IMF Country Reports 19/277

The Gambia: Technical Assistance Report-Public Investment Management Assessment

INTERNATIONAL MONETARY FUND

IMF Country Report No. 19/277

THE GAMBIA

TECHNICAL ASSISTANCE REPORT—PUBLIC INVESTMENT MANAGEMENT ASSESSMENT

August 2019

This Technical Assistance Report on The Gambia was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed in May 2019.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org
Price: $18.00 per printed copy

International Monetary Fund
Washington, D.C.

F I S C A L   A F F A I R S   D E P A R T M E N T

The Gambia
Public Investment Management Assessment

Richard Allen, Michelle Stone, Luis Camacho, David Gentry, Graham Smith, and Mehwish Ashraf

Technical Report

July 2019

CONTENTS

TABLES

ANNEXES

GLOSSARY

AGD	Accountant General's Directorate
AMP	Aid Management Platform
BCC	Budget Call Circular
BFP	Budget Framework Paper
CBG	Central Bank of The Gambia
CD	Capacity Development
CIO	Chief Information Officer
CORA	Committee on Office and Residential Accommodation
CS-DRMS	Commonwealth Secretariat Debt Recording & Management System
D	Dalasi (National Currency of The Gambia)
DAC	Directorate of Aid Coordination
DPPP-PE	Directorate of PPPs and Public Enterprises
FAD	Fiscal Affairs Department (IMF)
GAMWORKS	Gambian Agency for the Management of Public Works
GDP	Gross Domestic Product
GIEPA	Gambia Investment and Export Promotion Agency
GLF	Gambian Local Funds
GPA	Gambia Ports Authority
GPPA	Gambia Public Procurement Agency
GSRB	Gambia Strategic Review Board
FMIS	Financial Management Information System
IMF	International Monetary Fund
IPP	Independent Power Producer
LGA	Local Government Area
LGA 2002	Local Government Act 2002
LIDC	Low-income Developing Countries
MDAs	Ministries, Departments and Agencies
MIIT	Ministerial Investment Implementation Taskforce
MoBSE	Ministry of Basic and Secondary Education
MoFEA	Ministry of Finance and Economic Affairs
MoTWI	Ministry of Transport, Works and Infrastructure
MTFF	Medium-Term Fiscal Framework
NAWEC	National Water and Electricity Company
NPBFP	National Public Buildings and Facilities Policy
NDB	Net Domestic Borrowing
NDP	National Development Plan
NRA	National Roads Authority
PCU	Project Coordination Unit
PFA	Public Finance Act

PIM	Public Investment Management
PIMA	Public Investment Management Assessment
PPP	Public-Private Partnership
PURA	Public Utilities Regulatory Authority
SOE	State-Owned Enterprise
SSA	Sub-Saharan Africa
SMP	Staff-Monitored Program
TSA	Treasury Single Account

PREFACE

At the request of the Ministry of Finance and Economic Affairs (MoFEA) of The Gambia, a Fiscal Affairs Department (FAD) capacity development mission visited Banjul during April 23 to May 6, 2019 to undertake a Public Investment Management Assessment (PIMA). The mission was led by Mr. Richard Allen, and comprised Ms. Michelle Stone (both FAD), Mr. Luis Camacho (IMF Resident PFM Advisor in The Gambia), Mr. David Gentry and Mr. Graham Smith (both FAD experts), and Ms. Mehwish Ashraf (World Bank). Mr. Mouhamadou Ndoye (World Bank procurement specialist based in Senegal) joined the mission for the last few days.

The mission met with the Permanent Secretary of MoFEA, Mr. Mod AK Secka, and held discussions with the main directorates and units of the MoFEA. Among the senior MoFEA officials met were Mr. Bai Madi Ceesay, Director of Budget, and Mr. Lamin Fatty, Deputy Director, Budget; Mr. Bakary Krubally, Director of Aid Coordination; Mr. Baboucarr Jobe, Director of Economic Policy and Research; Mr. Alagie Taal, Director of Macroeconomic Policy Analysis; Mr. Mustapha Samateh, Director of PPPs and Public Enterprises; Mr. Lamin Jobe, Deputy Director of Development Planning; Mr. Modou Ceesay, Director of Internal Audit; Mrs. Clara Saine, Deputy Accountant General; Mrs. Amie Kolleh Jeng, Director of the PFM Reform Unit; and Mr. Ngage Gaye, Principal Loans Officer, Debt Management.

Other senior officials met by the mission included Mr. Bai Lamin Jobe, Minister of Works, Transport and Infrastructure; Mrs. Mariama Njie, Permanent Secretary, Ministry of Works, Transport and Infrastructure; Mr. Ebrima Sisawa, Permanent Secretary, Ministry of Basic and Primary Education; Mr. Gibril Jarju, Director of Planning, Ministry of Health; Mr. Yankuba Darboe, Commissioner General, Gambia Revenue Authority; Mr. Halifa Sallah, Chairman of the Public Enterprise Committee of the National Assembly and other members of this Committee and the Public Finance and Accounts Committee; Mr. Karamba Touray, Auditor General; Mr. Abdoulie Tambedou, Director General, Gambia Public Procurement Authority; Mr. Modou Ceesay, Director, Public Utilities Regulatory Authority; Mr. Alajie Ceesay, Deputy Managing Director, Gambia Ports Authority; Mr. Baba Fataja, Managing Director, NAWEC; Mr. Omar Gaye, Technical Director, GAMWORKS; Mr. Amara Batchilly, CEO, Banjul City Council; and Mr. Luis Poladura, Director of Works, Arezki (Senegambia Bridge). The mission also presented its findings to a meeting of development partners, chaired by the IMF Resident Representative.

The mission extends its appreciation to the Gambian authorities for their cooperation and constructive discussions. Special thanks to Mr. Luis Camacho and Ms. Asta Jobe of MoFEA's Economic Policy and Research Directorate for excellent work in preparing the schedule of meetings and providing logistical support. Thanks also to Ms. Ruby Randall, IMF Resident Representative, and Ms. Isatou Njie at the IMF country office for their support and assistance.

EXECUTIVE SUMMARY

The government has highlighted infrastructure development as a key element of The Gambia's National Development Plan, 2018–21. After a spurt in the early years of the millennium, public investment slowed down and since 2008 has averaged only about 6 percent of GDP, around two percentage points lower than the average of sub-Saharan African (SSA) countries. Public investment has been constrained by tight fiscal constraints and high debt levels. The need for increased public investment in the Gambia should be balanced against potential fiscal risks related to future Public Private Partnerships (PPPs) and State-Owned Enterprise (SOE) investments. These risks should be carefully managed to mitigate any negative impact on the government's fiscal and debt management strategy.

Analysis of public investment patterns shows a fragmented picture, in which external financing dominates. The public capital stock as a ratio of GDP is in the mid-range for SSA countries, though the quality of the data is poor and the estimates unreliable. In recent years, around 85–90 percent of infrastructure has been externally financed, from many donor sources, including the World Bank, the Islamic Development Bank, the African Development Bank and the European Union. Investments in roads and bridges (including the Senegambia Bridge), agriculture, the environment and energy have predominated. SOEs own about 60 percent of the public capital stock but investment by these companies has been affected by their very weak financial performance and poor governance, as highlighted in a recent special audit of seven large SOEs. Investment by the local government sector is small. Few PPPs have been implemented in the past ten years, and their track record has been patchy, with poor design, implementation and weak controls often adversely affecting their performance.

Measures of the efficiency of infrastructure investments show mixed results and considerable room for improvement. Perceptions of overall infrastructure quality are somewhat better in The Gambia than other SSA countries. Access to health, education and road infrastructure is lower than the SSA average, but access to electricity is better. On the other hand, key health indicators such as life expectancy, infant mortality and the incidence of malaria have been improving. On the IMF's overall indicator of public investment efficiency, The Gambia's estimated efficiency gap is 37 percent, broadly in line with other SSA and low-income developing countries. If the efficiency of public infrastructure is to be increased, it is imperative for the government to take measures that improve the strength and effectiveness of the country's public investment management institutions.

The Gambia's performance across different PIMA indicators is mixed and does not compare favorably with regional counterparts (Table 1, Figures 0.1 and 0.2). The report analyzes 15 of these institutions across three phases of the public investment cycle—planning, the allocation of resources, and the implementation and evaluation of projects. On the positive side, performance is relatively strong in areas such as the country's comprehensive national

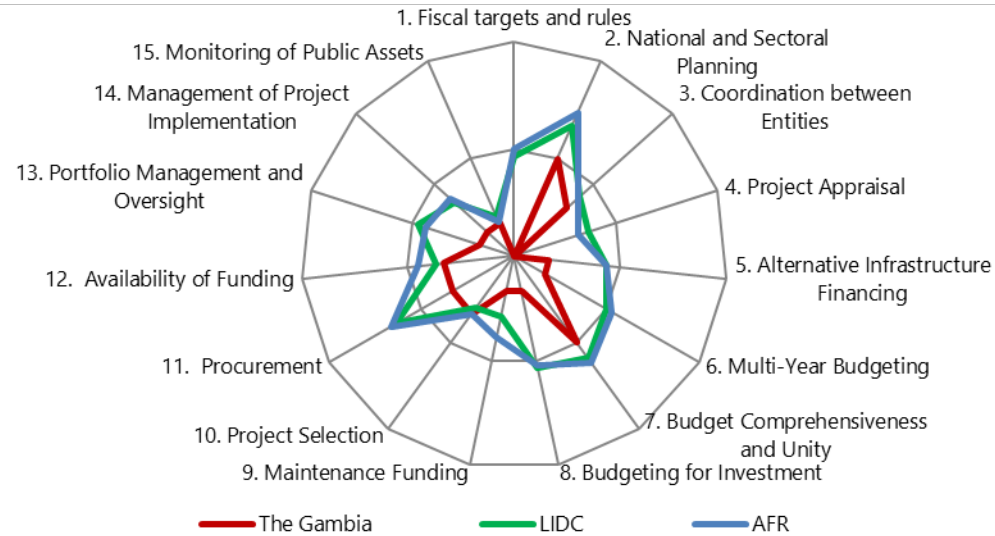
development planning system, coordination between central and local government, and the comprehensiveness and unity of the budget.

Nevertheless, there are many indicators where the PIMA rating is poor. Prevailing weaknesses include the presence of many information gaps and non-transparent disclosure policies; a multitude of IT systems that do not communicate with each other; weak and overlapping organizational structures; absence of clear operating guidelines (e.g., on the prioritization and selection of projects); flawed monitoring and evaluation systems; and significant capacity gaps in key areas of infrastructure governance. Where good legal frameworks, rules and procedures exist they are often not followed. The recent special audit of SOEs, for example, identified serious challenges in the corporate governance, internal controls, procurement procedures and IT systems in many companies that mirror similar weaknesses in government agencies.

These results are subject to an important caveat about the impact of donor procedures on effectiveness. The rules and procedures used by development partners for managing development projects are generally much stronger than the government's own procedures. Given the particularly high reliance on donor funding for investment, this raises the overall PIMA ratings for effectiveness on several indicators. To demonstrate this impact, Figure 0.2 and Table 1 include both: (i) the assessed scores presented in this report; and (ii) adjusted scores that solely reflect practices followed for locally-funded (GLF) investments. Many ongoing PFM reforms in areas such as medium-term fiscal and budget frameworks, the corporate governance of SOEs and PPPs, public procurement, and cash management could also significantly improve The Gambia's PIMA scores in coming years. In time, reforms should also aim to ensure that effectiveness is achieved through domestic settings and not dependent on donor systems.

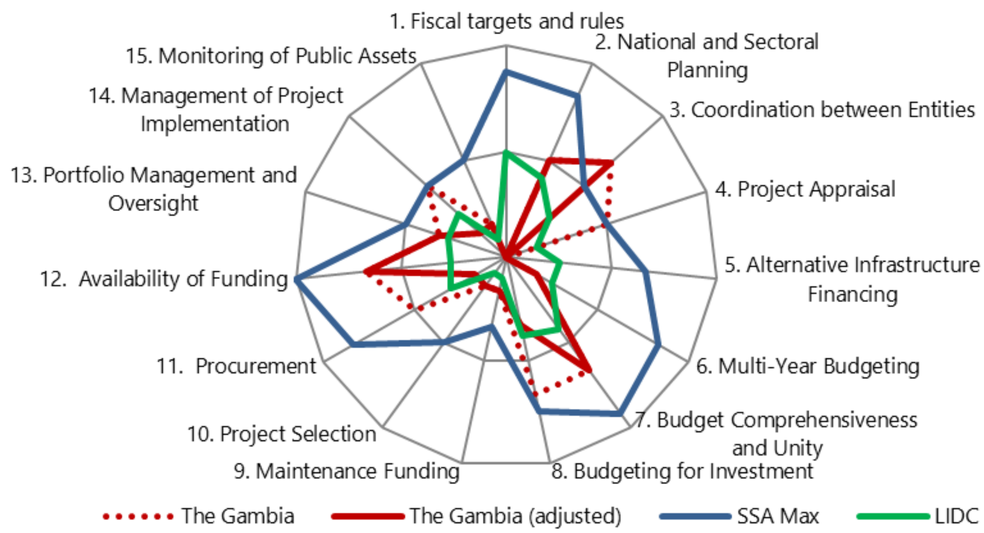
The mission's main recommendations are summarized in Table 2. These focus on five priority areas and are designed to complement reforms that are already being undertaken. The main recommendations are: (i) improving the institutional structures for appraising, prioritizing and selecting infrastructure projects; (ii) expanding the aid management monitoring system to cover all projects, however financed, through all stages of the public investment cycle; (iii) updating the chart of accounts to allow public investment to be correctly classified and provide a better basis for the estimation and budgeting of maintenance requirements; (iv) establishing a register of fixed assets that would facilitate the regular preparation of a government balance sheet and reliable estimates of the depreciation of assets; and (v) expanding the capability of the MoFEA to plan and manage IT systems. Most of these reforms would be quick wins and relatively easy to implement. Later reforms could include establishing a Public Investment Management (PIM) Unit in the MoFEA, as has been done in several other SSA countries.

Figure 0.1. The Gambia's PIM Institutional Design Relative to Comparators



Source: IMF Staff estimates.

Figure 0.2. The Gambia's PIM Effectiveness Relative to Comparators[1, 2]



Source: IMF Staff estimates.

[1] Note that the data used for SSA countries and LIDCs use a different methodology and are not fully comparable. SSA Max reflects the highest performance against each dimension by any SSA country assessed to date.

[2] The adjusted series for The Gambia shows the scores if donor practices were excluded from the assessment, with the scores instead only reflecting practices for GLF-funded projects.

Table 1. The Gambia: Summary Assessment

Phase/Institution			Institutional Design	Effectiveness	Rec
A. Planning	1	**Fiscal principles or rules**	**Low**: No fiscal rules or debt limits. MTFF under preparation.	**Low**: Implicit limits or targets (net domestic borrowing of 1% of GDP) have been breached in the past.	
	2	**National and sectoral plans**	**Medium**: The NDP is comprehensive with measurable targets and costing of projects.	**Medium**: The NDP is the lead document in defining priorities for capital investments, particularly for donor-funded projects.	
	3	**Coordination between entities**	**Medium**: Funding is predictable for MDA and subnational projects, MoFEA mandated to capture all contingent liabilities.	**Medium**: The devolved structure of local government ensures coordination. Limited reporting of contingent liabilities by MoFEA.	
	4	**Project appraisal**	**Low:** Project appraisal is not required by government for all projects; no standard methodology or risk assessment.	**Medium^:** Most donor-financed projects adopt sound appraisal methodologies and include risk assessment but is not otherwise applied.	X
	5	**Alternative infrastructure financing**	**Low**: Limited competition in markets. PPP legal framework is incomplete. No consolidated reports on SOEs prepared.	**Low**: SOEs represents approximately 60% of total public capital stock. There is scope for expanding competition in key markets.	
B. Allocation	6	**Multi-year budgeting**	**Low:** Multi-year projections of capital spending and total project cost not in the budget; indicative ceilings provided.	**Low:** Multiyear project information is publicly available only for donor-financed projects. MTBF being planned.	X
	7	**Budget compre-hensiveness and unity**	**Medium**: No major extra-budgetary entities; SOE-funded projects not in the budget; all parts of the budget prepared together.	**Medium:** Transfers to subvented agencies are shown as a lump sum, without indicating the composition of spending.	
	8	**Budgeting for investment**	**Low**: For GLF, project outlays appropriated annually; capital to recurrent virements allowed; ongoing projects not protected.	**Medium:** Donor agreements provide for multiyear outlays and any change must be agreed with Project Steering Committee**.**	
	9	**Maintenance funding**	**Low:** Maintenance is identified in the budget, but not estimated using a standard methodology, except for roads.	**Low**: Maintenance spending has fallen in recent years. It is reported in the budget, but the classification is not aligned with GFS.	X
	10	**Project selection**	**Medium**: Procedures exist for reviewing and selecting most major projects, and a pipeline of donor projects exists.	**Low:** Procedures have not been implemented as planned and there is limited capacity to support central review.	X
C. Implementation	11	**Procurement**	**Medium**: Policy states that open tender is preferred method; monitoring information incomplete; independent complaints review.	**Medium^:** GLF procurements not competitive in practice; robust procurement practices followed for some donor-funded projects.	
	12	**Availability of funding**	**Medium**: GLF cash plans made quarterly but allocations issued monthly; donor accounts in CBG outside government accounting structure.	**Medium**: GLF funding availability not reliable in practice; donor funds are made available predictably per project milestones.	
	13	**Portfolio management and oversight**	**Low:** Limited monitoring during project implementation. Fund re-allocation possible but no ex-post review.	**Medium:** Systematic and transparent donor practices for fund re-allocation in case of donor-financed capital projects.	X
	14	**Project implementation**	**Low**: PCUs operational & PMs appointed; project adjustments are unsystematic; for GLF projects, ex post audits rarely done.	**Medium^:** Donor-funded projects anchored in PCUs and are subject to implementation requirements, but approach not universal.	
	15	**Management of public assets**	**Low:** Estimated depreciation is reported in the financial statements but is not based on asset registers, conditions, and valuations.	**Low:** Though required by law, asset registers not comprehensively prepared across government. Asset register planned beginning 2020.	X

* An "X" in the final column denotes institutions that are the subject of a recommendation in this report.

^ Indicates dimensions that would be rated one step lower if the stronger practices followed by most donors (relative to those required for GLF-funded projects) were excluded from the scoring. Donor practices are highly relevant in The Gambia given that donors fund 85-90 percent of development projects.

