	12.7	11.1	9.5	7.9	17.8	18.1				
<b>Automatic debt dynamics</b>	0.8	-6.3	-2.9	-6.8	-5.4	-3.8	-2.3	-1.8	-1.7	-1.1	-0.5	-0.1	0.0	0.0	0.0	0.0	0.1				
Contribution from interest rate/growth differential	0.8	-4.3	-5.8	-6.8	-5.4	-3.8	-2.3	-1.8	-1.7	-1.1	-0.5	-0.1	0.0	0.0	0.0	0.0	0.1				
of which: contribution from average real interest rate	1.3	-0.1	-1.9	-2.5	-1.2	-0.3	0.6	0.9	0.8	0.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0				
of which: contribution from real GDP growth	-0.5	-4.3	-3.9	-4.4	-4.2	-3.6	-2.9	-2.7	-2.5	-1.8	-0.8	-0.4	-0.1	0.0	0.0	0.0	0.0				
Contribution from real exchange rate depreciation	0.0	-1.9	2.9	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
<b>Other identified debt-creating flows</b>	0.0	0.0	0.0	0.5	1.7	1.3	-0.3	-0.2	-0.2	-0.6	-0.4	-0.2	-0.6	-0.4	-0.4	3.9	-1.3				
Privatization receipts (negative)	0.0	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Recognition of contingent liabilities (eg, bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Debt relief (HIPC and other) 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	1.1	1.7	1.3	-0.3	-0.2	-0.2	-0.6	-0.4	-0.2	-0.6	-0.4	-0.4	3.9	-1.3				
<b>Residual</b>	2.9	1.7	-0.2	-4.9	-2.5	-0.5	-0.6	-0.2	-0.4	-0.8	-0.2	-0.6	-0.4	-0.2	-0.2	3.9	-1.3				
<b>Sustainability indicators</b>																					
<b>PV of public debt-to-GDP ratio 3/</b>	...	...	68.9	59.9	54.3	50.8	46.6	43.8	41.1	39.8	38.5	37.2	36.0	34.8	33.6	32.4	31.2				
<b>PV of public debt-to-revenue and grants ratio</b>	...	...	396.8	303.3	275.8	267.6	244.1	236.5	222.1	215.2	208.3	201.4	194.5	187.6	180.7	173.8	166.9				
<b>Debt service-to-revenue and grants ratio 4/</b>	...	...	108.1	147.6	123.6	97.7	83.0	87.7	93.9	85.6	82.9	80.2	77.5	74.8	72.1	69.4	66.7				
Gross financing need 5/	24.0	26.5	24.3	19.9	17.7	16.6	16.2	14.7	14.3	10.8	8.3	5.8	3.3	0.8	-1.7	-3.2	-4.7				
<b>Key macroeconomic and fiscal assumptions</b>																					
Real GDP growth (in percent)	0.6	5.3	4.9	5.6	6.2	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.2	5.2				
Average nominal interest rate on external debt (in percent)	0.3	1.1	1.3	1.1	1.8	0.9	0.9	0.8	0.9	1.2	1.5	1.8	2.1	2.4	2.7	1.3	1.0				
Average real interest rate on domestic debt (in percent)	4.8	-0.2	-4.9	-6.2	-4.2	0.6	4.2	6.4	6.5	6.5	8.0	9.5	11.0	12.5	14.0	3.1	3.5				
Real exchange rate depreciation (in percent, + indicates depreciation)	-0.1	-4.1	6.4	...	...	...	...	...	...	...	...	...	...	...	...	1.4	...				
Inflation rate (GDP deflator, in percent)	2.2	7.4	10.8	14.1	11.4	8.3	5.3	3.8	4.1	4.8	4.8	4.8	4.8	4.8	4.8	6.6	6.4				
Growth of real primary spending (deflated by GDP deflator, in percent)	7.2	-12.2	14.6	4.0	3.3	-3.5	4.9	5.0	5.1	2.8	3.8	3.8	3.8	3.8	3.8	6.8	3.6				
Primary deficit that stabilizes the debt-to-GDP ratio 6/	-3.7	4.5	3.1	11.2	6.3	3.0	3.2	2.2	2.3	2.5	2.5	2.5	2.5	2.5	2.5	1.3	3.8				

Sources: Country authorities, and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt. Definition of external debt: is Currency-based.

