

The Gambia: Second Review Under the Extended Credit Facility Arrangement-Press Release; and Staff Report



THE GAMBIA

June 2021

SECOND REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND FINANCING ASSURANCES REVIEW; PRESS RELEASE; AND STAFF REPORT

In the context of the Second Review Under the Extended Credit Facility Arrangement, the following documents have been released and are included in this package:

- **Press Release.**
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse-of-time basis, following discussions that ended on April 1, 2021, with the officials of The Gambia on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on May 12, 2021.

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International Monetary Fund
Washington, D.C.



IMF Executive Board Concludes Second Review under the Extended Credit Facility Arrangement with The Gambia and Approves US\$ 14.4 Million Disbursement

FOR IMMEDIATE RELEASE

- The IMF Executive Board decision allows for an immediate disbursement of about US\$ 14.4 million to The Gambia to help meet the country's financing needs and support the post-pandemic recovery.
- The second wave of the COVID-19 pandemic has dampened economic activity, with attendant socio-economic costs. However, with the global vaccine rollout, development partners' support of The Gambia's vaccination campaign, and the resilience of some economic sectors, growth is expected to rebound to 4.9 percent in 2021.
- The authorities deserve praise for the strong performance under the IMF-supported program and their ability to maintain macroeconomic stability, despite the challenges posed by the pandemic.

Washington, DC – May 27, 2021: The Executive Board of the International Monetary Fund (IMF) today completed the second review under the Extended Credit Facility (ECF) arrangement with The Gambia. The completion of the review enables an immediate disbursement of SDR 10 million, about US\$ 14.4 million, to help meet the country's balance-of-payments and fiscal financing needs as well as support the post-pandemic recovery. This brings total disbursements under the ECF arrangement to SDR 35 million, about US\$ 50.5 million. The Executive Board's decision was taken on a lapse-of-time basis.¹

The ECF arrangement with The Gambia was [approved by the IMF's Executive Board on March 23, 2020](#), with an initial total access of SDR 35 million that [was augmented at the completion of the first ECF review on January 15, 2021](#) to SDR 55 million (88.4 percent of quota). The Gambia has also benefited from an IMF [Rapid Credit Facility disbursement](#) of SDR 15.55 million and is receiving debt service relief from the [IMF under the Catastrophe Containment and Relief Trust](#), expected to total SDR 7.9 million, of which SDR 6.1 million has already been approved.

The second wave of the COVID-19 pandemic has dampened economic activity, with attendant socio-economic costs. For 2020, economic growth is estimated at zero percent; the tourism sector was hit hard while the agricultural and the construction sectors have shown resilience. For 2021, economic growth is expected to rebound to 4.9 percent, supported by the global and domestic vaccine rollout as well as the continued resilience of some economic sectors.

¹ The Executive Board takes decisions under its lapse-of-time procedure when it is agreed by the Board that a proposal can be considered without convening formal discussions.

The authorities deserve praise for the strong program performance and their ability to maintain macroeconomic stability, despite the significant challenges posed by the pandemic. At the onset of the COVID-19 pandemic, the authorities relaxed the fiscal and monetary policy stances to help meet pandemic-related humanitarian needs and support economic activity, while keeping within program limits. Inflation dropped from 7.7 percent (year-on-year) at end-2019 to 5.7 percent (year-on-year) at end-2020 before picking up to 7.4 percent at end-March 2021 due to seasonal factors. Large official and private forex inflows helped boost reserves to 4.7 months of imports at end-2020. Public debt declined.

Going forward, ensuring continuation of strong policies is paramount to maintain good program performance. Adequate fiscal policy prioritization will be key to addressing the pandemic and supporting economic recovery, while reducing debt vulnerabilities. Tax exemptions will be further streamlined, and savings will be made on subsidies to State-Owned-Enterprises (SOEs). Pursuing a prudent fiscal policy will ensure reducing the high risk of debt distress in the medium term. Monetary policy remains appropriately accommodative, while liquidity and inflation developments need to be monitored and pockets of financial vulnerabilities tackled. Given the slow credit growth in a context of ample liquidity, structural obstacles to credit should be addressed.

It is critical to persevere in the ambitious structural reform agenda, especially in the context of upcoming presidential and parliamentary elections, to fully reap the benefits from the country's remarkable turn-around in recent years. Swift implementation of the business environment strategy will support strong and inclusive growth. The Public Procurement Act should be enacted to improve the value-for-money of spending. The SOE Bill, which is on hold because of the stalled constitutional reform, should be finalized to improve SOEs' performance and reduce their reliance on the state budget.