Table 2. The Gambia: Summary of Main Recommendations

No.	Action	Timing	Action owner
1	Operationalize the Ministerial Investment Implementation Taskforce (MIIT) and the Gambia Strategic Review Board (GSRB):	Prepare TORs for the two committees (September 2019) Issue a decree establishing the committees and defining roles and responsibilities (December 2019) Prepare criteria for project selection (June 2020)	MoFEA and Office of the President
2	Expand the coverage and functionality of the Aid Management Platform (AMP) to include projects from whatever financing source (grants, loans and GLF), and monitor projects at all stages of the project cycle from inception to completion	Prepare an action plan for developing the AMP and rolling it out (December 2019) Complete roll out (June 2020) Publish information from AMP each quarter (June 2020)	Directorate for Aid Coordination and Budget Directorate
3	Improve the classification and reporting of maintenance and capital spending through a revised Chart of Accounts in the new program budgeting framework.	Complete work on updating the COA and issue guidelines to MDAs on its use (December 2019) Fully implement the revised COA in the 2021 budget (June 2020)	Budget Directorate and Accountant General's Directorate
4	Prepare and publish a comprehensive register of the government's physical assets	Issue guidelines to MDAs on preparing and maintaining a register of the stock and value of assets (June 2020) Identify one or two pilot MDAs to develop the register and complete the pilots (December 2020) Extend the register to all MDAs and publish the data (June 2022)	Accountant General's Directorate, with selected MDAs
5	Strengthen integration of IT systems and IT management in the MoFEA	Appoint a Director of IT Services in MoFEA (January 2020) Prepare a 3-year strategic plan for IT rationalization in MoFEA (December 2020)	Permanent Secretary and IT Unit, MoFEA

I. PUBLIC INVESTMENT IN THE GAMBIA

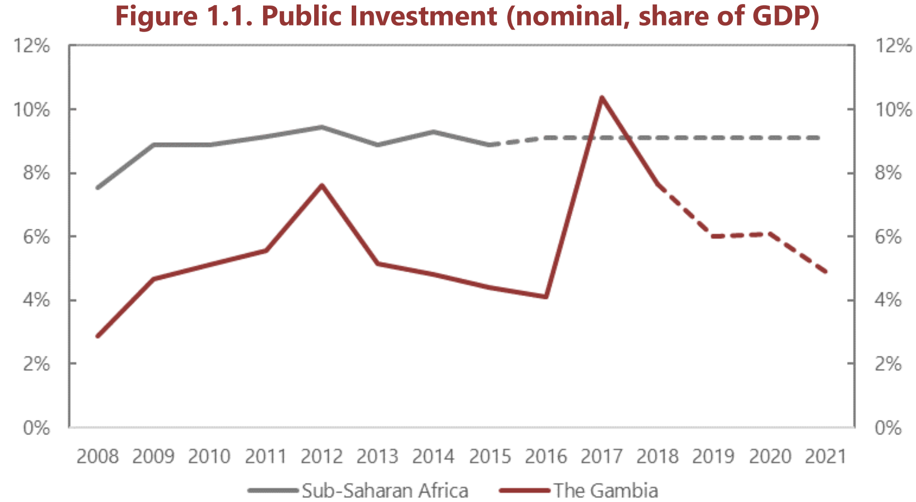
A. Total Public Investment and the Stock of Capital

1. Public investment in The Gambia is constrained by low domestic revenue and high public debt. As one of Africa's poorest countries, domestic resources for investment are limited, with funding for the capital program coming primarily from donors. Debt has been increasing since 2007 after The Gambia received HIPC debt relief and is now nearing 90 percent of GDP.

2. Data on public investment in The Gambia is incomplete. Annual public investment is estimated by the MoFEA in the April 2019 Statement of Government Operations.[1] This statement captures transactions with line ministries, which include proposals for investment projects delivered by SOEs (which likely accounts for the majority of SOE investment), but not all investment activities of SOEs.

3. Infrastructure investment is low compared to SSA levels. Public investment as a share of GDP peaked in 2017 and 2018, as additional donor financing supported investment following the change of government (Figure 1.1). During the peak, public investment levels rose to the SSA average as a share of GDP, but are expected to decline in coming years, though these estimates are highly uncertain.

Figure 1.1. Public Investment (nominal, share of GDP)



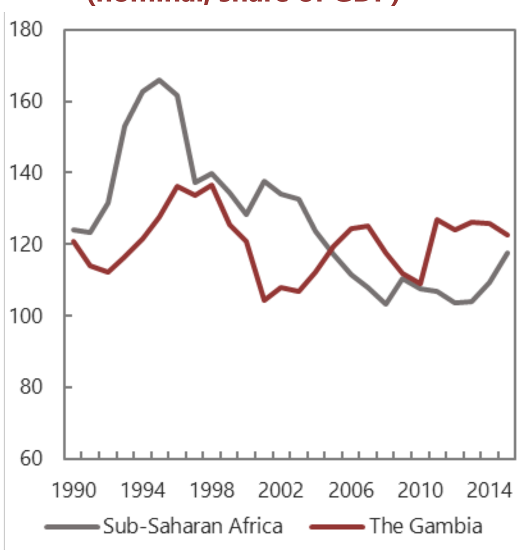
Source: MoFEA Statement of Government Operations (April 2019), IMF Investment and Capital Stock Database for SSA to 2015.
Note: The dashed lines are estimates or projections.

[1] The Statement of Government Operations is a working statement prepared by the MoFEA's Macroeconomic Policy Analysis Directorate to track the current budget position and project the medium-term fiscal position. It draws on available information from other units including the Budget Directorate, the Debt and Loans Directorate and the Directorate of Aid Coordination. It provides more timely information than the Government Financial Statements, the most recent of which is for the 2016 calendar year. The Statement of Government Operations will be used to underpin the 2020-22 Medium-Term Fiscal Framework.

4. **Estimates of the stock of public infrastructure are unreliable.** The extent and value of non-financial assets are not systematically recorded, which makes estimation of the public capital stock difficult. Planned efforts to improve the measurement of the capital stock are described in Chapter III (Institution 15), which should enable a more complete balance sheet to be prepared in future.

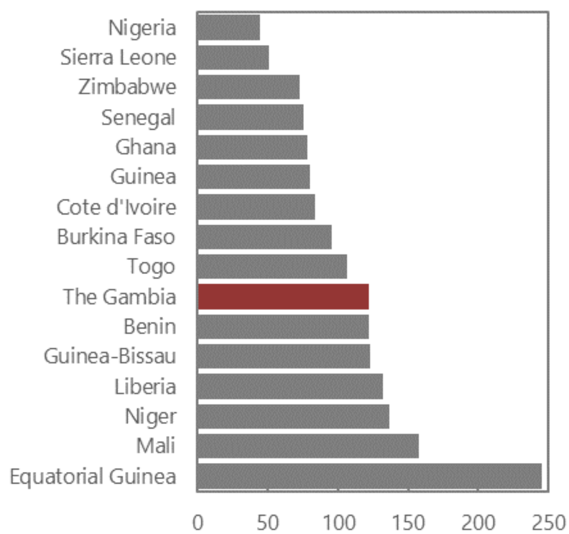
5. **The estimated capital stock per capita in The Gambia broadly aligns with the SSA region.** It has been relatively constant at around 120 percent of GDP since 1990 and approximated the SSA average in 2015, the latest year for which comparable data are available (Figure 1.2). Figure 1.3 shows The Gambia's estimated total capital stock in 2015 relative to comparator countries.[2] Roughly two-thirds of the public capital stock is held by the seven major SOEs (which cover water, electricity, the sea port and airport, communications, housing and petroleum).[3]

Figure 1.2. Public Capital Stock 1990–2015 (nominal, share of GDP)



Source: IMF staff estimates.

Figure 1.3. Public Capital Stock (2015) (nominal, share of GDP)



, IMF staff estimates.

6. **Public debt is constraining the ability of government to fund public investment.** The stock of public debt fell sharply in 2006 following the receipt of debt relief under the Heavily Indebted Poor Countries' (HIPC) Initiative. However, public debt returned to an upwards trajectory and in 2017 exceeded the debt to GDP ratio immediately before relief was provided (Figure 1.4). The 2018 Debt Sustainability Analysis indicated that debt is unsustainable.[4] To

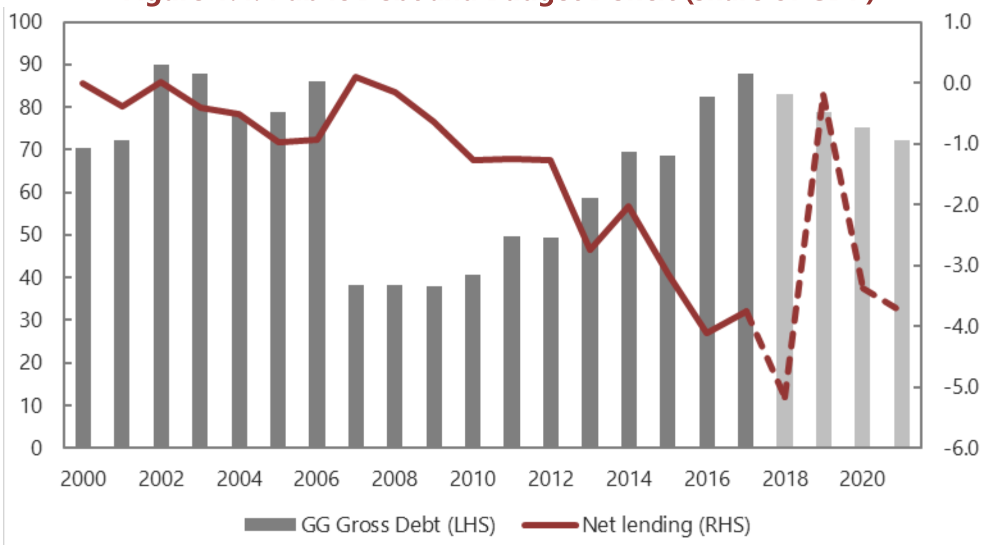
[2] Alternative estimates of the total public sector capital stock published in the October 2018 IMF Fiscal Monitor suggest a significantly lower level of public sector capital stock, equivalent to 35.8 percent of GDP in 2016.

[3] The total fixed assets taken from agencies' own financial statements was D17 billion in 2017, approximately US$ 340 million. Also see Institution 15 in Chapter III.

[4] The Joint World Bank-IMF 2018 Debt Sustainability Analysis for The Gambia found debt to be unsustainable. The most recent analysis of debt sustainability is available in *The Gambia: Request for a Staff-Monitored Program,* of May 2019, available at https://www.imf.org/~/media/Files/Publications/CR/2019/1GMBEA2019001.ashx.

restrict the debt burden going forward the authorities plan to limit external borrowing to loans that have at least a 50 percent grant element.

Figure 1.4. Public Debt and Budget Deficit (share of GDP)

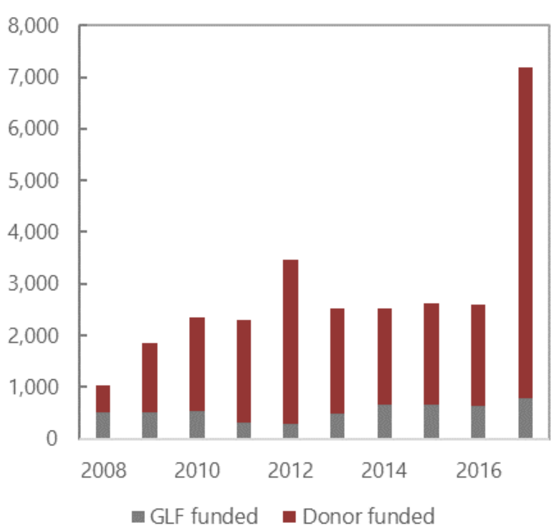


Source: April 2019 IMF World Economic Outlook Database. The results for 2018 onwards are estimates.

B. Composition of Public Investment

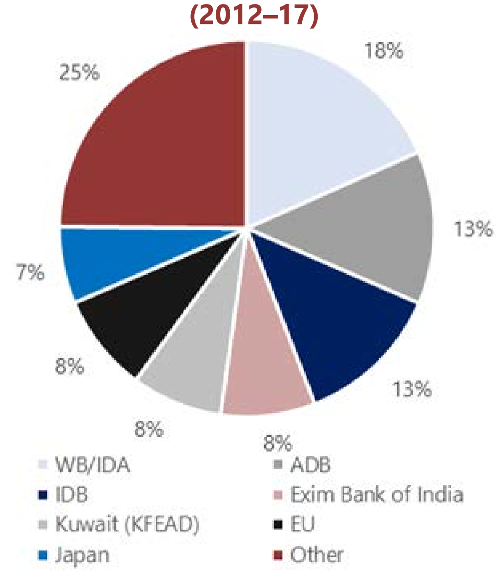
7. Public investment is primarily donor funded. Over the period 2008 to 2018, 83 percent of public investment was funded by donors (Figure 1.5). Over the five years to 2018, the portion funded by the Gambian budget (called the Gambia Local Fund, GLF) averaged 16 percent of the total capital investment captured by the Statement of Government Operations.

Figure 1.5. Sources of Public Investment Spending 2008–17 (Dalasi million)



Source: MoFEA Statement of Government Operations.

Figure 1.6. Sources of Donor Funding (2012–17)



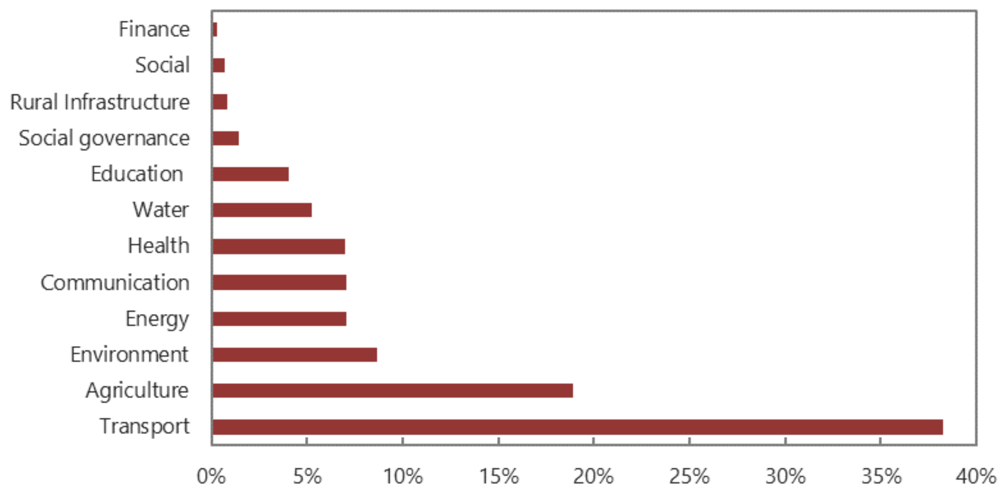
Source: MoFEA Aid Management Platform.

Of the donor funding over the same period, a little less than half (47 percent) comprised loans with the balance funded through grants. Donor support increased following the transition to the new government in 2017, and in 2018 accounted for 90 percent of public investment spending (6.7 percent of GDP), with 71 percent of the donor funding coming in the form of grants. Figure 1.6 shows the sources of donor funds over the period 2012–17. The World Bank and the African Development Bank together accounted for 31 percent of funding over this period

8. The future path of donor funding will be critical to The Gambia's future public investment program, and to delivering the goals of the National Development Plan (NDP). The authorities project a slight overall decline in donor funding in future years, but a return to more typical levels would dramatically reduce the resources available for public investment.

9. Most support from donors is directed to the transport and agriculture sectors. Projects supported by donors are classified in the Aid Management Platform (AMP) managed by the Directorate of Aid Coordination (DAC) in the MoFEA. The sector classification of these projects over the period 2012-17 are shown in Figure 1.7. These development projects include both recurrent and capital spending.

Figure 1.7. Purpose of Donor Funded Projects 2012–17 (percent)



Source: MoFEA Aid Management Platform and IMF staff reclassifications of "infrastructure."

10. The Gambia has implemented a small number of public-private partnerships (PPPs) and is developing further proposals. Table 1.1 summarizes the current status of the PPPs identified in 2016 as priority PPP projects. No estimates of the total value of these projects or of previously implemented projects are available.

Table 1.1. The Gambia: Public Investment Projects Screened for Eligibility as PPP Projects (2016)

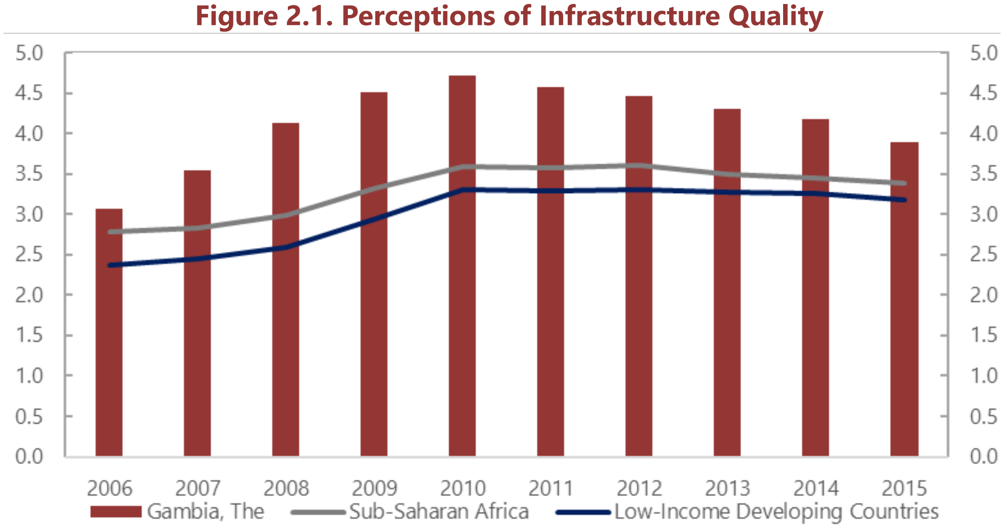
Project in pipeline	Status
Senegambia Bridge Concession	Bridge has been handed to government and is open to light vehicles. Access roads will be completed in mid-2019. The role of future PPP transactions is under review.
Road Maintenance Area-Based Concessions	Not Commenced
Banjul-Barra Bridge Concession	Not Commenced
The Gambia River Ferry Concessions	Not Commenced
Banjul Port Terminal Concession	Not Commenced
National Data Centre	Feasibility Study completed. Being promoted by the Gambia Investment and Export Promotion Agency
GAMSWITCH (only National Electronic Payment Switch in The Gambia)	Completed. It operates as a company under the Central Bank of The Gambia and a few private investors.
Agri-Business Value-Chain Development	Concept Note
Electricity Generation Concession(s)	Karpowership signed a 2-year 30MW Power PPA with NAWEC in February 2018. The powership Koray Bey started operating in May 2018.
National Conference Centre Concession	Under construction – US$50 million facility as part of the Government contribution to hosting the 2019 OIC summit in early October.

Source: MoFEA website and IMF staff updates.

II. EFFICIENCY AND IMPACT OF PUBLIC INVESTMENT

A. Public Investment Impact

Figure 2.1. Perceptions of Infrastructure Quality



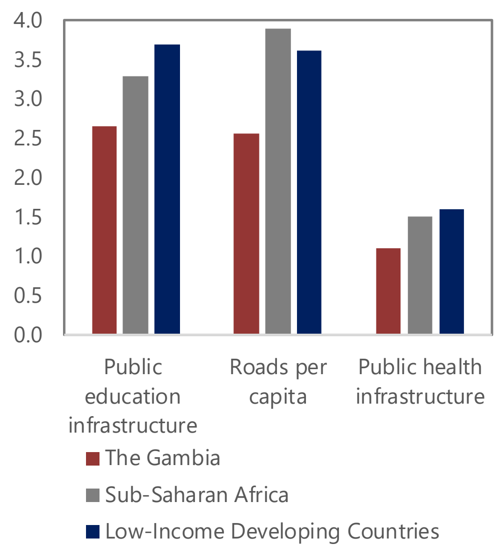
Source: World Economic Forum Perception of Infrastructure Quality Survey.

11. **The quality of infrastructure is generally perceived as being above the SSA and low-income developing country (LIDC) average.** The World Economic Forum conducts surveys

of business leaders' impressions of overall infrastructure quality on a seven-point scale. Based on this survey, perceived quality in The Gambia exceeds the average of the SSA region and of LIDCs, though the gap narrowed over the period from 2010 to 2015 (Figure 2.1). Infrastructure quality rose sharply in the period from about 2006 to 2010 on the back of significant investment in areas such as roads and energy, but subsequently has fallen back, compared to the broadly flat trend across the comparator groups.