2/ Includes relief under CCRF.

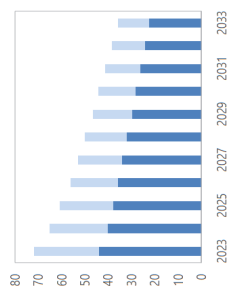
3/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

5/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

6/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (1-a primary surplus), which would stabilize the debt ratio only in the year in question.

7/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.



of which: held by residents

of which: held by non-residents

n.a.

2023 2025 2027 2029 2031 2033

**Table 3. The Gambia: Sensitivity Analysis for Key Indicators of Public and Publicly Gauranteed External Debt, 2023–2033**  
(In percent)

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>PV of debt-to-GDP ratio</b>											
<b>Baseline</b>	31.5	28.8	27.1	26.0	24.4	22.8	21.4	20.1	18.6	17.2	15.9
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2023-2033 2/	31.5	31.5	31.9	32.4	32.5	32.7	33.7	35.3	37.2	39.6	<b>42.8</b>
<b>B. Bound Tests</b>											
B1. Real GDP growth	31.5	31.2	31.6	30.3	28.5	26.6	25.0	23.5	21.7	20.0	18.5
B2. Primary balance	31.5	29.1	28.1	27.3	26.0	24.7	23.5	22.3	20.8	19.3	18.0
B3. Exports	31.5	34.1	39.8	38.3	36.5	34.7	32.6	30.2	27.7	25.3	23.2
B4. Other flows 3/	31.5	<b>40.2</b>	<b>48.7</b>	<b>47.2</b>	<b>45.3</b>	<b>43.3</b>	<b>40.6</b>	37.4	34.1	31.0	28.2
B5. One-time 30 percent nominal depreciation	31.5	35.7	28.9	27.5	25.7	23.8	22.2	21.0	19.6	18.1	16.9
B6. Combination of B1-B5	31.5	<b>44.8</b>	<b>52.2</b>	<b>50.5</b>	<b>48.3</b>	<b>46.2</b>	<b>43.1</b>	39.8	36.3	33.1	30.2
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities 4/	31.5	29.6	28.4	27.6	26.3	25.0	23.7	22.6	21.1	19.7	18.4
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	40	40	40	40	40	40	40	40	40	40	40
<b>PV of debt-to-exports ratio</b>											
<b>Baseline</b>	222.5	191.2	174.1	157.2	139.0	125.4	115.4	105.2	93.9	83.2	73.7
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2023-2033 2/	222.5	209.3	204.7	196.0	185.1	179.9	181.6	184.7	187.9	192.4	198.7
<b>B. Bound Tests</b>											
B1. Real GDP growth	222.5	191.2	174.1	157.2	139.0	125.4	115.4	105.2	93.9	83.2	73.7
B2. Primary balance	222.5	193.4	180.3	165.4	148.4	135.9	126.6	116.4	104.9	93.7	83.6
B3. Exports	222.5	390.6	713.9	649.1	581.7	532.6	491.5	441.9	391.0	343.6	301.0
B4. Other flows 3/	222.5	267.2	312.8	285.6	257.9	238.1	219.2	195.6	172.2	150.5	131.1