Table 1. The Gambia: Selected Economic Indicators, 2019–26

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | | |
|---|-------|-------|-------|-------|-------|-------------|-------|-------|--------|--------|
| | Prel. | RCF | Proj. | RCF | Proj. | Projections | | | | |
| (Percent change; unless otherwise indicated) | | | | | | | | | | |
| National account and prices | | | | | | | | | | |
| GDP at constant prices | 6.1 | 0.0 | 0.0 | 6.0 | 4.9 | 6.5 | 7.0 | 6.5 | 5.8 | 5.6 |
| GDP deflator | 7.1 | 7.2 | 7.1 | 4.3 | 4.2 | 4.3 | 4.1 | 4.1 | 5.3 | 4.6 |
| Consumer prices (average) | 7.1 | 6.1 | 5.9 | 6.0 | 6.0 | 5.5 | 5.1 | 5.0 | 5.0 | 5.0 |
| Consumer prices (end of period) | 7.7 | 6.5 | 5.7 | 5.8 | 5.8 | 5.2 | 5.0 | 5.0 | 5.0 | 5.0 |
| External sector | | | | | | | | | | |
| Exports, f.o.b (US\$ values) | 23.8 | -10.7 | -50.8 | 23.1 | 62.9 | 35.9 | 26. | 8.9 | 5.6 | 7.2 |
| Imports, f.o.b (US\$ values) | 14.6 | -1.7 | -2.4 | 17.9 | 27.7 | 12.2 | 7.1 | 2.0 | 2.8 | 2.4 |
| Terms of trade (deterioration = -) | -4.8 | 1.4 | 1.4 | -1.7 | -1.7 | -1.4 | -1.0 | -0.5 | 1.9 | 2.8 |
| Real effective exchange rate (depreciation = -) | -4.4 | ... | 11.0 | ... | ... | ... | ... | ... | ... | ... |
| (Contributions to broad money growth; percent) | | | | | | | | | | |
| Money and credit | | | | | | | | | | |
| Broad money | 27.1 | 15.5 | 22.0 | 9.5 | 12.6 | ... | ... | ... | ... | ... |
| Net foreign assets | 18.9 | 9.7 | 17.6 | -1.2 | 3.1 | ... | ... | ... | ... | ... |
| Net domestic assets | 8.2 | 5.9 | 4.4 | 10.7 | 9.6 | ... | ... | ... | ... | ... |
| Of which: | | | | | | | | | | |
| Credit to central government (net) | 4.0 | 4.9 | 3.6 | 7.1 | 6.7 | ... | ... | ... | ... | ... |
| Credit to the private sector (net) | 6.0 | 1.3 | 0.1 | 3.6 | 2.9 | ... | ... | ... | ... | ... |
| Velocity (GDP/broad money) | 2.1 | 2.0 | 1.9 | 2.0 | 1.8 | ... | ... | ... | ... | ... |
| (Percent change; unless otherwise indicated) | | | | | | | | | | |
| Central government finances | | | | | | | | | | |
| Domestic revenue (taxes and other revenues) | 13.9 | 13.3 | 13.8 | 14.1 | 13.8 | 14.0 | 14.4 | 14. | 14.7 | 14.9 |
| Of which: Tax Revenue | 10.9 | 10.4 | 10.5 | 11.2 | 10.9 | 11.6 | 12.0 | 12. | 12.4 | 12.7 |
| Grants | 7.1 | 10.3 | 8.1 | 7.4 | 7.7 | 8.0 | 7.3 | 6.5 | 6.0 | 5.7 |
| Total expenditures and net acquisition of | 23.6 | 25.2 | 24.0 | 25.4 | 25.5 | 24.0 | 22.9 | 21. | 21.0 | 20.8 |
| Of which: Interest (percent of government | 22.3 | 22.5 | 21.9 | 18.4 | 18.8 | 18.9 | 16.3 | 15. | 13.5 | 12.2 |
| Net lending (+)/borrowing (-) | -2.5 | -1.7 | -2.1 | -3.9 | -4.0 | -2.1 | -1.2 | -0.6 | -0.2 | -0.1 |
| Net incurrence of liabilities | 3.1 | 1.0 | 1.6 | 4.0 | 4.0 | 2.2 | 1.4 | 0.6 | 0.2 | 0.1 |
| Foreign | 2.6 | 0.2 | 0.9 | 1.6 | 1.7 | 1.8 | 1.4 | 0.9 | 0.3 | 0.5 |
| Domestic | 0.5 | 0.8 | 0.8 | 2.3 | 2.4 | 0.4 | 0.0 | -0.3 | -0.1 | -0.4 |
| Primary balance | 0.6 | 1.3 | 1.0 | -1.3 | -1.4 | 0.5 | 1.1 | 1.6 | 1.8 | 1.7 |
| Public debt | 80.2 | 76.4 | 77.2 | 74.4 | 76.7 | 72.7 | 66.3 | 61. | 56.3 | 51.0 |
| Domestic public debt | 35.6 | 33.6 | 34.0 | 31.1 | 31.9 | 29.4 | 25.0 | 22. | 20.3 | 17.2 |
| External public debt | 44.6 | 42.8 | 43.2 | 43.3 | 44.8 | 43.3 | 41.3 | 38.9 | 36.0 | 33.8 |
| External public debt (millions of US\$) | 798.1 | 813.8 | 820.4 | 888.0 | 905.6 | 953.1 | 993.0 | 1015. | 1023.6 | 1040.6 |
| External current account balance | | | | | | | | | | |
| Excluding official transfers | -9.2 | -10.9 | -8.3 | -14.1 | -14.5 | -16.3 | -15.0 | -12.6 | -11.0 | -10.3 |
| Including official transfers | -6.2 | -6.2 | -4.0 | -11.9 | -12.4 | -13.9 | -13.0 | -11.0 | -9.4 | -8.8 |
| Gross official reserves (millions of US\$) | 225.0 | 330. | 352.0 | 389.8 | 412.3 | 432.8 | 449.1 | 458.4 | 473.8 | 506.4 |
| (months of next year's imports) | 3.9 | 4.6 | 4.7 | 4.6 | 4.6 | 4.5 | 4.5 | 4.5 | 4.5 | 4.6 |
| Savings and investment | | | | | | | | | | |
| Gross investment | 19.4 | 18.5 | 19.4 | 21.8 | 24.2 | 23.9 | 23.7 | 22.9 | 23.1 | 22.7 |
| Of which: Central government | 9.0 | 7.8 | 6.7 | 10.0 | 10.1 | 9.9 | 9.6 | 8.7 | 8.3 | 8.3 |
| Gross savings | 13.2 | 12. | 15.4 | 9.9 | 11.8 | 10.0 | 10.7 | 12.0 | 13.7 | 13.9 |
| Memorandum items: | | | | | | | | | | |
| Nominal GDP (billions of dalasi) | 91.4 | 98.0 | 98.0 | 108.3 | 107.1 | 119.0 | 132.6 | 146.9 | 163.7 | 180.8 |
| GDP per capita (US\$) | 774.2 | 787.4 | 785.3 | 830.0 | 819.4 | 865.8 | 917.6 | 967.9 | 1025.7 | 1075.7 |
| Use of Fund resources (millions of SDRs) | | | | | | | | | | |
| Disbursements | 0.0 | 20.6 | 20.6 | 35.0 | 35.0 | 10.0 | 5.0 | 0.0 | 0.0 | 0.0 |
| Of which: 2020 RCF | ... | 15.6 | 15.6 | ... | ... | ... | ... | ... | ... | ... |
| Of which: Proposed ECF Augmentation | ... | ... | ... | 20.0 | 20.0 | ... | ... | ... | ... | ... |
| Repayments | -4.3 | -3.6 | -3.6 | -4.0 | -4.0 | -2.8 | -4.1 | -3.9 | -5.2 | -9.5 |
| CCRT debt relief ¹ | 0.0 | 3.2 | 3.2 | 4.0 | 4.0 | 0.8 | ... | ... | ... | ... |
| PV of overall debt-to-GDP ratio | 70.4 | 67.5 | 67.4 | 65.9 | 66.7 | 63.0 | 57.1 | 52.9 | 48.6 | 43.8 |