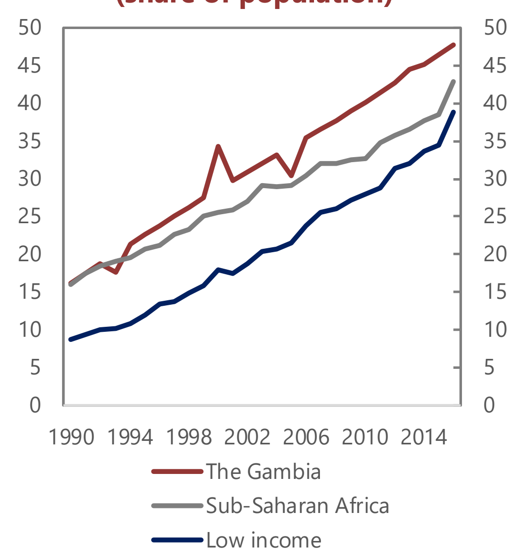
12. Access to physical infrastructure in The Gambia is relatively good in the electricity sector, but worse in the areas of roads, education and health. Public infrastructure in health (measured by access to hospital beds) and education services (measured by access to secondary school teachers) fall below the averages for the SSA region and LIDCs (Figure 2.2).[5] However, access to electricity is better than comparators and has been steadily rising over the period 1990–16 (Figure 2.3). Electricity generation capacity was enhanced through a two-year emergency 30MW Power Purchase Agreement between the National Water and Electricity Company (NAWEC) and Karpower, but transmission and distribution to the population outside Banjul remains a challenge, and country-wide electricity supply is unreliable.

Figure 2.2. Access to Infrastructure 2015



Source: World Bank Development Indicators and World Roads Federation, 2015.

Figure 2.3. Access to Electricity (share of population)



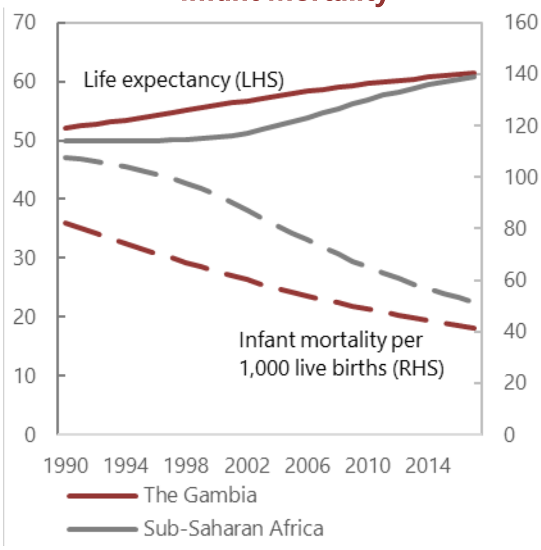
Source: World Bank Sustainable Energy for All (SE4ALL) database.

13. Some measured health outcomes have improved over past decades. Life expectancy at birth, for example, has increased since 1990 and now aligns with the SSA average. Infant mortality per 1,000 live births has fallen and remains substantially below the SSA average (Figure 2.4). The incidence of malaria per 1,000 population at risk has fallen dramatically since 2010 and now also stands well below the SSA average (Figure 2.5). These achievements are

[5] Public education infrastructure is measured as secondary teachers per 1,000 persons; roads per capita as kilometers per 1,000 persons; and public health infrastructure as hospital beds per 1,000 persons.

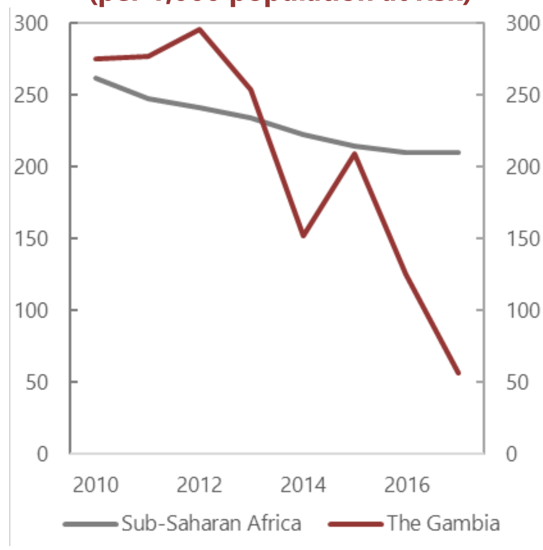
despite the downward trend in health expenditures measured on a purchasing power parity basis, which peaked in 2008 and has fallen in recent years as a share of GDP (6.2 percent in 2011, compared to 4.4 percent in 2016).

Figure 2.4. Life Expectancy at Birth and Infant Mortality



Source: World Bank Development Indicators, 2019.

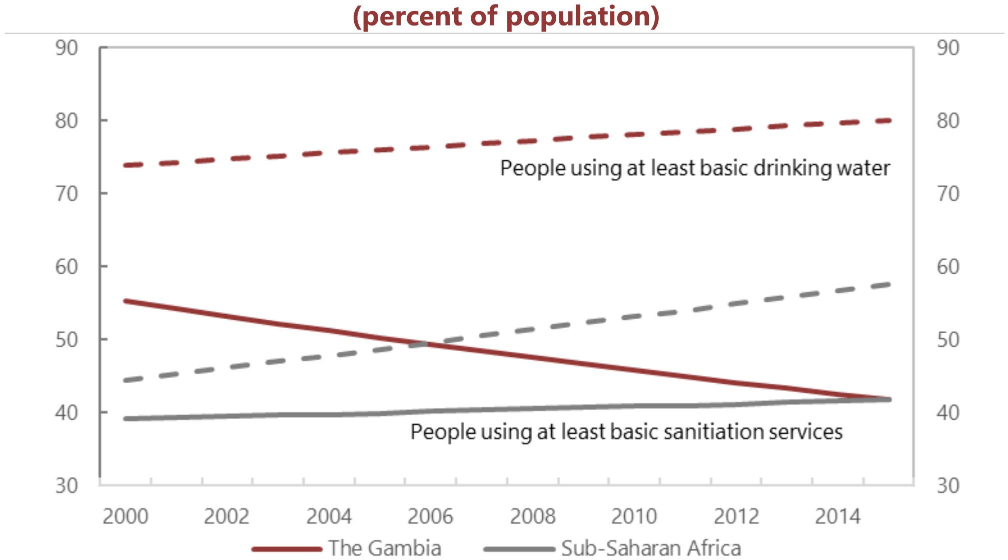
Figure 2.5. Incidence of Malaria (per 1,000 population at risk)



Source: World Bank Development Indicators, 2019.

14. Access to water and sanitation is mixed. The share of the population with access to basic sanitation services has fallen from 55 percent of the population in 2000 to 42 percent in 2015 and is comparable to the SSA average (Figure 2.6). Conversely, access to at least basic drinking water services is well above the SSA average and was approaching 80 percent in 2015.

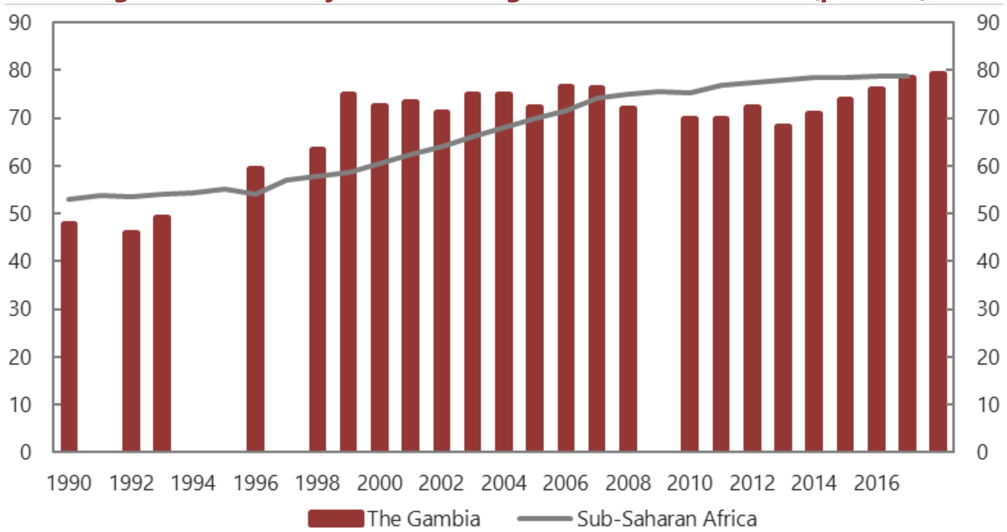
Figure 2.6. People Using at Least Basic Water and Sanitation Services (percent of population)



Source: World Bank Development Indicators, 2019.

15. Enrollment of primary school aged children has recently increased. The World Bank Development indicators show a recent increase in the adjusted net enrollment of primary school age children in either primary or secondary education to 79 percent in 2018 (Figure 2.7). This exceeds the previous high of 77 percent and brings The Gambia back in line with the SSA average. The authorities noted that there has been higher utilization of buildings and greater school attendances since the introduction of free primary education in 2018.

Figure 2.7. Primary Education Age Student Enrollment (percent)



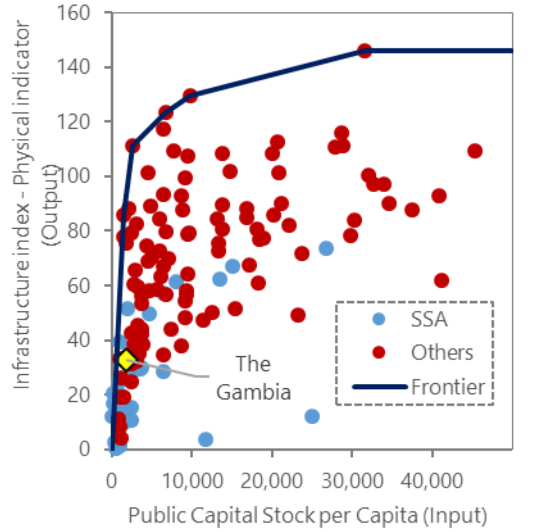
Source: World Bank Development Indicators, 2019.

B. Public Investment Efficiency

16. While The Gambia performs slightly better than average, there is substantial scope to improve the level of efficiency of public investment. The IMF's methodology for estimating the efficiency of public investment was set out in a policy paper ("Making Public Investment More Efficient") published in 2015.[6] Simply stated, a country's performance on an index of the output of public investment is compared to its per capita public capital stock, or input. A 'frontier' is drawn consisting of the countries achieving the highest output per unit of input. The IMF has prepared a database that enables the performance of each country to be compared relative to the frontier. To make the comparisons more meaningful, The Gambia is compared with SSA countries, LIDCs, and all other countries (Figures 2.8 and 2.9). The estimated efficiency gap of 37 percent in The Gambia is broadly comparable to SSA and LIDCs, but worse than the best performing countries. There is thus still a need for policies to help improve the level of efficiency of public investment. Chapter III of this report analyzes where gaps lie by assessing the strength of 15 PIM institutions across the planning, budgeting, and implementation cycle, and proposes recommendations to help close the efficiency gap.

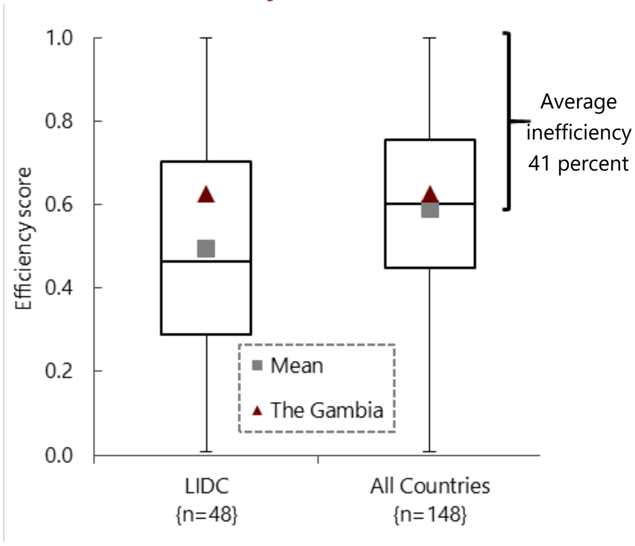
[6] See http://www.imf.org/external/np/pp/eng/2015/061115.pdf

Figure 2.8. Efficiency Frontier, Physical Index



Source: IMF staff estimates.

Figure 2.9. Efficiency Index, Physical Index



Source: IMF staff estimates.

III. PUBLIC INVESTMENT MANAGEMENT ASSESSMENT

17. This chapter assesses the quality of public investment management in The Gambia using the PIMA methodology (Box 3.1 and Annex 1). Part A of the chapter summarizes the overall assessment. Parts B, C and D analyze the performance of 15 different public investment management institutions, related to the planning, allocation and implementation phases, respectively. The exercise assesses the institutional strength (or design) of each institution, based on laws, regulations and guidelines, as well as its effectiveness, based on a study of actual practices. The assessment is based on interviews with key government ministries, departments and agencies (MDAs) and other stakeholders, as well as data and documents provided by the authorities.

18. The results for The Gambia PIMA must be viewed with two significant issues in mind:

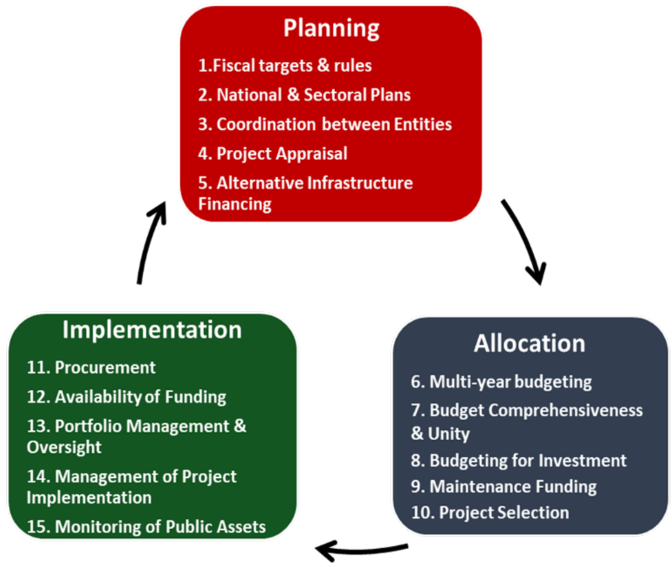
- <u>Development projects, not capital projects</u>—Many countries, such as The Gambia, prepare recurrent and development budgets as opposed to recurrent and capital budgets. The development budget often includes recurrent as well as capital expenditures. To get around this problem, it is common for countries, including The Gambia, to report development spending using the economic classification to identify recurrent and capital expenditures. However, this is not the same as identifying individual capital projects, with their unique demands for appraisal, selection, monitoring, and management. The Gambian budget system, and supporting information systems, do not currently identify capital projects within

its development budget. Recognizing this data limitation, this PIMA equates development and capital projects for assessing institutions.

Box 3.1. Public Investment Management Assessment (PIMA) Framework

The PIMA evaluates 15 key "institutions", involved in the three major stages of the public investment cycle as shown in the figure.

- **Planning** of investment levels for all public sector entities to ensure sustainable levels of public investment;
- **Allocation** of investments to appropriate sectors and projects;
- **Implementation** of investment projects to deliver productive and durable public assets.



For each institution, three dimensions are analyzed to develop a score that determines whether the specified criterion is met in full, in part, or not met at all (a score of 10, 5, and 0 are assigned respectively). The institutions and dimensions are shown in detail in Annex 1. Each of the three dimensions under an institution is scored on two different measures:

Institutional design refers to the organization, policies, rules and procedures in place. The score for an institution corresponds to the average of the institutional strength scores for each of its three dimensions.

Effectiveness refers to the degree to which the intended purpose is being achieved or there is a clear and useful impact. The score for an institution, which may be high, medium, or low, corresponds to the average of the effectiveness scores for each of its three dimensions.

The PIMA also analyzes **reform priority,** which refers to whether the issues related to the institution are sufficiently important to be included in The Gambia's PFM reform strategy.

Source: IMF, *Public Investment Management Assessment - Review and Update*, May 2018.

- Effectiveness scores raised by donor PIM practices—The Gambia is dependent on donor funding for more that 80 percent of its development budget. Donors frequently impose their own rules, often based on international good practice, for many aspects of PIM, such as the appraisal, procurement, management, monitoring, and funding of investment projects. Frequently, projects implemented using domestic resources employ different and less advanced practices. This report has assessed the institutional design scores based on local institutions (i.e., laws, policies, and procedures) to which GLF funded projects are subject. Some effectiveness scores (e.g., for project appraisal, procurement and project implementation), however, reflect the superior PIM practices used by many donors. It should be noted that these effectiveness scores may be higher than in comparator countries that are less dependent on external funding.

A. Overall Assessment

19. The overall performance of The Gambia's infrastructure institutions is relatively weak and lower than in many regional comparators. The PIMA assessment is summarized in Table 1 and Figures 1 and 2 below. There are significant strengths in areas such as national and sectoral development planning, coordination between central and local government, the comprehensiveness and unity of the budget, and a developing internal audit function. Weaknesses include laws, regulations and guidelines which, even if in place, are not necessarily applied rigorously or enforced[7]; significant data gaps (e.g., no comprehensive asset register); organizational units and IT systems (including in the MoFEA) that do not communicate well with one another; serious cases of financial irregularity and lack of control in many areas of public business (e.g., the financial oversight of SOEs); and generally non-transparent fiscal information systems and disclosure policies.

20. The recommendations set out at the end of this chapter provide guidance on topics selected by the mission as priority areas of reform. These recommendations are designed to address some of the identified weaknesses, to be quickly operational, and not to unduly stress the government's capacity for reform, which is already heavily loaded. They should complement reforms supported by other development partners that are already being implemented and which could result in significant improvements in PIMA scores over time (Table 3.1). It will be important that improvements to laws, regulations and guidelines related to PFM and public investment management are applied and enforced.

Table 3.1. The Gambia: Ongoing Reforms that Could Improve PIMA Scores

Ongoing Reforms	PIMA institution impact
Medium-Term Fiscal Framework/Medium-Term Budget Framework	1. Fiscal principles and rules 6. Multi-year budgeting
Public procurement reforms	11. Procurement
Budget credibility (expenditures)	2. National and sectoral plans 4. Project appraisal 10. Project selection
Cash forecasting/cash management	12. Availability of funding
Arrears management	6. Multi-year budgeting 12. Availability of funding
SOE and PPP Laws/Reforms	5. Alternative infrastructure financing
Integrated Financial Management Information System Modernization / Epicor 10	15. Asset register Cross-cutting impact
Draft National Public Building and Facilities Policy	14. Maintenance 15. Asset register

Source: IMF Staff.

[7] Examples include the PPP Operational Guidelines 2016, rules on virement and public procurement, recording of spending commitments, quarterly expenditure reports by PCUs to the AGD, NAO audits of completed projects, and AGD guidelines to MDAs on the preparation of an asset register.