B5. One-time 30 percent nominal depreciation	222.5	191.2	149.5	134.4	117.9	105.4	96.5	88.7	79.6	70.9	63.1
B6. Combination of B1-B5	222.5	380.6	289.0	483.3	435.6	401.1	368.0	329.1	290.1	253.9	221.5
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities 4/	222.5	196.8	182.6	167.1	150.0	137.4	128.1	118.0	106.6	95.6	85.5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	180	180	180	180	180	180	180	180	180	180	180
<b>Debt service-to-exports ratio</b>											
<b>Baseline</b>	20.8	14.7	15.9	16.3	15.2	14.9	13.8	13.1	11.6	10.6	9.1
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2023-2033 2/	20.8	16.1	18.4	19.3	18.3	18.4	17.7	17.9	17.2	17.1	16.2
<b>B. Bound Tests</b>											
B1. Real GDP growth	20.8	14.7	15.9	16.3	15.2	14.9	13.8	13.1	11.6	10.6	9.1
B2. Primary balance	20.8	14.7	16.0	16.5	15.3	15.1	14.1	13.5	12.1	11.2	9.7
B3. Exports	20.8	26.2	48.6	52.0	48.2	47.2	47.2	49.7	44.1	40.2	34.7
B4. Other flows 3/	20.8	14.7	17.4	18.9	17.5	17.1	19.0	20.8	18.4	16.7	14.5
B5. One-time 30 percent nominal depreciation	20.8	14.7	15.9	15.9	14.8	14.6	13.5	11.7	10.4	9.5	8.2
B6. Combination of B1-B5	20.8	20.6	31.9	33.8	31.3	30.6	34.6	35.6	31.6	28.6	24.8
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities 4/	20.8	14.7	16.1	16.5	15.4	15.1	14.0	13.3	11.8	10.8	9.3
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	15	15	15	15	15	15	15	15	15	15	15
<b>Debt service-to-revenue ratio</b>											
<b>Baseline</b>	24.5	17.4	19.7	20.7	19.9	20.0	17.1	18.0	16.5	16.0	14.8
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2023-2033 2/	24.5	19.1	22.8	24.4	24.0	24.6	22.0	24.5	24.4	25.8	26.2
<b>B. Bound Tests</b>											
B1. Real GDP growth	24.5	18.8	23.0	24.2	23.2	23.3	20.0	21.0	19.3	18.7	17.3
B2. Primary balance	24.5	17.4	19.8	20.9	20.1	20.2	17.5	18.6	17.3	16.9	15.7
B3. Exports	24.5	18.0	21.5	23.6	22.6	22.6	20.9	24.4	22.5	21.6	20.1
B4. Other flows 3/	24.5	17.4	21.5	23.9	22.9	22.8	23.6	28.5	26.2	25.1	23.4
B5. One-time 30 percent nominal depreciation	24.5	21.5	24.5	25.0	24.0	24.1	20.7	19.9	18.3	17.8	16.4
B6. Combination of B1-B5	24.5	19.1	25.0	27.1	25.9	25.9	27.1	30.9	28.4	27.3	25.4
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities 4/	24.5	17.4	19.8	20.9	20.1	20.2	17.4	18.3	16.8	16.3	15.1
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Threshold</b>	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