B. Planning Sustainable Levels of Public Investment

1. Fiscal rules (Institutional design – Low; Effectiveness – Low)

21. The Gambia has no formal rules in place aimed at instituting fiscal discipline or safeguarding debt sustainability. The Public Finance Act (PFA), enacted in 2014, governs public financial management, budgeting and debt management but lacks rules on public investment and fiscal responsibility. Nonetheless, limits on domestic and external borrowing were part of quantitative ceilings under the IMF program in 2017. More recently, the authorities have been targeting a net domestic borrowing (NDB) limit of 1 percent of GDP, which is communicated through the budget document, to contain the already high public debt levels, though this limit is currently under review.

22. However, these borrowing limits are not adhered to, contravening the intent of the government's implicit fiscal targets. The Staff-Monitored Program (SMP) that started in April 2017 stipulated quarterly limits, notably on NDB and on new non-concessional external debt among others. However, the authorities could not comply with these targets in three of the four reviews under the program.[8] Post-SMP, the implicitly-set NDB target under the budget has not been attained for 2018 (3.4 percent of GDP) due to a shortfall in budget support, spending overruns on goods and services, and unbudgeted transfers to SOEs. As a result, public debt is estimated at 87 percent of GDP at end-2018.[9]

23. The PFA 2014 provides for a multiyear perspective in fiscal planning. Since 2012, forecasts of fiscal aggregates, together with ministry ceilings, have been developed and presented in a Budget Framework Paper (BFP), that in recent years has been submitted to the Cabinet for pre-approval before the annual Budget Call Circular (BCC) is issued.[10]

24. A medium-term fiscal framework (MTFF) was drafted in 2018 but not approved. The authorities formulated an MTFF primarily to help them prepare for the International Conference of May 2018 in support of the NDP. The MTFF, which could in practice replace the Budget Framework Paper (BFP), includes both fiscal aggregates as well as a distinction between recurrent and development spending. However, the MTFF was not submitted to the Cabinet for approval. As a result, it was neither integrated in the 2019 budget nor published.

25. An MTFF for the 2020 budget is currently being prepared by the MoFEA. This framework is designed to help in the formulation of the 2020 budget and aligning it with the

---

[8] One example of a breach of the limits was the US$25 million loan (with a grant element of 26 percent) contracted during 2017 for a broadband project on behalf of the state telecommunications services company, GAMTEL.

[9] The 2019 debt sustainability analysis indicates that The Gambia is currently in external debt distress though its public debt is deemed sustainable looking forward.

[10] See IMF AFITAC West 2 Aide Memoire prepared by Anna Lennblad and John Grinyer, *Operationalizing the Medium-Term Macro-Fiscal Framework and Linking to the Budget*, July 2018.

implementation of the NDP. This MTFF is expected to be consistent with an updated medium-term debt management strategy. The authorities plan to submit MTFF to the Cabinet for approval by end June 2019. This MTFF could serve as a credible anchor for medium-term reform and investment program ensuring fiscal and debt sustainability. A medium-term budget framework is being prepared in parallel (see Indicator 6).

2. National and sectoral planning (Institutional design – Medium; Effectiveness – Medium)

26. A strategic planning framework for The Gambia is provided in the NDP, the current version of which covers the period 2018–21. The NDP includes broad estimates of the costs of development programs and projects, covering a period of four years, which aligns with the presidential term of office. Sector plans are formulated by key service delivery ministries, departments and agencies (MDAs), notably in the education, health and transport sectors, but the NDP acknowledges that too much policy fragmentation still exists at the sector level. In preparing the Plan for the next cycle (2022–25) the government has resolved to "strengthen the links between the NDP and sector plans to ensure a tighter alignment between existing and new plans with the NDP, in terms of both substance and orientation of the planning cycle."[11]

27. The NDP provides a framework for capturing development projects to be included in the budget but prioritization is weak making it difficult to establish a link between the planning and budgeting process. The NDP comprises over 40 separate projects and programs developed by MDAs, each with an estimated total cost and an indication of the funding gap and preferred financing source. However, there is no ranked priority list indicating in which order new projects and programs should receive funding as resources become available. As a result, it is difficult to link the NDP to the MTFF (Indicator 1) and the annual budget.[12] An ongoing initiative to introduce a program-based budgeting (PBB) framework in The Gambia is designed to establish a stronger relationship between planning and budgeting, and create a uniform structure of programs, targets and indicators for tracking progress in key policy areas. The NDP currently includes measurable targets for outputs and outcomes.

28. The NDP contains data on the aggregate costs of priority projects but sector strategies do not detail capital investments in their programs. While information on the costs of major capital investments is provided in the NDP and some sector strategies, they are not aligned to the fiscal constraints facing the government or the overall resource envelope available for capital investment. Plans are mainly perceived as a mechanism to attract donor funding, particularly for multi-year capital investment projects. This is reflected in the NDP financing strategy that was presented at the International Conference on The Gambia in Brussels

---

[11] NDP 2018-2021, page 142.

[12] See IMF AFITAC West 2 Aide Memoire prepared by Anna Lennblad and John Grinyer, *Operationalizing the Medium-Term Macro-Fiscal Framework and Linking to the Budget,* July 2018.

in May 2018. The strategy costed 21 priority projects with a value of US$2.4 billion of which US$750 million is committed leaving a US$1.6 billion shortfall. Many sector strategies are broadly defined, overly ambitious and aspirational in nature, with actual investment ultimately being defined by the (unstated) availability of resources and prevailing political priorities. Sector strategies would be more useful if they elaborated the sector's profiling of priority projects, with estimates of the cost of these projects in total and by year, and their expected outputs and outcomes.

3. Coordination between entities (Institutional design – Medium; Effectiveness – Medium)

29. The Local Government Act (LGA) 2002 provides for inter-governmental fiscal transfers between central and local government for capital projects, but this mechanism has never been institutionalized. Section 128(3) of the law states that "the Central Government shall provide 25 percent of the Local Government Areas (LGAs) development budget." However, in practice this provision has not been followed and the six rural councils and three urban councils cannot rely on transfers from the central budget to fund their priority capital investment projects, or the counterpart funding associated with donor-financed projects.

30. The bulk of capital investment at the local level is delivered through a devolved model of local government. Despite the semi-autonomous status of local councils and municipalities provided for in the LGA 2002, most investment projects at the local level are financed through the relevant MDA's development budget. Indeed, devolved departments of central MDAs (covering functional areas such as agriculture, education, health and transport) at the regional level are responsible for managing the implementation of capital projects, based on the priorities defined in the relevant sector plan. The semi-autonomous Gambian Agency for the Management of Public Works (GAMWORKS), established in 1993 plays a useful role in the implementation of small capital infrastructure projects aligned to the priorities of local councils and regions, who are the main clients on the agency. GAMWORKS has been responsible for the implementation of US$200 million of capital investment in small to medium sized public works projects, approximately US$8 million per annum on average over the last 25 years.

31. Borrowing without the approval of the MoFEA is prohibited for local governments and public enterprises by the PFA 2014. Section 54 of this law allows LGAs to raise loans within The Gambia, but only with the endorsement of the Ministry of Lands and Regional Government and the approval of the MoFEA. Section 55 allows LGAs to obtain a bank overdraft subject to defined conditions. Section 56 of the PFA prohibits public enterprises from borrowing, raising overdrafts and extending guarantees unless approved by the MoFEA.

32. The reporting of contingent liabilities by the MoFEA is not timely, comprehensive and accurate, contrary to the requirements of the PFA 2014. Section 50 of this law requires MoFEA to keep timely, comprehensive and accurate records of all state debt, including contingent liabilities. However, in practice the debt register is not up-to-date and is neither

comprehensive or accurate. No data on guarantees issued by the government to SOEs or other entities are published in the MoFEA's annual Debt Bulletin or any other documents. But many guarantees issued by the government are implicit and take other forms such as the government assuming the debt responsibilities of bankrupt SOEs.[13]

4. Project appraisal (Institutional design – Low; Effectiveness – Medium)

33. Robust appraisal processes that cover financial, economic and technical aspects of public investment have not been put in place. The government has committed to establish a high-level Gambia Strategic Review Board (GSRB) to oversee project selection (see Indicator 10), but this body is not yet fully operational. This means that projects are not systematically being chosen to ensure that they are well prepared and will bring strong economic and social returns for The Gambia. Ideally, a robust appraisal that covers financial, economic and technical factors along with risk management and mitigation (and using standard and transparent methodology) should be considered before a decision to proceed with each project takes place. The one type of project with stronger appraisal requirements is PPPs, but few PPPs are in the current pipeline (Indicator 5) and the *PPP Operational Guidelines 2016* have not yet been implemented (Box 3.2).

Box 3.2. The PPP Operational Guidelines

The PPP Operational Guidelines 2016 contain elements of a good practice framework for PPP management. They require:

- the establishment of a PPP Committee chaired by the Minister of Finance and Economic Affairs to vet and oversee projects;
- a framework for conducting a value for money assessment and a risk assessment;
- financial appraisal covering specified elements;
- minimum criteria to be met for unsolicited proposals, including open tendering; and
- the maintenance of a PPP register and ongoing monitoring and budget risk management by the PPP Directorate in the MoFEA.

Together these elements create a sound management framework for PPPs. There is little evidence, however, that these procedures have been followed or enforced. The PPP Oversight Committee has not been established, and the PPP and Public Enterprises Directorate appears not to have played a central role in advising government about the costs and risks of PPPs.

Source: Adapted from *PPP Operational Guidelines 2016.*

34. Many donor processes require a robust appraisal of projects. The World Bank and the African Development Bank, which together account for just under one-third of donor funding over the last five years, have transparent appraisal processes. Where they exist, donor-driven appraisals are useful inputs to decision making, but they do not systematically capture the

[13] For example, the Debt Bulletin (2017) acknowledged that the government had to purchase a 12 percent seven-year National Water and Energy Company (NAWEC) Bond valued at US$31.5 million, representing 6 percent of the total stock of public debt.

investment decision from the government's perspective. The government's decision should also consider the long-run financial, economic and social consequences of projects, including ongoing operating and maintenance costs and the impacts on other priorities, particularly when fiscal space is limited.

35. The capacity to participate in, review or undertake appraisals within government is limited. Some foundational capacity to review appraisals at the central ministry level exists in the Directorate of PPPs and Public Enterprises (DPPP-PE) and the DAC within MoFEA, the latter of which has some staff available to review proposals. However, these resources are few and cannot provide a robust review of appraisals conducted, support MDAs in conducting or reviewing appraisals, nor consider the wider and longer-term implications of development projects. At the MDA level, the capacity to undertake and review appraisals is variable. At the level of SOEs, financial appraisal is inconsistently undertaken. For example, at the Gambia Ports Authority (GPA), financial appraisal is routinely done by the GPA before the Board takes decisions on investment projects, and consultants are used on larger projects, but a consistent approach is not followed across other SOEs. A case study of the experience with the recently completed Senegambia Bridge is discussed at Box 3.3.

Box 3.3. Case Study: The Senegambia Bridge

The Senegambia Bridge crosses the River Gambia in the center of the country and provides the first direct road link between the north and south banks. When fully operational, vehicles will be able to avoid the Yelitenda to Bamba ferry and save time waiting for the ferry (which can take many days) or undertaking the long drive around the head of the river. The bridge opened to light vehicles in January 2019 and is expected to be open to all vehicles by July 2019. It has had a marked effect on journey times. A trip by road from Dakar to Ziguinchor in southern Senegal that previously took a whole day can now be completed within five hours.

The bridge has been primarily funded through a grant from the African Development Bank. The contractor, Arezki, has been overseen by project management consultants hired by the National Roads Authority (NRA). The original design was not fully suitable for the location on mangroves, which caused a 10-month delay and added EUR 16 million to the original cost estimate.

Significant benefits from the bridge accrue to other countries in the region. Most heavy vehicles using the bridge are expected to be from Senegal, Mali and Mauritania and travelling through Gambia on longer trade routes. Charging tolls that recognize the very significant benefits that accrue to foreign trucks will be critical to ensuring that the government has a strong revenue source and can meet costs of maintaining the bridge and its access roads.

The Senegambia Bridge also impacts on the operations of the GPA. The Yelitenda to Bamba ferry has been one of its most profitable ferry routes and has subsidized others. The bridge may also make the Banjul Port more attractive.

Source: IMF Staff.

5. Alternative infrastructure provision (Institutional design – Low; Effectiveness – Low)

36. The legal and regulatory framework generally supports competition in markets for economic infrastructure, but competition varies between sectors. The new government has

been attempting to open up markets in an effort to attract additional private sector investment. The markets for telecommunications, road transport and air transport services are fully deregulated and liberalized. Early signs of expanding the power market can be seen but there is still some way to go. The energy sector now allows for Independent Power Producers (IPPs), albeit within a small-market dominated by NAWEC. Moreover, the entry of IPPs has been facilitated through unsolicited bids and direct negotiations with the government, to address emergency needs,[14] rather than through a more structured, transparent and competitive bidding process. The market for port operations and services is restricted to the GPA, an SOE. Similarly, the market for water and sanitation services is also restricted to NAWEC.

37. The regulatory structure in The Gambia is fragmented and could be rationalized. The main independent regulator, the Public Utilities Regulatory Commission (PURA), is responsible for regulating the energy, water and telecommunications sectors. Regulation of transport markets are embedded within the Ministry of Transport, Works and Infrastructure (MoTWI), which provides oversight for policy, standards and compliance. The MoTWI also approves the tariff structure of the GPA for both its port operations and ferry services. The MoFEA takes responsibility for financial reporting standards and compliance. The issuance of commercial licenses to road haulage and passenger transport operators, as well as the issuance of licenses for all classes of vehicles is regulated by the Gambia Police Force. The Gambia Maritime Authority is responsible for the issuance of commercial pilot licenses and for the registration of all maritime vessels. Finally, the Gambian Civil Aviation Authority is responsible for the issuance of commercial pilot licenses and for the registration of all aircraft.

38. The PPP Policy of 2015 and the Draft PPP Act (2018) guides government policy and engagement on PPPs. The policy framework and operational guidelines provides for the separate evaluation, selection and approval of PPP projects from other public investment projects. A draft PPP Act (2018) has also been prepared to create the legal framework for institutionalizing the procurement of projects through PPP methods. In January 2016, the DPPP-PE published the findings of an initial screening of ten public investment projects to assess their eligibility to be implemented as PPP projects. However, most of these projects are stalled in the initial stages of project preparation (see Table 1.1 in Chapter I).

39. The government's oversight of underperforming SOEs is not comprehensive. The MoFEA's DPPP-PE is primarily responsible for the financial oversight of The Gambia's 13 SOEs. In principle, it has a mandate to review SOEs' investment plans and financial performance but in practice this function is seriously constrained by lack of timely data from the companies, and a modern methodology for setting and evaluating financial targets and indicators. Overall performance is not summarized into a consolidated report on SOE investment activities and financial performance. There are also limited data on the financial support provided by the government to SOEs in the form of subsidies, capital injections, on-lending and loan guarantees.

---

[14] In February 2018, Karpowership signed a two-year 30 MW Power Purchase Power Agreement with NAWEC. The Powership Koray Bey started operation in May 2018.

Further, the oversight of SOEs is blurred by fragmented and overlapping roles between the MoFEA, the parent MDAs and SOE boards, which leads to poor oversight, indicated by the rising debts incurred by SOEs (Table 3.2). Many SOEs have a backlog of annual financial statements extending back to 2015 or 2016, though the law requires them to publish these statements within six months of the end of the financial year.

Table 3.2. The Gambia: External Debts Incurred by SOEs (percent of GDP)

Year	2010	2011	2012	2013	2014	2016
%	6.4	8.7	10.0	11.5	12.5	13.5

Source: MoFEA Loans and Debt Department; World Bank 2018.

40. In April 2016, Cabinet approved a partial SOE reform program. The performance of the seven largest enterprises is currently being assessed by Ernst and Young, which has diagnosed many areas of weak performance, ineffective controls and poor governance. This review still needs to be finalized and its findings and recommendations presented to the Cabinet. Nonetheless, the prevailing sentiment is that without deeper restructuring, privatization or liquidation of underperforming SOEs these entities will continue to be a drain on the public finances and the wider economy.

41. The government has prepared a draft SOE Act (2018),[15] which is currently under review. The draft legislation would strengthen the corporate governance of SOEs and establish an SOE Commission to oversee the companies but understates the key role that could be played by MoFEA in setting SOEs performance targets and overseeing their financial performance. Annex 2 provides comments on this legislation. To improve the corporate governance of SOEs, the government is drafting Shareholder Performance Agreements, which would supersede some of the Acts on which SOEs were founded, to increase the accountability of boards and management in the performance of the companies.

C. Ensuring Public Investment is Allocated to the Right Sectors and Projects

6. Multiyear budgeting (Institutional design – Low; Effectiveness – Low)

42. No projections of development spending are published beyond the budget year. The purpose of such projections would be to provide policy guidance for the determination of spending ceilings issued in the MTFF (formerly the BFP—see Indicator 1) and the budget call

[15] The provisions of the draft SOE Act (2018) are to establish the State Owned Enterprise Regulatory Commission; to enable the establishment of SOEs, to make provision for the efficient governance of SOEs and monitoring of their performances; to make provision for the restructuring of SOEs; to provide for the appointment of boards of SOEs and to define their powers, duties and functions; and, to make provision for connected matters.

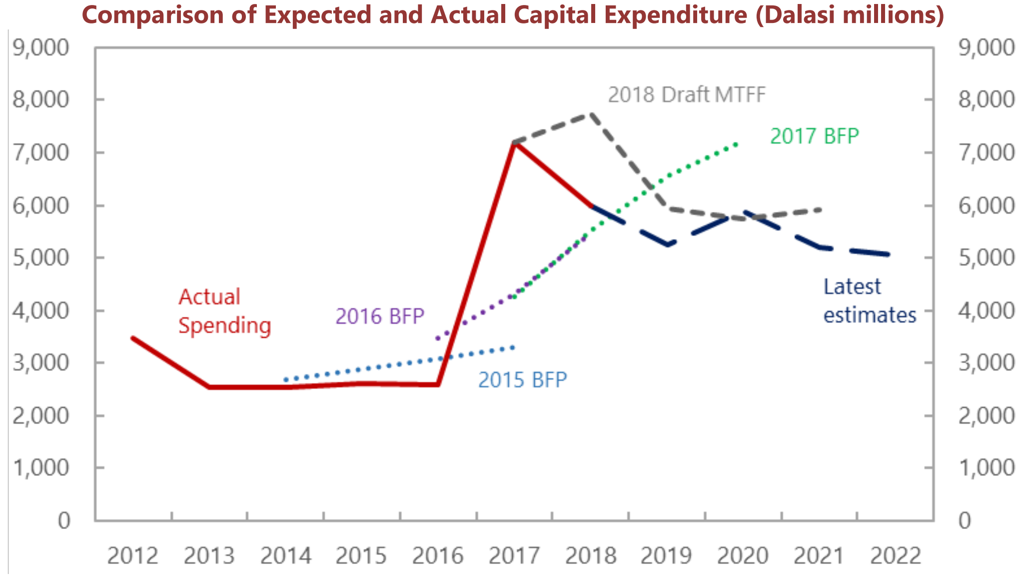
circular (BCC). The BCC provides policy and technical guidance from MoFEA to MDAs every year at the beginning of the budget preparation cycle. Projected spending in the NDP for public investment could serve this purpose if it were closely aligned with a medium- or long-term fiscal framework. While the MoFEA is taking steps to link the NDP and the budget process regarding priorities, there is not currently a close alignment regarding funding (see Indicator 2).

43. Indicative multi-year ceilings of development expenditures for MDAs have been provided in the BCC every year since 2014. The ceilings cover the budget year plus two forward years. These ceilings reflected similar guidance on budget allocations for development spending for each MDA in the BFP for the years 2012 through 2017. The BCC ceilings were still issued in 2018 and 2019 even though a BFP or its equivalent was not approved by cabinet. Forward-year ceilings reflect the estimated costs of current policies. The ceilings, however, have had limited usefulness for public investment management. First, they have been based on GLF funds only. The purpose of ceilings—typically to place a maximum on the sum of funding that can be requested—is not applicable when donor project agreements provide funding to cover project expenditures on a project-by-project basis. Second, ceilings and out-turns have diverged significantly (Box 3.4).

Box 3.4. Actual and Expected Capital Expenditure 2015–19

The chart below shows the successive forecasts for public investment made in BFPs and the draft 2018 MTFF, compared to actual expenditure. Because most public investment is funded by donors, differences between estimated and actual expenditure reflect a combination of forecast errors, deviations in performance under existing approved donor projects, and unanticipated donor commitments. Donor funds increased rapidly after the change in government in 2017, which created a peak in investment in 2017 that was not anticipated in the BFPs for previous years.

Comparison of Expected and Actual Capital Expenditure (Dalasi millions)



Source: Actual spending to 2018 and latest estimates are from the Statement of Government Operations (April 2019).

44. Projections of the total cost of major projects are not published but are available if requested for donor-funded projects. Total costs of major projects, regardless of funding source, are not provided in budget documentation. However, agreements under which donor funding is provided typically show total costs, a detailed breakdown of costs and physical progress by year, and a project implementation schedule. The DAC consolidates project information in its AMP.[16] Much of these data are published in Project Briefs intended to inform discussions at the Project Managers Forum.[17] The Project Briefs are not intended for wide distribution, but they and AMP data are provided to the National Assembly, government officials, and the public, if requested.

45. A new multiyear budgeting framework is being prepared (alongside the MTFF—see Indicator 1) and is planned for implementation in June 2019. It will consist of a 3-year program-based budget (PBB), which is intended to bridge the gap between the planning and budget systems. It is not clear, however, whether this longer time horizon will improve the allocation of public investment funds. Most public investment is funded by donors under project agreements that already have a medium-term perspective. In addition, when ceilings are issued for GLF funds in the BCC, the ceilings are not good predictors of actual expenditures. That said, identifying total project costs and money needed to complete the project, regardless of funding source, remains a laudable goal for two reasons. First, to manage GLF funding for wholly GLF-funded projects and for GLF local match requirements for donor-funded projects. Second, such information is a proxy to convey to the National Assembly and the public physical progress being made to improve infrastructure in the country.

7. Budget comprehensiveness and unity (Institutional design – Medium; Effectiveness – Medium)

46. The comprehensiveness of the budget in terms of spending entities is good and the share of off-budget spending is relatively small. All MDA expenditures are authorized in the central government budget. Project Coordination Units (PCUs) are included in the budget, and receive appropriations reflecting expected donor disbursements and some GLF counterpart financing requirements. 47 subvented agencies are included in the budget and shown under their respective supervising MDAs.[18]

---

[16] According to the PFA 2014, paragraph 35 (1), the Minister of Finance and Economic Affairs has sole authority to borrow on behalf of the State, and thus MoFEA has comprehensive information on projects funded externally. Notably, the AMP does not include planned project donor disbursements by year or by milestone. The AMP does not record required GLF matching funds and disbursements.

[17] The Project Managers Forum is a semi-annual DAC-sponsored event that brings together all PCU managers to share experiences regarding progress being made and obstacles they face. The Project Briefs focus on project background, basic facts, achievements, challenges and the way forward.

[18] The number of subvented agencies cited was provided by staff of the MoFEA Budget Directorate. However, the Permanent Secretary and staff of the Ministry of Basic and Secondary Education informed the mission that it

47. Information provided in the budget on PCUs and subvented agencies is incomplete and fragmented in two ways. First, while subvented agencies are recorded in the budget, and the amount of the subventions is shown, the composition of the proposed spending is not presented. Some subvented agencies are involved in project implementation, and thus fiscal reports do not indicate all spending on development projects. Second, neither PCUs nor subvented agencies currently use The Gambia's financial management information system (FMIS) to make payments and prepare accounts.[19] The Accountant General's Directorate (AGD) prepares budget execution reports and financial statements based on the FMIS only, and thus these two types of entities are excluded from these reports. The MoFEA is considering requiring PCUs to use the FMIS from the beginning of 2020, which would be a welcome step in addressing this problem.

48. The comprehensiveness of the budget in terms of financing sources is limited. Most donor-funding is included in the budget documentation (budget support and multilateral project funding).[20] However, bilateral grants and loans, such as Chinese funding for the Gambia International Conference Centre, are not shown. The total size of such bilateral financing is unknown. The PFA 2014 does not require the budget to disclose private financing of PPPs, although it is generally understood by MoFEA that the GLF portion should be subject to the budget rules. This issue will grow in importance over time as more PPP projects are actively considered. SOE-funded public economic infrastructure projects are not included in the budget documentation. Provisions addressing how PPP and SOE projects are covered in the budget process and documentation should be included in the PPP and SOE laws, currently under discussion (see Indicator 5), or in an amendment to the PFA 2014.

49. The recurrent and development budgets are prepared and presented together, but the existing program classification is not consistently applied in the development budget. In MDAs, preparation of the recurrent and development budgets is coordinated by each MDA's Permanent Secretary. This process will be strengthened with the establishment in major MDAs of Planning Units and Budget Committees, which is underway now. In the MoFEA, Budget Directorate staff review together the recurrent and development proposals of an MDA. A program classification is in place but suffers from being comingled with the organizational classification. It will be revised and separated in its own segment of the budget classification as part of the upgrade of The Gambia's financial management information system (FMIS) to the Epicor 10 version. However, the program classification is used for the recurrent budget but not

---

transferred funds to 39 subvented agencies. Therefore, there may be considerably more than 47 subvented agencies. The 2014 Public Expenditure Framework Assessment suggested there were 65 subvented agencies.

[19] Four PCUs use the FMIS on a pilot basis.

[20] However, the amounts shown in the budget may not be reliable. Spending of donor-funds on development projects may be exceed the approved budget without prior approval from the MoFEA or National Assembly. In addition, externally financed projects may be implemented immediately, without approval in the budget process if the Minister of Finance and Economic Affairs signs the agreement mid-year. That said, GLF spending required under the project must be authorized in the budget or vired by the Minister.

the development budget. In other words, the recurrent budget is organized by ministry, program, department, and economic codes, while the development budget is organized by ministry, project, donor, and GFS codes. Thus, while a program classification exists, it does not achieve any benefits of coordinating these two categories of spending.

50. There are two serious challenges to budget unity. First, separate parallel processes exist for GLF-funded and donor-funded projects, which pervade the planning, allocation, and implementation project cycle. For example, there is no systematic way to estimate the GLF-funded recurrent costs of a completed donor-funded project before the project is approved, and assess if these costs can be afforded. Second, more broadly, it is not possible to consistently identify capital projects in the development budget, regardless of financing source. Identifying capital projects is necessary to effectively plan for future operations and maintenance costs.

51. Information is not comprehensive or consistent across fiscal reports. There are several technical issues relating to budget comprehensiveness and unity that should be addressed. In particular, inclusion of PCUs and subvented agencies in the FMIS, even on an information basis at the end of the year, is important to round out a picture of capital spending. Provisions should be put into the legal framework governing how PPPs and SOEs should be included in the budget process and documents, not only because this is good practice but also because it will align the coverage of the NDP and the budget. The key question on budget unity is to bring together processes that are now separate for GLF-funded and donor-funded projects. Donor-funded projects, once completed, place significant demands on the GLF-funded recurrent budget.

8. Budgeting for investment (Institutional design – Low; Effectiveness – Medium)

52. Outlays are appropriated annually, and major contract commitments are not recorded. The annual Appropriation Bill authorizes spending amounts for one year. As noted under Institution 6, the total cost of a project is not provided in budget documentation for new or ongoing projects. Indirectly, however, the remaining cost of a project could be determined through the recording of commitments. The present version of the FMIS (Epicor 9) has features for recording commitments,[21] but this is not done even though the 2018-20 BCC advises MDAs to record them.[22] In addition, although the PFA 2014 requires the prior consent of the Minister of Finance and Economic Affairs for any bill (e.g., the annual budget) sent to the National Assembly that represents a long-term commitment for payment from the Consolidated Fund, this is not done.[23] Consequently, there is no information on the medium-term commitment of funds, either

[21] Commitments in this context refers to large contracts, and thus is more than what occurs in the routine expenditure control process, such as when a purchase order is issued. Commitments are means to reserve, or block, some portion of authorization to spend based on firm spending plans, such as occurs when a contract is signed but work has not yet begun.

[22] See 2018-20 BCC, paragraphs 18 and 41.

[23] See PFA 2014, section 14.

GLF or other financing. Outside the budget documentation and not publicly accessible, the AMP contains information on total cost and future expenditure requirements associated with donor-funded projects.

53. Virement rules exist but they do not prevent reallocations of the budget from development to recurrent spending. Funds may be transferred between the development and recurrent budgets with the approval of the Minister of Finance and Economic Affairs. The PFA 2014 does not prohibit such movements.[24] That said, the BCC 2018-20 discourages virements from the development budget to other charges.[25] In practice, the Minister of Finance and Economic Affairs has sweeping authority to move funds short of establishing new policy or materially altering the pattern of expenditures as approved by the National Assembly. Virements historically have represented a substantial share of the budget. The freedom to vire is both an advantage and disadvantage for public investment. It is an advantage in that funds can easily be reallocated from projects experiencing slow implementation to those progressing quickly. It is a disadvantage in that accountability to the National Assembly is diminished.

54. No formal policies or procedures are in place that give priority to funding projects already started before approving new projects. However, priority is often given to allocating GLF funds to meet requirements under donor agreements. Frequently, an agreement requires the government to provide some percentage or some gross amount alongside donor financing ("counterpart funding") when executing projects. Failure of the government to provide the stipulated GLF creates the potential for the donor to suspend its funding for the project.

55. Institutions protecting GLF funding for investments are weak, but donor funding is protected through project agreements. Donors, however, typically respect their funding obligations as stated in these agreements. Major changes to donor funding can occur only within the parameters specified in the project agreement or by amending the agreement, neither of which will occur without the approval of the donor. Therefore, contractual provisions, not budget institutions, are effective in protecting most project funding during project implementation.

9. Maintenance funding (Institutional design – Low; Effectiveness –Low)

56. Across the government, MDAs invest too little in maintenance, creating potential for accumulating significant repairs or rebuilding/replacement costs in the future. Low levels of maintenance spending is driven by budget constraints, limited maintenance planning, and lack of incentives for managers to focus on the preservation of existing infrastructure. Systematic information on the maintenance needs of MDAs is not typically available. Capital and routine maintenance costs thus get budgeted on an incremental basis and within the constraint

[24] PFA 2014 paragraph 29 (8) specifically prohibits only virements out of personal emoluments. It is interesting to note that the previous version of the PFA, the Government Budget Management and Accountability Act, did prohibit such movements.

[25] See paragraph 31.

of pressures from other ‘protected’ expenditures. Over the period 2014-2016 budget allocations for maintenance declined from D 32.8 million (equivalent to US$ 0.6 million) in 2014 to D 27.5 million in 2016. The decline in actual expenditure has been even greater, from D 57.0 million in 2014 to D 19.9 million in 2016 (Table 3.3). While major building rehabilitation works that are undertaken as capital projects are usually executed in a more planned and systematic manner they also remain vulnerable to funding constraints and cuts.

Table 3.3. The Gambia: Government Buildings and Quarters: Maintenance Allocations 2014–16 (Dalasis)

Year	2014	2015	2016
Budget	32 768 592	29 538 140	27 519 400
Actual	56 959 514	29 929 197	19 898 865
Under-/Over-Spent	(24 190 922)	(391 057)	7 620 535
% Under-/(Over-spent)	(73.8)	(1.3)	27.7

Source: Consultant’s report prepared to support development of the National Public Buildings and Facilities Policy (2018).

57. Most MDAs and other public bodies have not established rigorous standards and procedures for the maintenance of their assets. There are a few exceptions, however. An inter-ministerial Committee on Office and Residential Accommodation (CORA), for example, provides office space for MDAs, and estimates maintenance requirements. The National Roads Authority (NRA) has developed a standard methodology and ring-fenced funding to address the routine and capital maintenance requirements of the national road network. A Road Fund, financed primarily by a levy on petroleum and managed by the NRA, was established in 2015. A few other MDAs—for example, the Ministry of Basic and Secondary Education (MoBSE)—have established systems for estimating rehabilitation and maintenance costs, but lack the physical capacity and financial resources to implement these programs.[26] Some of the SOEs, notably NAWEC, also apply rigorous methods to estimate the maintenance needs of their generators and other plant and equipment. The formulation of a draft National Buildings and Facilities Policy 2018–2027 has been championed by the MoTWI and represents an important step in defining standard methodologies for estimating capital and maintenance costs for public buildings and facilities (Box 3.5).

58. Maintenance expenditure can be identified in the budget. The current budget classification identifies proposed spending on both routine and capital maintenance. However, only the definition of capital maintenance is consistent with the definition found in the IMF’s

[26] The PCU has guidelines for the construction of buildings and facilities for schools. Each region has a resident construction monitor, who is in charge of all the maintenance needs of the school buildings and provides inputs into feasibility studies for new buildings. The construction monitors have regional work plans into which maintenance needs are supposed to be incorporated, and construction monitors are required to submit quarterly reports on the conditions of buildings to the Regional Director.

Government Finance Statistics Manual 2014. In addition, there are no definitions of maintenance issued by either the MoFEA's Budget Directorate or by the AGD, and thus the proposed spending for routine and capital maintenance may not be precise. Improved definitions and general guidance on budgeting for maintenance should be linked to the development of the new program classification segment, scheduled for roll-out with the upgrade of the FMIS to Epicor 10. This would cut across MDAs and allow for reliable recording and aggregation of maintenance budgets and expenditures.

Box 3.5. Draft National Buildings and Facilities Policy

The formulation of a National Public Buildings and Facilities (NPBFP) for The Gambia is a starting point to fulfilling one of the Government's strategic priorities set out in the NDP 2018-2021. It reflects the MoTWI's desire to develop a national public building and facilities policy to guide construction and maintenance of government owned buildings and facilities. The goal of the NPBFP is to enable government to lead, by example, in saving money, reducing environmental impacts, saving energy, creating safe and healthy work spaces and serving the public good through competent design, construction, maintenance, renovation and decommissioning of the country's public buildings and facilities under its control.

Source. MoTWI

10. Project selection (Institutional design – Medium; Effectiveness – Low)

59. The NDP has been the key policy instrument that drives the selection of investment projects since 2018. The Plan articulates priority areas but does not specify individual investment projects across all sectors (see Indicator 2). The projects included in the NDP take account of a project's economic and social impact and its achievability, but the Plan does not apply a formal set of criteria to ensure that projects with the highest economic and social return are prioritized and selected. The MoFEA's Planning Directorate see their role as to ensure the plan is followed, and MDAs confirmed that their proposals are scrutinized by the MoFEA and rejected if they are not aligned with the NDP. However, the criteria for assessing 'alignment' have not been clearly defined and may include a large element of subjectivity.

60. Several committees have been formed to review, assess and select investment projects, but these have not yet provided an effective filter. The design of these institutions should improve project selection, but they have not been implemented as planned. In addition, the Minister of Finance and Economic Affairs provides final approval of donor-funded projects. Loans are also approved by the National Assembly.

- <u>Gambia Strategic Review Board</u>: The 2015 Aid Policy includes the creation of the GSRB, which is chaired by the Permanent Secretary of MoFEA. The Board's mandate is to appraise and endorse all aid-funded programs and projects, subject to alignment to national and sectoral development strategies and priority action plans. The policy requires the GSRB to receive concept notes containing expected outputs, outcomes and impacts; a monitoring and evaluation plan; and an analytical note/report prepared by the DAC in MoFEA (who are the GSRB's Secretariat). The first meeting of the GSRB took place only in April 2019, when its preliminary terms of reference were discussed.

- PPP Committee: The *PPP Operational Guidelines 2016* published by MoFEA require a PPP Committee to approve projects with a contract value of US$1-3 million and to advise the Cabinet on larger PPPs. The Committee is chaired by the Minister of Finance and Economic Affairs and includes the Justice and Trade Ministers and the heads of the Gambia Investment and Export Promotion Agency, the Gambia Public Procurement Agency and the relevant line ministry.

- Ministerial Investment Implementation Taskforce (MIIT): The Taskforce is intended to provide scrutiny to ensure that the selection of new projects is in the best interest of the country and does not undermine debt sustainability.[27] The Taskforce's composition, terms of reference and operations are still in the design stage.[28]

61. Under the current arrangements, decisions to proceed with public investment projects are fragmented between several different structures. Major investment projects funded through the own resources of SOEs are not required to be approved centrally. However, given the poor state of SOE finances, in practice many SOE investment projects are donor funded and are therefore included in the budget through line ministries and follow the donor processes described above. GLF funded projects that are not PPPs account for only 10–15 percent of total public investment (see Chapter I) and are captured by the budget process, but not other infrastructure review processes such as the proposed GSRB.

62. Similarly, while there is a pipeline of approved donor financed projects, other projects are not captured in this system. The AMP is managed by MoFEA's DAC and can capture both projects that are under implementation and those that are planned.[29] The DAC intends to use the system to track projects approved by the GSRB. PPP projects are not included in the system and MoFEA's DPPP-PE has not yet created the database of PPP projects that was anticipated in the *PPP Operational Guidelines.*[30] Both Directorates cited lack of information from MDAs on projects that do not follow central processes as a constraint on the completeness of the records they can maintain.

---

[27] Gambian Government Memorandum of Economic and Fiscal Policies prepared for the April 2018 First Review of the 2017 Staff-Monitored Program https://www.imf.org/~/media/Files/Publications/CR/2018/cr1899.ashx, and the Memorandum of Economic and Fiscal Policies prepared for the May 2019 approval of a Staff Monitored Program https://www.imf.org/~/media/Files/Publications/CR/2019/1GMBEA2019001.ashx

[28] The IMF team was unable to meet with the Office of the President to discuss the current status of the MIIT.

[29] The platform tracks donor funded projects and programs of both a capital and recurrent nature but does not separately identify the capital and recurrent components. Records of loans received from development partners are also maintained by the Directorate of Loans and Debt in MoFEA.

[30] As part of the SMP agreed in May 2019, the government intends to consult the IMF in writing before entering into contingent liabilities of any other kind such as those related to public-private partnerships (PPPs) or power purchasing agreements (PPAs).

63. Improving project selection processes will be critical to future infrastructure efficiency and effectiveness and require greater capacity to support decision making. Increasing capacity is particularly important given the limited resources for public investment and putting these processes in place now would also allow any future proceeds from oil revenues to be directed to the highest value uses.[31] Some key issues should be considered in designing a framework for project selection that will be practical and effective:

- *Comprehensiveness*—are all major projects subject to scrutiny regardless of funding source and nature of the project? If there is more than one body responsible for scrutinizing proposals, how do they relate to each other?
- *Authority*—do government organizations and senior managers have adequate authority to make decisions and ensure enforcement with procedures so that the process is not bypassed or directed by others?
- *Alignment to the budget process*—as more projects become GLF-funded in future years, the alignment of these processes with the budget process becomes increasingly important.
- *Capacity to support decision makers*—implementing a good project selection process is not effective if capacity does not exist to provide support to decision makers. This includes a capacity to review appraisals from a technical, financial, economic and risk perspective. The strongest practices for appraisal involve independent advice and input from external experts.