4/ Shock set at 8.7 percent of GDP (5 percent of GDP represents a financial sector shock and 3.7 percent of GDP accounts for non-guaranteed SOEs debt).

**Table 4. The Gambia: Sensitivity Analysis for Key Indicators of Public Debt, 2023–2033**

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>PV of Debt-to-GDP Ratio</b>											
<b>Baseline</b>	<b>59.9</b>	54.3	50.8	46.6	43.8	41.1	38.2	36.1	33.8	31.4	29.4
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2023-2033 2/	<b>60</b>	<b>60</b>	<b>60</b>	<b>57</b>	54	52	49	46	44	42	39
<b>B. Bound Tests</b>											
B1. Real GDP growth	<b>60</b>	<b>60</b>	<b>62</b>	<b>59</b>	<b>58</b>	<b>56</b>	55	54	52	51	50
B2. Primary balance	<b>60</b>	<b>57</b>	<b>57</b>	52	49	46	43	41	38	35	33
B3. Exports	<b>60</b>	<b>59</b>	<b>62</b>	<b>57</b>	54	51	48	45	41	38	36
B4. Other flows 3/	<b>60</b>	<b>66</b>	<b>73</b>	<b>68</b>	<b>65</b>	<b>62</b>	<b>58</b>	53	49	45	42
B5. One-time 30 percent nominal depreciation	<b>60</b>	<b>60</b>	55	50	46	42	38	35	32	29	26
B6. Combination of B1-B5	<b>60</b>	<b>56</b>	<b>56</b>	48	46	43	40	38	36	33	32
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities 4/	<b>60</b>	<b>61</b>	<b>57</b>	52	49	46	43	41	38	36	33
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Public debt benchmark</b>	55	55	55	55	55	55	55	55	55	55	55
<b>PV of Debt-to-Revenue Ratio</b>											
<b>Baseline</b>	<b>303.3</b>	275.8	267.6	244.1	236.5	222.1	196.4	198.5	188.8	180.4	175.2
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2023-2033 2/	303	295	304	289	286	274	247	249	241	235	232
<b>B. Bound Tests</b>											
B1. Real GDP growth	303	295	310	294	297	290	270	284	282	283	287
B2. Primary balance	303	289	298	273	264	249	220	223	212	203	198
B3. Exports	303	297	325	299	292	277	245	246	232	220	212
B4. Other flows 3/	303	335	384	357	351	335	296	294	276	260	249
B5. One-time 30 percent nominal depreciation	303	312	297	266	252	232	199	195	181	168	158
B6. Combination of B1-B5	303	286	289	251	244	230	204	207	198	191	187
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities 4/	303	309	299	274	266	250	221	224	213	204	199
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Debt Service-to-Revenue Ratio</b>											
<b>Baseline</b>	<b>97.7</b>	83.0	87.7	93.9	85.6	82.9	74.3	73.1	69.0	69.0	67.5
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2023-2033 2/	98	87	99	111	103	99	88	83	76	75	73
<b>B. Bound Tests</b>											
B1. Real GDP growth	98	87	100	113	109	111	105	109	108	113	115
B2. Primary balance	98	83	97	112	100	97	86	84	79	78	76
B3. Exports	98	83	88	95	87	84	76	77	73	72	71
B4. Other flows 3/	98	83	89	96	88	85	79	81	77	76	74
B5. One-time 30 percent nominal depreciation	98	81	88	94	86	83	74	74	69	69	67
B6. Combination of B1-B5	98	83	90	96	88	85	77	76	73	74	73
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities 4/	98	83	111	109	101	97	85	83	78	77	75
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

4/ Shock set at 8.7 percent of GDP.

**Statement by Mr. Nakunyada, Executive Director for The  
Gambia and Mr. Cham, Senior Advisor to the Executive  
Director on The Gambia  
January 12, 2024**

**Introduction**

1. Our Gambian authorities appreciate the candid discussions with staff during the recent mission to negotiate an Extended Credit Facility (ECF) arrangement. They are also grateful for the Fund's support under the previous 2020–2023 ECF arrangement which helped address financing needs created by exogenous shocks from the COVID-19 pandemic and the war in Ukraine.
2. The Gambian economy is recovering from the pandemic, but the country continues to face significant development challenges and sizeable funding gaps. Although the previous ECF arrangement helped alleviate some of the fiscal pressures arising from higher spending needs, the country needs to secure additional financing for the 2023–2027 Green Recovery-Focused National Development Plan (RF-NDP). Further, the authorities are determined to address the risk of reversal of gains from poverty reduction policies posed by the pandemic and conflict spillovers from the war in Ukraine to make meaningful progress in attaining the Sustainable Development Goals (SDGs). Meanwhile, international reserves have been declining due to foreign exchange pressures and elevated risk of debt deferrals. In addition, high commodity and energy prices have further widened the fiscal and external imbalances. Against this backdrop, **the authorities request a 36-month ECF arrangement to address urgent fiscal, and balance of payment needs created by large exogenous shocks.**
3. The contours of the new ECF are aligned with The Gambia's RF-NDP which supports the country's efforts to progress towards achieving the SDGs and the African Union agenda 2063. Essentially, the RF-NDP aims to address the Gambia's socio-economic and development challenges, accelerate the post-pandemic recovery, and help meet the 2030 SDGs. The Fund-supported program would also be instrumental in addressing attendant macroeconomic challenges including tackling inflationary and foreign exchange pressures; reducing debt vulnerabilities; strengthening governance and enhancing the business environment; addressing climate change and gender gaps while supporting the recovery and inclusive growth. The Gambia's capacity to repay the Fund remains broadly adequate given the solid record of Fund repayment, commitment to reforms including enhancing revenue mobilization, spending rationalization, and the continued strengthening of Central Bank's financial safeguards. In addition, The Gambia has established a good track record of program performance demonstrated by the successful completion of the 2020-2023 ECF-supported program in June 2023.

**Recent Economic Developments and Outlook**

4. Growth in economic activity is projected to firm from 4.9 percent in 2022 to 5.6 percent in 2023. The improved economic performance is attributed to the rebound in tourism and services sectors, benefitting from the resumption of travel in the post pandemic period. At the same time, robust private and public construction, agriculture, and remittance inflows supported domestic economic activity. Looking ahead, growth is expected to peak

at 6.2 percent in 2024, before stabilizing around 5 percent over the medium term. That said, the outlook remains conditioned by risks stemming from the protracted war in Ukraine, the conflict in the Middle East, persistent inflationary pressures, high debt service costs, and climate vulnerabilities.

5. Inflation accelerated from 18.0 percent in October 2023 to 18.4 percent at end-November 2023 driven by high commodity prices, weakening of the Dalasi, elevated food inflation, and electricity tariff adjustment. Further, the increased global fuel prices and its passthrough on domestic pump prices exerted additional inflationary pressures. Nonetheless, inflation is expected decelerate in 2024 owing to tight monetary policy and prudent fiscal policy.
6. The trade account worsened as imports continue to increase while export performance has declined in concomitance with subdued production of key commodities such as groundnuts, cashews, and timber. This notwithstanding, gross international reserves remained at comfortable levels of 4.3 months of import cover in 2023, reflecting the offsetting effects of strong remittance and tourism receipts.

### **Fiscal Policy and Debt Sustainability**

7. Our authorities remain committed to fiscal consolidation to ensure fiscal and debt sustainability to help meet the end-2023 fiscal targets. Domestic revenue performance remained robust and broadly on track, benefitting from strong performance in customs duty, elimination of fuel subsidies and implementing full passthrough of fuel prices, and dividend payment from the Central Bank of The Gambia (CBG). That said, budget execution encountered setbacks during the first nine months of 2023 owing to shortfalls on some tax items and delays in budget support. However, the increased spending on wages and interest payments coupled with unbudgeted infrastructure projects execution have culminated in better than anticipated overall fiscal performance. The deficit was financed through proceeds from the sales of the *megabank*.
8. The authorities are determined to implement prudent expenditure management and domestic revenue mobilization measures as enunciated in the 2024 budget approved by the National Assembly. As such, they intend to press ahead fiscal consolidation to curb public debt and anchor the 2024 fiscal framework. Specifically, the authorities will exercise restraint on overseas travel, execute infrastructure projects within the available resources while preserving priority poverty-reducing spending. They will also adhere to a strict cash plan and strengthen the cash management committee. Relatedly, they are rationalizing subsidies to state-owned enterprises (SOEs) including the National Food Security and Processing Corporation (NFSPMC), the National Water and Electricity Company (NAWEC), and by consolidating redundant agencies with other ministries and agencies (MDAs) to enhance fiscal sustainability.
9. To mitigate fiscal risks from contingent liabilities, the authorities created the SOE commission to reform these entities and have implemented performance contracts with four additional SOEs following adoption of the SOE bill. They plan to proceed with the privatization of the national Global System for Mobile communications (GSM) provider, GAMCEL to boost its competitiveness. Meanwhile, they are making efforts to finalize the regulations of the SOEs Act to enable its full implementation.