64. Reforms already underway can be bolstered with additional measures to support project selection. Box 3.6 discusses the way forward in implementing the MIIT and the GSRB. Annex 3 provides further information and tools to support these bodies, including possible project selection criteria, and a project selection scorecard. The relevant sections in the new proposed PPP and SOE laws should also align with strengthened project selection practices.

[31] Oil and gas exploration is currently underway in The Gambia by FAR Energy, with a further exploration licence awarded to BP in May 2019. If exploration is successful, significant additional resources could be available for public investment once wells are operational and start generating revenues, though such revenues could be highly volatile.

Box 3.6. Implementing the MIIT and GSRB

The implementation of the MIIT and the GSRB provide an opportunity to strengthen public infrastructure project selection and implementation in The Gambia. Using these bodies to review all major infrastructure projects would bring greater coordination and robustness to current project selection and implementation, which are fragmented and not always implemented as planned.

Key steps would include expanding the draft terms of reference[32] for the GSRB to cover all major infrastructure projects regardless of funding source, sharpening the focus on developing and applying project selection criteria, and ensuring that robust economic, financial and technical appraisal has been undertaken. The GSRB (an MDA level body) could also provide advice on the same matters to the MIIT (a ministerial level body) before final decisions to proceed with major infrastructure projects are made.

Expanding the capacity of the MoFEA to support the GSRB and the MIIT is needed to ensure they receive timely and high-quality information. This will require leadership from the DAC, who currently oversee aid project development, and the incorporation of expertise from across MoFEA, including DPPP-PE, Budget Directorate, Planning Directorate and Macroeconomic Policy Directorate who all have a role to play in providing comprehensive advice.

Some countries (e.g. Kenya) have established a Public Investment Management Unit to coordinate advice and activities relating to public investment in one place. In a small country such as The Gambia, this is not likely to be highly beneficial at this time, but it could be considered as a longer-term reform.

Source: IMF Staff.

D. Delivering Productive and Durable Public Assets

11. Procurement (Institutional design – Medium; Effectiveness – Medium)

65. The procurement system is decentralized and covers the entire public sector. The Gambia Public Procurement Authority (GPPA) was first created under authority of the GPPA Act of 2001, and later updated under the GPPA Act 2014.[33] It serves as a standard setting, quality control, and monitoring body that does not itself perform procurements. The GPPA and the GPPA Act cover central government, local government, and SOEs. Currently, 203 procuring organizations, embedded in spending agencies (including PCUs and subvented agencies) have authority to conduct procurements. They are responsible for the procurements of spending units regardless of funding source, but the GPPA 2014 stipulates that if the GPPA Act and related procedures are in conflict with donor procurement requirements, then the donor procurement rules shall have precedence. Most PCUs follow donor-specific procurement, monitoring, and reporting procedures. Procurement reforms supported by the World Bank are summarized in Box 3.7.

[32] Draft GSRB terms of reference shared with the mission, April 2019.

[33] A revision was made in 2018. Section 52 was deleted that authorized the Major Tender Board, which was abolished.

Box 3.7. Medium-Term Procurement Reforms Supported by the World Bank

Modify the role of the GPPA through amendment of the GPPA Act 2014 to remove conflict of interest by:

- Separating the ex-ante and ex post reviews of procurement proceedings;
- Removing its adjudication role as a member on the Complaints Review Board.

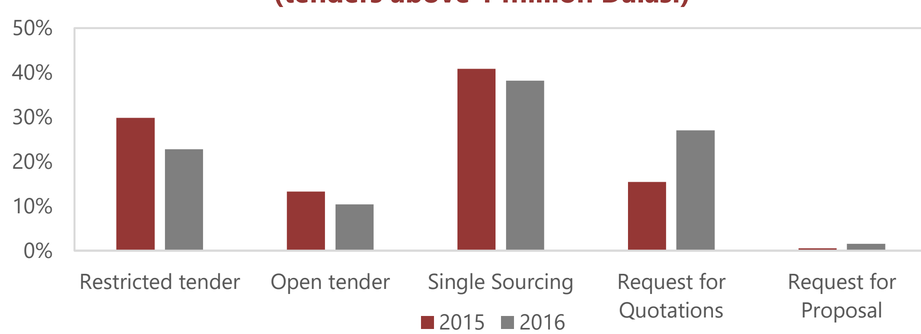
Conduct training and enhance capacity of:

- GPPA staff on procurement audit, leadership in capacity building, and policy enhancements;
- Procurement Cadre members on procurement planning and the stages of the procurement process;
- Complaints Review Board members on the effective handling of complaints;
- Procurement organizations on the preparation of compliant procurement plans in line with the national budgets.

Source: Mouhamadou Ndoye, World Bank.

66. The law requires major projects to be tendered competitively but is not always followed in practice, and the public has limited access to procurement information.[34] The procurement system cannot be described as fully open and competitive. While the GPPA Act 2014 states that open tender is the preferred method, only 13 and 10 percent of tenders over D 1 million (approximately US$ 20,000) presented to the GPPA for approval in 2015 and 2016, respectively, were open (Figure 3.1). While some revisions to the documents may have occurred through negotiations with the GPPA, no proposed tenders were denied by GPPA in 2015 and 2016. Public access to procurement information is limited. Competitive tender invitations for bidding are announced through newspaper notices, but no information on the various stages of tendering or the award of contracts is published. Information on stages of individual tenders is not available to the public. The GPPA publishes an annual report that provides a variety of aggregate statistical information.[35] The last annual report published was for the years 2015 and 2016 combined. While the GPPA has a website, it is not used in support of the procurement process or for publishing monitoring reports.

Figure 3.1. Tender Methods Proposed by Procuring Organizations (tenders above 1 million Dalasi)



Source: GPPA Annual Report 2015/2016.

[34] "A recent report by the Directorate of Internal Audit, *Gambia Public Procurement Authority (GPPA): Final Audit Report 2014—17* was also critical of the GPPA's performance noting many irregularities committed by the then Director General and other failures of procurement control procedures.

[35] The Annual Report covers information such as the average time spent reviewing pre- and post-procurement documents, value of procurements by method, value of procurements by type of item procured, rate of submission of monthly reports, and number and results of procurement audits.

67. The monitoring of GLF-funded procurement is adversely affected by lack of compliance with legal requirements. Procurement data are collected in four ways. First, annual procurement plans should be submitted by procuring organizations by January 15 of each fiscal year. Second, procuring organizations must obtain GPPA pre- and post-approval of documents associated with tenders expected to cost D 1 million or more. Third, monthly reports must be submitted by procuring organizations to the GPPA covering procurements valued less than D 1 million that were conducted in the previous month. Fourth, the GPPA conducts 80–90 compliance audits of procuring organizations each year, with a report concluding if the procuring organization is compliant with key provisions of the 2014 Act and instructions. Data collection is incomplete due to lack of adherence to GPPA procedures. Rates of compliance with basic requirements are shown in Table 3.4. The GPPA does not impose penalties for lack of compliance. Data are stored by the GPPA in excel spreadsheets and is summarized on an ad hoc basis. A procurement module is planned in the proposed upgrade of Epicor (see Section IV). There are no standard analytical reports, other than an annual report. Most PCUs follow donor-specific monitoring procedures.

Table 3.4. The Gambia: Compliance with Procurement Requirements

Requirement	Percent successful
Submit annual procurement plan	50-60 percent
Submit monthly reports (complete 12 monthly reports)	30 percent
Considered in compliance with rules36	47 percent

Source: GPPA staff and GPPA annual report 2015/2016.

68. Procurement complaints are reviewed by an independent body, but its decisions are not published. The Complaints Review Board was authorized in the GPPA Act 2014 and created in 2016. Its independence is preserved in three ways. First, it was created in 2016 as a quasi-judicial entity. Second, a court judge serves as chairman of the Board. Third, while some Board members are appointed by the Minister of Finance and Economic Affairs, as prescribed by law, independence of is achieved by requesting external organizations such as the Gambia Chamber of Commerce and Industry to nominate members. That said, the GPPA and MoFEA have representatives on the Board and the MoFEA pays Board expenses directly. After a contract award has been announced, an unsuccessful bidder may submit challenges first to the procuring organization, second to the Complaints Review Board, and third to a higher court. No fees are charged for bringing a complaint to the Board. Board decisions are not published.

69. While progress has been made in strengthening procurement procedures in recent years, there is considerable room for further improvement. Significant capacity development assistance has been provided on procurement in recent years. The updated legal framework is

[36] The GPPA uses the following scale of compliance: non-compliant, fairly-compliant, partially-compliant, mainly-compliant, substantially-compliant, and fully-compliant. Compliance in this table includes those procuring agencies considered mainly-compliant and above in the 2015 and 2016.

based on international good practices, and the Complaints Review Board is independent. However, there is limited public disclosure over a wide range of procurement practices. The compliance of procuring organizations with legal requirements is poor, and breaches are not subject to any sanctions. Shortcomings in the procurement system are mitigated by the fact that most public investment is procured using donor procedures. The authorities have included public procurement reform in its 2016–20 Public Financial Management Strategy, although procurement is not mentioned in the 2018 and 2019 Action Plan and Monitoring Reports.

12. Availability of funding (Institutional design – Medium; Effectiveness – Medium)

70. For GLF, cash flow forecasts are updated monthly, and commitment ceilings are set for only one month in advance. The cash forecasting and cash management system does not apply to donor funding. Donors disburse money when needed in accordance with the terms of project agreements. Regarding GLF, the cash management system has undergone changes since 2017 intended to reduce the ad hoc nature of cash allocations. MDAs prepare GLF cash plans, divided by month, and submit them to the MoFEA for review.[37] The Cash Management Committee, formed in 2018, reviews the cash proposals for the next month and frequently reduces the amounts requested. After the Cash Management Committee meeting, the Liquidity Forecasting Committee adopts a weekly borrowing plan for the next month.[38] The system has been successful in moving away from nearly daily allocations of GLF, but it provides only one month of visibility on spending and commitment limits. The system is further weakened because commitments for construction contracts are not recorded. The cash forecasting and cash management system has been identified as an issue by the government and has been the subject of IMF FAD capacity development assistance.[39]

71. Outlays of GLF are restricted by limiting authorization to spend to cash allocations. Such cash rationing, when cash allocations are tied to an effective expenditure control system, minimizes the potential for accumulating arrears. But it reduces the ability of MDA management to plan their operations. Priority is given to allocating cash for the required GLF contributions to donor-funded projects specified in project agreements but such local contributions sometimes are not provided in a timely manner.[40] Domestic arrears have been a significant problem in the past, but have arisen in large part through failure of MDAs to pay utility bills and by not

---

[37] A Cash Management Unit has been established in the AGD but is not yet fully operational. It is planned that the Cash Management Unit will review the MDA cash plans. A cash management manual has been drafted but its provisions are not yet fully implemented.

[38] Instruments used for cash management purposes are T-bills, of which 3-month bills have the shortest term, and overdrafts at the central bank.

[39] See IMF FAD reports on *Developing the Cash Management Framework*, 2016, and *Preventing and Managing Expenditure Arrears*, 2015.

[40] As described by senior MoFEA staff in mission meetings.

processing payment orders prior to receiving goods and services.[41] To maximize the utility of existing cash resources, a treasury single account (TSA) is in the early stages of being installed. The government has adopted the IMF recommended roadmap in the TSA Action plan, and implementation of the TSA is a benchmark under an SMP associated with the recent IMF-Rapid Credit Facility.

72. **Most project-related external funding flows through accounts in the central bank that are not part of the main government bank account structure.** The government has a formal position stating preference for project accounts to be located in the main government accounts.[42] There are 46 project accounts in the Central Bank of Gambia (CBG), two "basket" accounts for projects within the governments account structure in the CBG, and eight project accounts in commercial banks.[43] Once opened, PCUs manage the accounts themselves in the sense of overseeing deposits to and authorizing withdrawals from the accounts. While PCUs are obligated by regulation to provide to the AGD quarterly reports of revenues (donor disbursements) and expenditures, this typically occurs only annually.

73. **Funding availability is good overall, primarily because most project spending is donor-funded.** Disbursements are provided reliably by donors, following evidence of the completion of milestones set out in the project agreements. GLF funding of projects is less predictable, as demands for such funding are frequently crowded out by current expenditure, notably for wages and goods and services. Cash rationing occurs, with MDAs receiving cash allocations for one month at a time. The approach reduces the efficiency of government operations. The current SMP includes structural benchmarks related to improvements in the systems of cash forecasting, cash management.

13. Portfolio management and oversight (Institutional design – Low; Effectiveness – Medium)

74. **The monitoring of major capital projects in The Gambia is limited.** There is no centralized agency within the government to oversee the public investment portfolio. In case of externally-financed projects, the DAC within the MoFEA monitors the physical progress of selected projects on a quarterly basis through field visits. The selection process for monitoring purposes is based on random criteria[44] and does not necessarily focus on either the capital

[41] The Internal Auditor identified domestic supplier arrears in 2017 totaling D 253 million. External arrears have been documented arising largely from SOE transactions. See the IMF Country Report, *Second Review Under the Staff Monitored Program*, June 2018.

[42] Financial Regulations 2016, paragraph 30 (10).

[43] Source: AGD staff, April 29, 2019. Basket accounts are accounts in which donor project funding passes through without specific identification of the project. It is not known how many projects use this account.

[44] One of the selection criteria concerns "problem projects" on which issues were raised in the donors' reports on project implementation.

intensity of the project or the project size. The DAC also prepares quarterly progress reports for those projects. However, these reports do not monitor implementation against project milestones or annual or total project costs. Nonetheless, financial information for donor-financed projects is centrally available to the DAC via the AMP.[45] For GLF and counterpart-funded projects, the recently established Monitoring and Reporting Unit of the Budget Directorate of MoFEA is mandated to monitor financial and non-financial progress and produce quarterly reports in coordination with PCUs or Project Monitoring Units.

75. There is some scope for reallocating funds across projects. During the implementation of GLF projects, funds can be transferred from one project to another, within the same ministry or between different ministries (see Indicator 8). However, for externally-financed projects funds can only be reallocated between projects funded by a single donor. Virements (for GLF) and a donor's no objection (for externally financed projects) are the key instruments for re-allocating funds across projects. For GLF-funded projects, while some limits on virements are provided in the PFA 2014, the absence of detailed written procedures, results in practices such as funds being re-allocated without the knowledge of the transferring budget agency, thus blurring the element of transparency. For externally-financed projects, donor practices on re-allocations are followed that are systematic and transparent.

76. There is no requirement for the government to conduct ex-post reviews of projects. Such reviews are an important management tool to assess whether the outputs and deliverables of projects were successfully and efficiently achieved as well as to guide improvements in implementation policies and procedures. The Project Managers' Forum organized semi-annually by the DAC discusses lessons learnt on the implementation of externally-financed projects. However, this feedback is not collected systematically to inform the policies and procedures for managing domestically-financed projects. Externally-financed projects, however, are subject to rigorous ex-post reviews by most of the donors (see Chapter IV).[46]

77. The authorities are aware of the weaknesses in their portfolio oversight and have already started undertaking steps to remedy the situation. The MoFEA is working towards institutionalizing quarterly monitoring tools for GLF funded and externally-financed projects. Sample templates and guidelines have been prepared and are at different stages of their roll-out. The DAC plans to put in place a web-based tablet device from June 2019 onwards, while the Monitoring and Reporting unit of the Budget Directorate plans to initiate excel-based monitoring this year. However, capacity constraints on human resources and IT systems in MoFEA and other MDAs is a formidable challenge and addressing those should be the top-most priority of the authorities.

[45] This platform is currently not functioning due to technological challenges with the server outside of MoFEA.

[46] For example, the World Bank produces an Implementation Completion Report for all projects post-completion.

14. Management of project implementation (Institutional design – Low; Effectiveness – Medium)

78. Centralized PCUs within MDAs are responsible for the management of individual capital projects. Many donor-funded projects have disbursement preconditions that require the establishment of such units within the implementing MDA or SOE. Where capacity concerns around project execution exist MDAs often outsource project implementation to GAMWORKS under delegated management contracting arrangements (e.g., the Ministry of Health and Social Works has been reported to use this modality—see Indicator 3). The MoBSE is acknowledged as the highest performing MDA in terms of project execution. This ministry funds and uses a centralized PCU headed by a project manager and specialist support teams with in areas such as procurement, finance and engineering. The MoBSE model is being followed by other MDAs in building their capacity to a comparable level.

79. There are no consolidated and consistent rules and procedures for managing project adjustments that are applied across MDAs, except for donor-funded projects which are subject to each donor's rules and procedures. The MDAs interviewed reported that there are frequent cases of time and cost overruns that require project adjustments, but no hard data are available through the AMP or other monitoring systems. Adjustments may be required to accommodate funding shortfalls from the budget or donors, or changes in procurement contracts. For domestically-funded projects there appears to be no systematic recording of the reasons (price adjustments, changes in the scope of works, extension of time) for these variations. There is no formal process for re-examining the economic and social rationale of a project in the face of significant changes in costs or the demand for the services to be delivered by the project.

80. Ex post audits of major capital projects are not currently conducted by the National Audit Office or the Internal Audit Directorate of the MoFEA. The Aid Policy 2015 states that "at the end of each calendar year, the audit of all completed projects funded by both external and domestic sources must be carried out by the office of the Auditor General of The Gambia. Monitoring and evaluation reports and information from the AMP must be used to verify that the funds were used purposefully, and the results achieved are in harmony with those expected." [47] However, the National Audit Office is currently concentrating on clearing the backlog in annual financial audits and does not have the capacity to systematically audit capital projects. Similarly, the Internal Audit Directorate of MoFEA does not conduct ex post audits of major capital projects implemented by MDAs. Some large donor-funded projects are subject to ex post external audit, information on which is published by the appointed external auditor. However, these reports seem to be more an exception than the rule.

[47] Aid Policy (2015-2020), page 33.

15. Monitoring of public assets (Institutional design – Low; Effectiveness – Low)

81. **Despite provisions in legislation, little information on the stock and value of public assets is available.** Section 65 of the PFA 2014 requires the MoFEA to issue statutory instruments regulating and governing the improvement, maintenance and disposal of immovable public assets; the control of property; and the writing off losses relating to public assets. In meeting this requirement, the government's Financial Regulations 2016 require that departments must "compile and maintain an asset register of the department as determined by the Accountant General."[48] However, the AGD does not appear to have issued any further guidance on this matter, or to have knowledge of asset registers that might have been prepared by individual MDAs.

82. **The practices of MDAs in collecting information on their non-financial assets are variable.** For example, in the absence of a government-wide policy, the MoBSE has developed its own asset management policy, which provides a good conceptual framework and undertakes periodic asset verification processes of its asset register. The Banjul City Council also maintains a register of assets. The MoTWI is working with the University of Birmingham to develop a database of information on roads, including the stock and valuation of these assets.

83. **Nonfinancial assets are not yet recorded in the government's annual financial statements.** The *Financial Regulations 2016* do not require that non-financial assets be recorded in the public accounts. Consumption of fixed assets is estimated in the government financial statement, but it is not a robust measure of depreciation given very limited information on the stock, value and conditions of assets.[49] It is likely that the estimates provided in the annual financial statement capture disposals or write-offs of assets rather than depreciation as normally defined.