10. The authorities are strengthening efforts to increase domestic revenue collections. They plan to establish a platform and command center for a single window of customs administration and operationalize the E-tracking system and the installation of a weight bridge at the Port to adequately determine the right duties and taxes. At the same time, they are streamlining tax incentives under special investment certificates (SICs), including restricting the coverage to priority sectors, eliminating the possibility of extension, and cancel SICs that do not perform in line with the expected deliverables. Additionally, they will remove fuel from the list of tax exempted goods and requiring all SIC holders to ensure compliance with their local tax obligations. They will strengthen revenue collection and enforcement framework for the telecoms sector through enhanced audits as well as expand rental property taxation by updating the rental property register, enforce collection of corporate income tax (CIT) and withholding taxes on companies executing donor-funded projects. Meanwhile, they are making efforts to enhance non-tax revenue collection through court-mandated license penalties and adjust administrative fees, dividend payment from the CBG and a tranche from the Africa50's Asset Recycling Program (ARP). They also look forward to benefitting under the Millennium Challenge Corporation.
11. The authorities are making efforts to put public debt on a downward trajectory. To this end, they are implementing a strong medium-term fiscal framework by bolstering domestic revenue mobilization to increase the tax-to-GDP ratio, mitigating fiscal risks from SOEs. Furthermore, they are exploring innovative options to finance infrastructure projects without worsening debt dynamics. The authorities will also rely more on grants and highly concessional loans to finance development needs while adhering to the agreed external borrowing plan. They are also strengthening debt management through regular data reconciliation, production and publication of regular debt bulletins, and building buffers.

### **Monetary, Exchange Rate, and Financial Sector Policies**

12. The CBG is committed to fight inflation by tightening monetary policy. In this regard, they increased the policy rate at each Monetary Policy Committee (MPC) meeting to 17 percent in September 2023 from 10 percent in March 2022. Although the CBG have kept the policy rate unchanged at its end-November 2023 MPC meeting because inflation declined slightly in October 2023, they plan to increase the reserve requirement ratio and issue CBG bills to mop-up excess liquidity and intensify the inflation fight. To complement the central bank's disinflation efforts, the authorities will simultaneously tighten liquidity conditions including through appropriate fiscal consolidation measures. That said, the CBG remains committed to bring down inflation to the 5 percent inflation target.
13. Our authorities are taking steps to allow the interplay of market forces in the foreign exchange (FX) market to help absorb external shocks. In this context, they are taking measures to ensure effective functioning of the foreign exchange market. That said, notwithstanding pressures on the FX market, the CBG continue to maintain an exchange rate that fully reflects market fundamentals while promoting forex transactions into the banking system. To this end, the authorities have prepared and published the guidelines for forex operations of regulated institutions to ensure the smooth functioning of the forex

market. To further demonstrate their commitment to market-determined exchange rate, the authorities published a robust FX policy, including an intervention policy to enhance flexibility of the official exchange rate, improve the efficiency of the forex market and safeguard forex reserves. To promote the smooth functioning of the forex market, the authorities will ensure that the official exchange rate is based on the actual same day forex transactions. They will also expand the coverage of the transactions to reflect market conditions and will publish the official exchange rate daily to be applied to all market participants. Importantly, the official exchange rate will be used as the reference rate.

14. The financial sector remains solid, sound, and resilient with ample liquidity, but the authorities will continue to strengthen supervision and regulatory practices. To this end, they are revising the regulatory guidelines and the Banking Act to conform with regional standards. They are also revising the Deposit Insurance Act to bolster consumer protection and advance financial inclusion by leveraging the new payment system and the recently launched capital market. In addition, the authorities are strengthening the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework by addressing identified deficiencies to preserve corresponding banking relationships and restore financial stability. Meanwhile, they are looking forward to the upcoming Fund safeguards assessment mission scheduled for early 2024.

### **Structural Reforms**

15. Our authorities are implementing structural reforms aimed to strengthen the business environment to support an accelerated recovery and enhance inclusive growth. Cognizant of the limited fiscal space and heightened debt vulnerabilities, they will harness the full potential of the private sector to ensure effective implementation of the RF-NDP. In this context, they would create a one-stop-shop to facilitate the accelerated establishment of businesses which would in turn support job creation and promote economic diversification. Further, the authorities developed and launched an Employment Policy and revived the National Business Council; establishing a free trade zone around the Senegambia corridor area to access the regional market while leveraging bilateral cooperation with Senegal, the ECOWAS trade agreements, and the African continental free trade area (AfCFTA). At the same time, they will accelerate the expansion of the Banjul port; reform the land tenure and land management system; promote all-year-long agriculture production; broaden the digital infrastructure and increase financial access to individuals and businesses. They are also completing the social registry process to better target social support and distribute growth benefits to the population.
16. To improve governance and intensify the fight against corruption, the National Assembly approved the anti-corruption bill on December 21, 2023. In this vein, the authorities are committed to implement and publish the recommendations of the recent IMF governance diagnostic mission. They also plan to set up a high-level anti-corruption commission and strengthen the asset declaration framework to enhance accountability and prevent illicit enrichment. Concurrently, the public financial management (PFM) and public private partnership (PPP) bills are going through the amendment process. Relatedly, they plan to expand the scope of the Gambia Strategic Review Board (GSRB) selection criteria to domestically financed investment projects and PPPs, while reinforcing GSRB appraisal function to strengthen PFM. They trained officials in all ministries on program-based

budgeting and prepared a roadmap for program-based budgeting to be approved by the Cabinet. Meanwhile, they are developing capacity and accelerating the digitalization of administrative processes to enhance transparency and allow all laws and regulations to be published for easy access to the public.

17. Our authorities are committed to building climate resilience to achieve sustainable use of the environment and green recovery. To mitigate the country's high vulnerability to flooding, storms, droughts, deforestation, coastal erosion, and rising sea levels, they have developed a Long-Term Climate-Neutral Development Strategy 2050 aimed at realizing the 2050 Climate Vision to meet commitments under the Paris Agreement. The authorities' policies and actions on climate are deemed compatible with the goals of the 1.5°C Paris climate agreement. To further strengthen resilience, they plan to adopt climate policies encouraging renewable energy generation, while supporting energy security. They are also introducing climate adaptation and mitigation measures including reforms to fossil fuel subsidies, strengthening early warning systems, increasing crop diversification and rotation, and switching to drought-tolerant crop varieties and animal species. Relatedly, the authorities are strengthening public finance and investment management to attract additional climate finance funds while benefiting from climate investment. Meanwhile, they requested a Climate Public Investment Management Assessment (C-PIMA) to integrate climate considerations in PFM processes. Going forward, they view Fund support under the Resilience and Sustainability Facility (RSF), as essential to support their ambitious climate efforts.
18. The authorities are making concerted efforts to address gender inequality, close attendant gender gaps and promote inclusive growth. To this end, they are introducing prohibitions of discrimination in the constitution, translate into domestic law the Maputo Protocol and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). At the same time, they are supporting the Ministry of Gender, Children and Social Welfare to tackle gender-based gaps to unlock the economic potential of women. In this regard, they have piloted a gender-responsive budgeting in five ministries for the 2024 budget which will be rollout to all ministries. They will also increase investment in maternal health and childcare services and close the gender gaps in higher education, political participation, and access to land. Relatedly, they plan to expand the Women's Enterprise Fund to facilitate financial access for women to reduce their dependence on informal financial services.

### **Conclusion**

19. The Gambian authorities remain committed to reforms articulated in the MEFP and LOI, despite challenging circumstances compounded by the multiple shocks. To consolidate the hard-won gains under the previous ECF arrangement, and build on the firm foundation already laid, they view a successor Fund arrangement as critical to entrench macroeconomic stability and provide an important policy anchor. To consolidate these gains and support their broader development objectives embodied in their RF-NDP, the authorities are looking forward to a successor arrangement to help catalyze additional donor support and address the remaining structural challenges. They look forward to continued Fund technical and policy support to help realize their growth and development aspirations.



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