84. **SOEs include estimates of fixed assets and depreciation in their financial statements but the quality of these data is generally poor.** While details are not yet available, work undertaken by Ernst and Young as part of a 2019 special audit of seven SOEs indicates a need to improve the quality of asset accounting in SOEs. The report provides evidence that asset values are often overstated, incorrectly depreciated or impaired, or improperly recorded.

85. **The government plans reforms that would strengthen the reporting of fixed assets.** The rollout of the Epicor 10 version of the FMIS from 2020, under the responsibility of the Accountant General, will include a module that will require assets to be registered and valued. MDAs will require further guidance, however, on the accounting policies that should be used to

---

[48] This provision is at Section 7(k), sub-Section 38(11) of the same regulations. Accounting officers should also record in a Register of Assets all vehicles and heavy plant owned operated or maintained by that MDA.

[49] Consumption of fixed assets is estimated in the consolidated financial statements and in Note 9 to the Draft 2017 and Draft 2016 Financial Statements that have been shared with the IMF. The estimates of the consumption of fixed assets are split across 13 categories (for example, furniture and fittings, mining equipment, and transport equipment). However, without a register of assets and values, it is not possible to reliably estimate depreciation.

value these assets and report on their physical condition. The MoTWI is also developing a National Public Buildings and Facilities Policy that would require better recording of assets and their condition, and could complement the reforms of the AGD. Implementation of these policies and guidelines is likely to be a long-term reform. In the near term, better information on the value and condition of public assets should reduce wastage of assets and enable improved estimates of required maintenance spending to be made (Institution 9).

IV. IT AND CAPACITY BUILDING ISSUES

86. In this chapter we address two issues that cut across many or all the 15 institutions discussed in Chapter III. These issues concern the access to and efficiency of information technology (IT) systems, and human resource capacity challenges.

IT Systems

87. Information technology (IT) systems supporting public investment are present in the MoFEA but are not integrated. Five information systems are operational or in the process of development: the Epicor 9 version of the FMIS, the AMP, the Aid Monitoring and Evaluation Tool, CS-DRMS,[50] and the SOE Portal. As currently designed, these systems do not share any information. Lack of integration requires duplicate data entry and may result in inconsistent and inaccurate reports because data are entered at different times and may be defined differently in different systems.

88. The main characteristics of these systems are as follows:

- Epicor 9: The MoFEA adopted the Epicor 7 FMIS software in 2007. An upgrade to Epicor 9 occurred in 2014 and will be replaced with Epicor 10 effective in January 2020. The system is managed, technically and in terms of data management, by the AGD. The existing system has six modules, including basic accounting (payables, receivables, and general ledger), treasury management, and budget modules. It also includes a procurement module, which is used primarily for the payment stages—such as the recording of payment orders and verification of delivery—but is not used by the GPPA to manage or record data on the tendering process. Several reforms are tied to the upgrade to Epicor 10, such as revising the CoA (e.g., creating a program segment) and extending the coverage of the FMIS to include self-accounting projects (e.g., PCUs). The system currently does not identify individual capital projects.
- AMP: Introduced in 2015, the AMP is a web-based system devoted to planning and monitoring donor-funded development projects. Information entered into the system includes the total project cost, disbursements to date, the start date, and the end date. It does not record planned yearly costs and the physical progress of projects. A history of

[50] The Commonwealth Secretariat Debt Recording and Management System.

project revisions is not maintained, such as changes in the total project cost or delays in project implementation. Further, the system does not identify individual capital projects.

- Aid Monitoring and Evaluation Tool: Currently being developed, this web-based tool expands on the monitoring capability of the AMP by linking to the NDP and identifying progress against project milestones. The tool is expected to become operational in June 2019. Preliminary indications are that data will not be shared between the AMP and the tool.
- CS-DRMS: in recent years, the Loan and Debt Management Directorate has used version 1.3of CS-DRMS. In April 2019 it upgraded to version 2.3 as a step toward migrating to the latest Meridian version, planned for introduction in June 2019. The system is used to track disbursements under donor agreements. Data between the AMP and CS-DRMS are reconciled manually.
- SOE Portal: a web-page publicly accessible through the DPPP-PE web-page, the SOE portal lists all SOEs and associated information such as a descriptive overview, board members, and recent financial statements. Information is collected by DPPP-PE staff, and uploaded by staff from the MoFEA's IT Unit. SOE-funded economic infrastructure projects are not systematically identified through the Portal.

89. IT is expensive and must be carefully planned and managed to derive the greatest benefit from it. The potential benefits, expense, and management challenges of IT are acknowledged in the public and private sectors worldwide. In many countries, the position of Chief Information Officer (CIO) is commonly created at Director or Director General level to provide clear leadership and exercise management authority over all IT issues. This position is frequently guided by an IT strategy, which identifies user needs, how to meet them, and at what cost. The strategy must prioritize needs; the CIO must have the authority to do the same on a daily basis. Therefore, while technical aspects of systems are important, understanding user needs and costs are equally important. The MoFEA currently has neither the equivalent of a CIO nor an IT strategy.[51]

HR Capacity Issues

90. Staff capacity issues are being addressed by the Civil Service Reform Strategy (2018–27). The strategy was developed by a Strategy Development Team, composed of senior career officials, supported by the government's Personnel Management Office, which is located organizationally under the President's Office. The Personnel Management Office will also lead its implementation. The current strategy benefited from lessons learned in two previous efforts at civil service reform: in 2008–11 and 2012–15.

[51] The Permanent Secretary of MoFEA informed the mission of his intention to create a CIO position and to upgrade the Ministry's IT strategy.

91. The Strategy recognizes six major challenges facing the civil service:

- Proliferation of public sector entities with overlap of roles and functions;
- Collapse of legacy standard personnel administration systems and practices;
- Gaps in discipline and ethical conduct by civil servants;
- Low and poorly administered remuneration and incentives for civil servants;
- Growth in staff numbers and the wage bill have outpaced fiscal capacity; and
- Ad hoc and inadequate capacity building.

92. Implementation of ongoing PIM-related reforms appear to be straining capacity. These include: MTFF/MTBF, PBB, public procurement, cash forecasting and management, and PPPs. The frequency with which existing requirements stated in laws, regulations, and policies are not fully implemented suggests capacity constraints. Proposals for additional reforms that require the establishment of new organizational structure or units, or require the employment of many officials or consultants to effectively implement should be approached with caution.

V. REFORM PRIORITIES AND RECOMMENDATIONS

Issue: ***Structures for infrastructure project selection and appraisal are not comprehensive and robust. Separate processes exist for donor-funded, GLF, PPPs and major SOE infrastructure projects.***

Recommendation 1: Operationalize the MIIT and the GSRB, and clarify their role and responsibilities. (MoFEA and the Office of the President)

- Prepare TORs for the two committees (September 2019)
- Issue a government decree establishing the two committees and defining their role and responsibilities (December 2019)
- Prepare criteria for project selection[52] to be approved by the GSRB (June 2020)
- Prepare guidelines on project appraisal and circulate to MDAs (December 2020)

Issue: ***Good information on investment projects is needed to support planning, budgeting, and monitoring of the investment program.***

Recommendation 2: Expand the coverage and functionality of the Aid Management Platform (AMP) to include projects from whatever financing source (grants, loans and

[52] Annex 3 contains draft selection criteria that could be used.

GLF), and monitor projects at all stages of the project cycle from inception to completion. (DAC and Budget Directorate)

- Prepare an action plan for developing the expanded AMP and rolling it out (December 2019)
- Obtain technical support from development partners, as required (March 2020)
- Complete the roll out of the revised AMP (June 2020)

Issue: ***The chart of accounts (COA) does not systematically identify routine and capital maintenance, or the capital projects that comprise expected capital spending***

Recommendation 3: **Improve the classification and reporting of maintenance and capital spending through a revised chart of accounts in the new program budgeting framework.** (Budget Directorate and AGD)

- Complete work on updating the COA and issue guidelines to MDAs on its use (December 2019)
- Fully implement the revised COA in the 2021 budget (June 2020)

Issue: ***Records of public infrastructure assets are not kept, despite a requirement in law.***

Recommendation 4: **Prepare and publish a comprehensive register of the government's physical assets.** (AGD in consultation with the MOTWI)

- Issue guidelines to MDAs on preparing and maintaining a register of the stock and value of their physical assets and calculating depreciation (June 2020)
- Identify one or two pilot MDAs to develop the register and complete the pilots (December 2020)
- Extend the register to all MDAs and publish the data (June 2022)

Issue: MoFEA ***Directorates are developing IT applications in isolation from one another, which may result in overlapping applications, gaps between applications, and loss of efficiency arising from the lack of integration, and purchase of non-standard equipment.***

Recommendation 5: **Expand the capabilities of the MoFEA to plan and manage IT systems.** (Permanent Secretary, MoFEA, and IT Unit)

- Appoint a Director of IT Systems in the MoFEA with authority to coordinate all IT systems in the MoFEA and approve the purchase of new applications, system administration, networks, data communications, and equipment, and the hiring of consultants (January 2020)
- Develop a 3-year IT strategic plan covering the users and needs of existing applications, new applications, and the integration of networks and applications (December 2020)

Annex I. PIMA Questionnaire

A. Planning Sustainable Levels of Public Investment				
1. Fiscal targets and rules: Does the government have fiscal institutions to support fiscal sustainability and to facilitate medium-term planning for public investment?				
1.a.	Is there a target or limit for government to ensure debt sustainability?	There is no target or limit to ensure debt sustainability.	There is at least one target or limit to ensure central government debt sustainability.	There is at least one target or limit to ensure general government debt sustainability.
1.b.	Is fiscal policy guided by one or more permanent fiscal rules?	There are no permanent fiscal rules.	There is at least one permanent fiscal rule applicable to central government.	There is at least one permanent fiscal rule applicable to central government, and at least one comparable rule applicable to a major additional component of general government, such as subnational government (SNG).
1.c.	Is there a medium-term fiscal framework (MTFF) to align budget preparation with fiscal policy?	There is no MTFF prepared prior to budget preparation.	There is an MTFF prepared prior to budget preparation but it is limited to fiscal aggregates, such as expenditure, revenue, the deficit, or total borrowing.	There is an MTFF prepared prior to budget preparation, which includes fiscal aggregates and allows distinctions between recurrent and capital spending, and ongoing and new projects.
2. National and Sectoral Planning: Are investment allocation decisions based on sectoral and inter-sectoral strategies?				
2.a.	Does the government prepare national and sectoral strategies for public investment?	National or sectoral public investment strategies or plans are prepared, covering only some projects found in the budget.	National or sectoral public investment strategies or plans are published covering projects funded through the budget.	Both national and sectoral public investment strategies or plans are published and cover all projects funded through the budget regardless of financing source (e.g., donor, public corporation (PC), or PPP financing).
2.b.	Are the government's national and sectoral strategies or plans for public investment costed?	The government's investment strategies or plans include no cost information on planned public investment.	The government's investment strategies include broad estimates of aggregate and sectoral investment plans.	The government's investment strategies include costing of individual, major investment projects within an overall financial constraint.

2.c.	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?	Sector strategies do not include measurable targets for outputs or outcomes.	Sector strategies include measurable targets for outputs (e.g., miles of roads constructed).	Sector strategies include measurable targets for both outputs and outcomes (e.g., reduction in traffic congestion).
3.	**Coordination between Entities: Is there effective coordination of the investment plans of central and other government entities?**			
3.a.	Is capital spending by SNGs, coordinated with the central government?	Capital spending plans of SNGs are not submitted to, nor discussed with central government.	Major SNG capital spending plans are published alongside central government investments, but there are no formal discussions, between the central government and SNGs on investment priorities.	Major SNG capital spending plans are published alongside central government investments, and there are formal discussions between central government and SNGs on investment priorities.
3.b.	Does the central government have a transparent, rule-based system for making capital transfers to SNGs, and for providing timely information on such transfers?	The central government does not have a transparent rule-based system for making capital transfers to SNGs.	The central government uses a transparent rule-based system for making capital transfers to SNGs, but SNGs are notified about expected transfers less than six months before the start of each fiscal year.	The central government uses a transparent rule-based system for making capital transfers to SNGs, and expected transfers are made known to SNGs at least six months before the start of each fiscal year.
3.c.	Are contingent liabilities arising from capital projects of SNGs, PCs, and PPPs reported to the central government?	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are not reported to the central government.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, but are generally not presented in the central government's budget documents.	Contingent liabilities arising from major projects of SNGs, PCs, and PPPs are reported to the central government, and are presented in full in the central government's budget documents.
4.	**Project Appraisal: Are project proposals subject to systematic project appraisal?**			
4.a.	Are major capital projects subject to rigorous technical, economic, and financial analysis?	Major capital projects are not systematically subject to rigorous, technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis.	Major projects are systematically subject to rigorous technical, economic, and financial analysis, and selected results of this analysis are published or undergo independent external review.
4.b.	Is there a standard methodology and central support for the appraisal of projects?	There is no standard methodology or central support for project appraisal.	There is either a standard methodology or central support for project appraisal.	There is both a standard methodology and central support for project appraisal.

4.c.	Are risks taken into account in conducting project appraisals?	Risks are not systematically assessed as part of the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal.	A risk assessment covering a range of potential risks is included in the project appraisal, and plans are prepared to mitigate these risks.
5.	**Alternative Infrastructure Financing: Is there a favorable climate for the private sector, PPPs, and PCs to finance in infrastructure?**			
5.a.	Does the regulatory framework support competition in contestable markets for economic infrastructure (e.g., power, water, telecoms, and transport)?	Provision of economic infrastructure is restricted to domestic monopolies, or there are few established economic regulators.	There is competition in some economic infrastructure markets, and a few economic regulators have been established.	There is competition in major economic infrastructure markets, and economic regulators are independent and well established.
5.b.	Has the government published a strategy/policy for PPPs, and a legal/regulatory framework which guides the preparation, selection, and management of PPP projects?	There is no published strategy/policy framework for PPPs, and the legal/regulatory framework is weak.	A PPP strategy/policy has been published, but the legal/regulatory framework is weak.	A PPP strategy/policy has been published, and there is a strong legal/regulatory framework that guides the preparation, selection, and management of PPP projects.
5.c.	Does the government oversee the investment plans of public corporations (PCs) and monitor their financial performance?	The government does not systematically review the investment plans of PCs.	The government reviews the investment plans of PCs, but does not publish a consolidated report on these plans or the financial performance of PCs.	The government reviews and publishes a consolidated report on the investment plans and financial performance of PCs.
B.	**Ensuring Public Investment is Allocated to the Right Sectors and Projects**			
6.	**Multiyear Budgeting: Does the government prepare medium-term projections of capital spending on a full cost basis?**			
6.a.	Is capital spending by ministry or sector forecasted over a multiyear horizon?	No projections of capital spending are published beyond the budget year.	Projections of total capital spending are published over a three to five-year horizon.	Projections of capital spending disaggregated by ministry or sector are published over a three to five-year horizon.
6.b.	Are there multiyear ceilings on capital expenditure by ministry, sector, or program?	There are no multiyear ceilings on capital expenditure by ministry, sector, or program.	There are indicative multiyear ceilings on capital expenditure by ministry, sector, or program.	There are binding multiyear ceilings on capital expenditure by ministry, sector, or program.

6.c.	Are projections of the total construction cost of major capital projects published?	Projections of the total construction cost of major capital projects are not published.	Projections of the total construction cost of major capital projects are published.	Projections of the total construction cost of major capital projects are published, together with the annual breakdown of these cost over a three-five-year horizon.
7. Budget Comprehensiveness and Unity: To what extent is capital spending, and related recurrent spending, undertaken through the budget process?				
7.a.	Is capital spending mostly undertaken through the budget?	Significant capital spending is undertaken by extra-budgetary entities with no legislative authorization or disclosure in the budget documentation.	Significant capital spending is undertaken by extra-budgetary entities, but with legislative authorization and disclosure in the budget documentation.	Little or no capital spending is undertaken by extra-budgetary entities.
7.b.	Are all capital projects, regardless of financing source, shown in the budget documentation?	Capital projects are not comprehensively presented in the budget documentation, including PPPs, externally financed, and PCs' projects.	Most capital projects are included in the budget documentation, but either PPPs, externally financed, or PCs' projects are not shown.	All capital projects, regardless of financing sources, are included in the budget documentation.
7.c.	Are capital and recurrent budgets prepared and presented together in the budget?	Capital and recurrent budgets are prepared by separate ministries, and/or presented in separate budget documents.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, but without using a program or functional classification.	Capital and recurrent budgets are prepared by a single ministry and presented together in the budget documents, using a program or functional classification.
8. Budgeting for Investment: Are investment projects protected during budget implementation?				
8.a.	Are total project outlays appropriated by the legislature at the time of a project's commencement?	Outlays are appropriated on an annual basis, but information on total project costs is not included in the budget documentation.	Outlays are appropriated on an annual basis, and information on total project costs is included in the budget documentation.	Outlays are appropriated on an annual basis and information on total project costs, and multiyear commitments is included in the budget documentation.
8.b.	Are in-year transfers of appropriations (virement) from capital to current spending prevented?	There are no limitations on virement from capital to current spending.	The finance ministry may approve virement from capital to current spending.	Virement from capital to current spending requires the approval of the legislature.

8.c.	Is the completion of ongoing projects given priority over starting new projects?	There is no mechanism in place to protect funding of ongoing projects.	There is a mechanism to protect funding for ongoing projects in the annual budget.	There is a mechanism to protect funding for ongoing projects in the annual budget and over the medium term.
9. Maintenance Funding: Are routine maintenance and major improvements receiving adequate funding?				
9.a.	Is there a standard methodology for estimating routine maintenance needs and budget funding?	There is no standard methodology for determining the needs for routine maintenance.	There is a standard methodology for determining the needs for routine maintenance and its cost.	There is a standard methodology for determining the needs for routine maintenance and its cost, and the appropriate amounts are generally allocated in the budget.
9.b.	Is there a standard methodology for determining major improvements (e.g. renovations, reconstructions, enlargements) to existing assets and are they included in national and sectoral investment plans?	There is no standard methodology for determining major improvements, and they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, but they are not included in national or sectoral plans.	There is a standard methodology for determining major improvements, and they are included in national or sectoral plans.
9.c.	Can expenditures relating to routine maintenance and major improvements be identified in the budget?	Routine maintenance and major improvements are not systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget.	Routine maintenance and major improvements are systematically identified in the budget, and are reported.
10. Project Selection: Are there institutions and procedures in place to guide project selection?				
10.a.	Does the government undertake a central review of major project appraisals before decisions are taken to include projects in the budget?	Major projects (including donor- or PPP-funded) are not reviewed by a central ministry prior to inclusion in the budget.	Major projects (including donor- or PPP-funded) are reviewed by a central ministry prior to inclusion in the budget.	All major projects (including donor- or PPP-funded) are scrutinized by a central ministry, with input from an independent agency or experts prior to inclusion in the budget.
10.b.	Does the government publish and adhere to standard criteria, and stipulate a required process for project selection?	There are no published criteria or a required process for project selection.	There are published criteria for project selection, but projects can be selected without going through the required process.	There are published criteria for project selection, and generally projects are selected through the required process.
10.c.	Does the government maintain a pipeline of appraised investment projects for inclusion in the annual budget?	The government does not maintain a pipeline of appraised investment projects.	The government maintains a pipeline of appraised investment projects but other projects may be selected for financing through the annual budget.	The government maintains a comprehensive pipeline of appraised investment projects, which is used for selecting projects for inclusion in the annual budget, and over the medium term.

C.	**Delivering Productive and Durable Public Assets**			
11. Procurement				
11.a.	Is the procurement process for major capital projects open and transparent?	Few major projects are tendered in a competitive process, and the public has limited access to procurement information.	Many major projects are tendered in a competitive process, but the public has only limited access to procurement information.	Most major projects are tendered in a competitive process, and the public has access to complete, reliable and timely procurement information.
11.b.	Is there a system in place to ensure that procurement is monitored adequately?	There is no procurement database, or the information is incomplete or not timely for most phases of the procurement process.	There is a procurement database with reasonably complete information, but no standard analytical reports are produced from the database.	There is a procurement database with reasonably complete information, and standard analytical reports are produced to support a formal monitoring system.
11.c.	Are procurement complaints review process conducted in a fair and timely manner?	Procurement complaints are not reviewed by an independent body.	Procurement complaints are reviewed by an independent body, but the recommendations of this body are not produced on a timely basis, nor published, nor rigorously enforced.	Procurement complaints are reviewed by an independent body whose recommendations are timely, published, and rigorously enforced.
12. Availability of Funding: Is financing for capital spending made available in a timely manner?				
12.a.	Are ministries/agencies able to plan and commit expenditure on capital projects in advance on the basis of reliable cash-flow forecasts?	Cash-flow forecasts are not prepared or updated regularly, and ministries/agencies are not provided with commitment ceilings in a timely manner.	Cash-flow forecasts are prepared or updated quarterly, and ministries/agencies are provided with commitment ceilings at least a quarter in advance.	Cash-flow forecasts are prepared or updated monthly, and ministries/agencies are provided with commitment ceilings for the full fiscal year.
12.b.	Is cash for project outlays released in a timely manner?	The financing of project outlays is frequently subject to cash rationing.	Cash for project outlays is sometimes released with delays.	Cash for project outlays is normally released in a timely manner, based on the appropriation.
12.c.	Is external (donor) funding of capital projects fully integrated into the main government bank account structure?	External financing is largely held in commercial bank accounts outside the central bank.	External financing is held at the central bank, but is not part of the main government bank account structure.	External financing is fully integrated into the main government bank account structure.

13. Portfolio Management and Oversight: Is adequate oversight exercised over implementation of the entire public investment portfolio				
13.a.	Are major capital projects subject to monitoring during project implementation?	Most major capital projects are not monitored during project implementation.	For most major projects, annual project costs, as well as physical progress, are monitored during project implementation.	For all major projects, total project costs, as well as physical progress, are centrally monitored during project implementation.
13.b.	Can funds be re-allocated between investment projects during implementation?	Funds cannot be re-allocated between projects during implementation.	Funds can be reallocated between projects during implementation, but not using systematic monitoring and transparent procedures.	Funds can be re-allocated between projects during implementation, using systematic monitoring and transparent procedures.
13.c.	Does the government adjust project implementation policies and procedures by systematically conducting ex-post reviews of projects that have completed their construction phase?	Ex-post reviews of major projects are neither systematically required, nor frequently conducted.	Ex-post reviews of major projects, focusing on project costs, deliverables and outputs, are sometimes conducted.	Ex-post reviews of major projects focusing on project costs, deliverables, and outputs are conducted regularly by an independent entity or experts, and are used to adjust project implementation policies and procedures.
14. Management of Project Implementation: Are capital projects well managed and controlled during the execution stage?				
14.a.	Do ministries/agencies have effective project management arrangements in place?	Ministries/agencies do not systematically identify senior responsible officers for major investment projects, and implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, but implementation plans are not prepared prior to budget approval.	Ministries/agencies systematically identify senior responsible officers for major investment projects, and implementation plans are prepared prior to budget approval.
14.b.	Has the government issued rules, procedures and guidelines for project adjustments that are applied systematically across all major projects?	There are no standardized rules and procedures for project adjustments.	For major projects, there are standardized rules and procedures for project adjustments, but do not include, if required, a fundamental review and reappraisal of a project's rationale, costs, and expected outputs.	For all projects, there are standardized rules and procedures for project adjustments and, if required, include a fundamental review of the project's rationale, costs, and expected outputs.

14.c.	Are ex-post audits of capital projects routinely undertaken?	Major capital projects are usually not subject to ex-post external audits.	Some major capital projects are subject to ex-post external audit, information on which is published by the external auditor.	Most major capital projects are subject to ex-post external audit information on which is regularly published and scrutinized by the legislature.
15. Monitoring of Public Assets: Is the value of assets properly accounted for and reported in financial statements?				
15.a.	Are asset registers updated by surveys of the stocks, values, and conditions of public assets regularly?	Asset registers are neither comprehensive nor updated regularly.	Asset registers are either comprehensive or updated regularly at reasonable intervals.	Asset registers are comprehensive and updated regularly at reasonable intervals.
15.b.	Are nonfinancial asset values recorded in the government financial accounts?	Government financial accounts do not include the value of non-financial assets.	Government financial accounts include the value of some non-financial assets, which are revalued irregularly.	Government financial accounts include the value of most nonfinancial assets, which are revalued regularly.
15.c.	Is the depreciation of fixed assets captured in the government's operating statements?	The depreciation of fixed assets is not recorded in operating statements.	The depreciation of fixed assets is recorded in operating statements, based on statistical estimates.	The depreciation of fixed assets is recorded in operating expenditures, based on asset-specific assumptions.
Cross-cutting issues				
A	**IT support.** Is there a comprehensive computerized information system for public investment projects to support decision making and monitoring?			
B	**Legal Framework.** Is there a legal and regulatory framework that supports institutional arrangements, mandates, coverage, procedures, standards and accountability for effective PIM?			
C	**Staff capacity.** Does staff capacity (number of staff and/or their knowledge, skills, and experience) and clarity of roles and responsibilities support effective PIM institutions?			

Annex II. Comments on the Draft State-Owned Enterprise Law (2018)

In April 2016, Cabinet approved a partial SOE reform program. The performance of the seven largest enterprises is currently being assessed by an external consultant (Ernst and Young) but the report still needs to be finalised and presented to the Cabinet for approval.

As part of this reform process government has prepared a draft SOE Act (2018), which is also currently under review. In addition, the government is drafting Shareholder Performance Agreements, which would supersede some of the Acts on which certain SOEs were founded, designed to increase the accountability of the companies' boards and management in the performance of the SOEs.

The main provisions of the draft SOE Act are as follows: (i) to establish an oversight body, the State-Owned Enterprise Regulatory Commission; (ii) to establish arrangements for the efficient governance of SOEs and monitoring their performances; (iii) to make provision for the restructuring of SOEs; (iv) to provide for the appointment of boards of SOEs and to define their powers, duties and functions; and (v) to make provision for connected matters.

The comments below provide a summary of some issues concerning the draft SOE Act.

SOE objectives (Article 24)

The formulation of the objectives is not entirely consistent. For example, the fourth of them (net worth maximization) may conflict with the third one (to be at least as profitable and efficient as a comparable business) or with the first one (to provide quality public service to all citizens), which is supposed to be the top priority.

The third of the objectives is not sufficiently defined, as the text does not explain what a "comparable business" is (in the private or public sector, in or outside The Gambia?). In addition, such a comparable business may not exist, at least in the domestic market.

The remuneration of public service obligations (paragraph 4) could be further clarified. The current text does not explain whether the government commits to compensating the company for the full costs of the activity plus a margin, or whether the compensation will be based on these costs, but will incorporate some incentive to improve efficiency or the quality of services delivered.

Composition of the SOE Commission and tenure of its members (Articles 5 and 7)

Article 5 is vague in describing the human resources of the Commission, which will comprise four members (plus the Chair) and can co-opt other experts to assist in their functions, though apparently on a temporary basis. Yet, no permanent staff of the Commission is mentioned. This

contrasts with the wide range of technical tasks that the Law defines for the Commission (see Article 11 below). If the government does not have the resources to ensure the operation of the Commission, decentralizing part of its mandate to other ministries, especially MoFEA, and reducing its remit to the oversight of corporate governance could be preferable.

Article 7 establishes five-year tenure periods for the Chair and the four main commissioners, renewable for other five. The general trend to grant the independence of this kind of institutions is granting long tenures (from around five to seven years) on a non-renewable basis.

Functions of the SOE Commission (Article 11)

In general, insufficient thought has been given to an appropriate allocation of responsibilities and functions between the Commission and other actors, notably parent ministries and the MoFEA. It cannot realistically be expected that the Commission will be able to deliver all its stated functions with such limited resources.

Article 11 assigns to the Commission the capacity to establish principles of corporate governance—an issue emphasized in the recent Ernst and Young report on seven SOEs—but it does not specify what the enforcement capacity of the Commission shall be, if any.

The determination of performance criteria and their monitoring is also within the remit of the Commission. These criteria usually refer to technical qualitative criteria and objectives defined in terms of financial indicators. Nonetheless, the article does not explain whether the Commission will interact with the line ministries (responsible for sectoral policies) and the MoFEA to set such indicators or what kind of coordination mechanisms at a technical level would be set up. The same comment applies to other decisions assigned to the Commission with technical and budgetary implications.[1]

The remit of the Commission includes functions which could be better placed in the MoFEA, such as analyzing the suitability of the annual budget (d); assessing the financial policies and practices being applied by SOEs (h); confirming that the funds received by the SOE for the realization of projects are judiciously utilized; (j) and receiving reports from the SOEs (including their annual financial statements) and making recommendations on them to the Cabinet (m). This division of competencies would imply the assignment of ownership functions—which are insufficiently discussed in the draft law—to the Commission, while the financial oversight would be assigned to the MoFEA.

[1] Article 5.4 establishes that parent ministries can be invited to the proceedings of the Commission when a relevant topic of their competence is discussed, and they will have right to vote. However, this provision refers to the final state of the decision-making process and therefore omits all previous coordination arrangements at the technical level.

In this context, the role of the DPPP-PE in MoFEA could be enhanced to cover all aspects of financial oversight, including the approval of SOEs' budgets and financial plans, the setting of performance targets and monitoring their implementation, establishing dividend policies, controlling and monitoring public service obligations and quasi-fiscal activities, and the preparation of a consolidated annual report on the performance of all SOEs. Similar units for financial oversight of SOEs have been established in South Africa and several other SSA countries. The unit in MoFEA could also advise, in consultation with the parent MDA, on the potential restructuring and corporatization/privatization of SOEs that are in serious financial difficulties.

Article 11 does not explain the criteria that should guide the above decisions by the SOE Commission and only makes non-specific references to "the objectives of the enterprise" and "a sound and efficient management of public enterprises". No reference to risk assessment is made, or to any consideration related to government debt or its fiscal objectives.

Request of state support (Article 40)

Section 2 of this article considers capital transfers and loans as different types of state support. In practice, government loans to SOEs have been used as capital transfers in practice. Both the interest payable on the loan and repayment prospects should be considered when classifying the support. Where these do not represent an adequate return, loans to SOEs should be reflected in fiscal statements above the line, and consequently appropriated in the budget. Similarly, the difference between recapitalizations and capital transfers deserves careful analysis.

The decision to approve direct or indirect financial support to the company could also include some risk hedging mechanisms for the budget, such as requesting collateral and/or a fee for guarantees. This roughly compensates the government for the risk it assumes in providing support and discourages moral hazard.

The decision-making process regarding state support described in section 2 can have different interpretations. The text states that the MoFEA will consult with the Commission as regards any requests for support, but it is not clear whether the Commission's opinion will be binding.

Business plan (Article 43)

The SOE board shall incorporate into the final business plan the recommendations made by the Commission on the draft plan. The article does not shed light, however, on i) the criteria that the Commission should assess to inform their view on the business plan, or ii) the consultation mechanisms to discuss those plans with other members of the cabinet (and especially with the MoFEA).

In assessing an SOE's business plan, key criteria would include assessing the impact of any subventions on the government's budget, the capacity of the company to borrow, its systemic importance, financial risks, and spill-over potential on other companies (private or public).

Accounting records, financial statements and internal control (Articles 46 and 48)

Article 46 states that the accounting records will be made according to the requirements of the Accountant General, but there is no commitment to incorporate IFRS (or a simplified version of IFRS, as previous TA reports by FAD have recommended), or a deadline to do so.

Article 48 does not include among the documents to be included in an SOE's financial statements, the cash flow statement and changes in equity. Both are part of the IFRS for SMEs, and particularly the first one provides important information for risk monitoring and assessment.

The Ernst and Young report highlights failures of internal control and procurement in many SOEs, yet the Bill does not include any provisions to addresses these weaknesses. The law should include requirements for the companies to establish internal control functions that meet international standards of good practice as well as audit committees.

Annex III. Improving Project Selection

Major public infrastructure project selection criteria[1]

Key public infrastructure investment project selection criteria fall into four broad categories:

- **Strategic alignment**—The project must be aligned with the published government development strategy.
- **Economic benefit**—The project must have a net economic benefit as assessed by a project appraisal.[2]
- **Affordability**—The project must be able to be funded without placing the government's fiscal position under stress – both in terms of the direct costs of implementing the project and the ongoing operational and maintenance costs once the project has been completed.
- **Project readiness**—Before a decision to proceed with a project, the project must be ready for an investment decision by having an implementation plan developed, and a risk mitigation strategy.

Applying project selection criteria

For a project to receive final approval, it should demonstrate strategic alignment, economic benefit, be affordable and be ready for investment decision. These are minimum criteria that must be met for each project when a decision to approve a loan or grant from a development partner, or to provide budget funding, is made.

These criteria can also assist in ranking competing proposals when resources for investment are constrained (which is virtually always the case). In particular, calculation of the net economic benefit (measured by a benefit-cost ratio) is particularly useful in informing project prioritization, as is alignment with government's national or sectoral development strategy.

Formalizing and publishing project selection criteria would provide useful guidance for MDAs that are developing projects proposals, and for decision makers in the MoFEA, the GSRB and the MIIT.

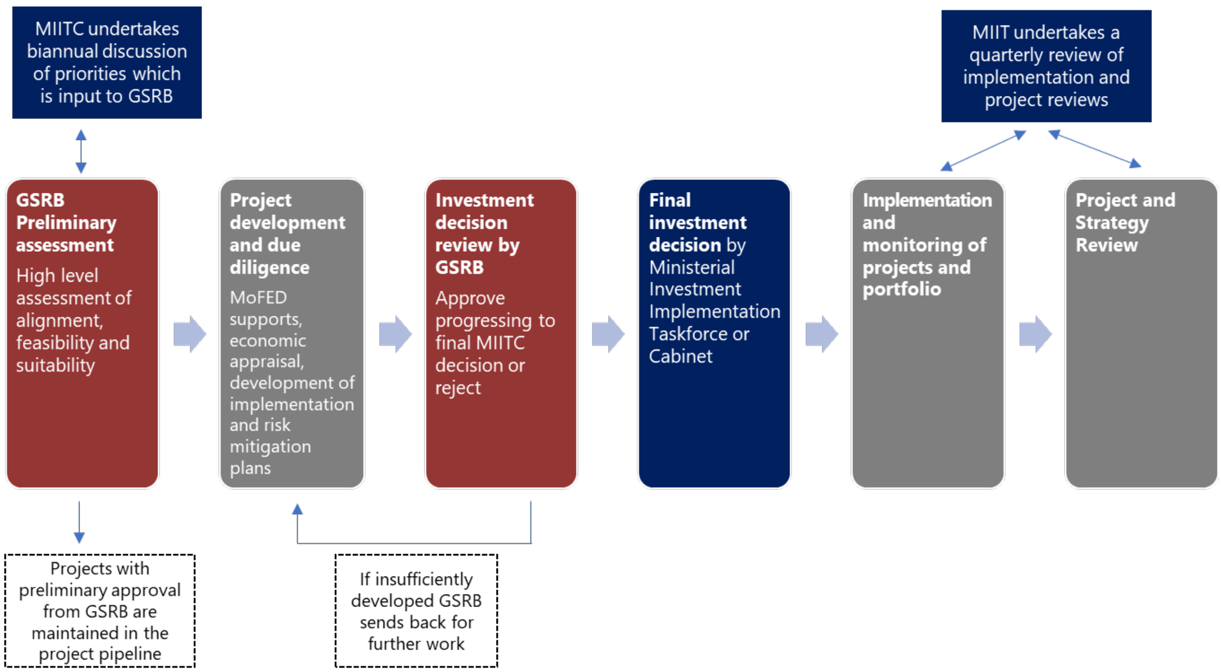
---

[1] These criteria have been written for use in the assessment of major development or infrastructure projects but could also be relevant in other areas of decision-making, e.g., on the restructuring of an MDA or SOE, or downsizing the civil service.

[2] The strongest economic appraisals utilize cost-benefit analysis, which is a robust framework to quantify the economic benefits and costs of a project. Where full cost-benefit analysis is not feasible, a value for money framework, such as the framework documented in The Gambia's *PPP Operational Guidelines 2016* can be useful.

The criteria can also be supported by a well-designed decision-making framework for major investment projects. An example of how this process can work in The Gambia is at Figure A1.

Figure A1 Possible Decision-Making Process for Major Projects



Source: IMF Staff.

Project scorecards and documents for decision makers

A project scorecard can be a useful tool to implement and reinforce selection criteria such as those outlined above. An indicative scorecard that can be used for this purpose is at Table A1. The template could be prepared by the MoFEA, circulated for completion to MDAs that are preparing project proposals.

Some of the information included in the scorecard could be used to inform documents to be used by the Gambia Strategic Review Board. The key areas to cover in documents for decision makers[3] include:

- Project title
- Objectives and strategic alignment
- Expected impact (economic, social)
- Project components
- Project cost
- Funding sources (internal and external)
- Budget impact (capital and recurrent), including ongoing costs, by year; and impact on debt
- Risks (financial, contingent liabilities, others)

[3] This is adapted from the categories covered in a draft project template for the GSRB provided to the team by the DAC.

Table A1. Example of a Project Selection Scorecard

Principles		Criteria	Comment	Score
1. Strategic alignment	1.1 Alignment with the National Development Plan (NDP)	Is the project identified in the NDP?		
		Does the project align with priority areas and outcomes identified in the NDP?		
	1.2 Alignment with the sector plan	Is the project identified in the relevant sector plan?		
		Does the project align with priority areas and outcomes identified in the sector plan?		
2. Economic appraisal	2.1 Current situation and rationale for investment	Is the problem identified, the current situation explained, the rationale for investment clear, and the objectives clear?		
	2.2 Economic appraisal and cost-benefit analysis	Has an analysis of options and the costs and benefits of each taken place; and does this analysis consider all issues from the government's perspective?		
	2.3 Wider environmental or social benefits	Are there other relevant benefits or issues not able to be quantified in the economic appraisal?		
3. Afford-ability	3.1 Full budget impact analysis	Are the upfront and full ongoing costs identified and quantified including staffing costs and maintenance costs?		
	3.2 Fiscal sustainability	Are the budget impacts fiscally sustainable?		
	3.3 Contingent liabilities	Are any contingent liabilities involved and disclosed?		
4. Project readiness	4.1 Risk management	Are project risks identified?		
		Has a risk mitigation plan been developed?		
	4.2 Project implementation	Is a project manager defined?		
		Has a project implementation plan been developed?		
	4.3 Project feasibility	Has a pre-feasibility study or full feasibility study been undertaken?		
		Has any other financial/technical/economic analysis been done?		
	4.4 Project timeline	Are start and end dates of project construction established?		
		Are total project costs articulated and funding sources identified?		

Source: IMF Staff.