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

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



THE GAMBIA

May 12, 2021

SECOND REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. The Gambia is experiencing a second wave of COVID-19 cases. The vaccination campaign started in early March 2021, but the pace is slow, due to vaccine availability and hesitancy. Presidential and parliamentary elections are planned for December 2021 and April 2022, respectively.

Macroeconomic developments and outlook. Under the impact of the pandemic, growth is estimated to have slowed to zero percent in 2020, with the tourism sector particularly hard hit; it is expected to rebound in 2021, to 4.9 percent. Overall, macroeconomic stability has been maintained, including foreign exchange reserves reaching 4.7 months of import coverage at end-2020. The economic outlook is subject to high uncertainty and downside risks, notably the evolution of the pandemic, the global economic recovery, and the resumption of tourism.

Program performance. The authorities continued good implementation of the program, despite the difficult pandemic environment. All quantitative performance criteria (PC) at end-December 2020 were met, some with significant margins. The two structural benchmarks (SBs) for end-March 2021 were met, one of them well ahead of the deadline, while the completion of the end-December 2020 SB was delayed until March 2021.

Program objectives in 2021. Budget execution in 2021 aims to ensure an appropriate balance between addressing the impact of the pandemic and supporting economic recovery while reducing debt vulnerabilities. The weaker-than-expected revenue collection and unforeseen spending pressures (including from the organization of the elections) will be addressed through streamlining of tax expenditures and savings from subsidies to state-owned enterprises (SOEs). Revenue administration and public financial management (PFM) reforms will also continue, including on digitalization, public procurement, and better prioritization of public investment. The monetary policy stance will remain accommodative to support economic recovery, while closely monitoring liquidity and inflation developments. The emerging pockets of vulnerabilities in select financial institutions are being tackled. The authorities will seek to finalize and enact the SOE bill and Public Finance Bill despite complications from the stalled constitutional reform.

Staff's views. Staff recommends completion of the second ECF review, considering the satisfactory implementation of the program and the strong policy commitments going forward.

Approved By
Annalisa Fedelino
(AFR) and Geremia
Palomba (SPR)

The mission took place virtually during March 22–April 1, 2021, and comprised Messrs. Razafimahefa (head), Barry, Kemoe, Kumah, and Nachega, and Ms. Singh (all AFR), with support from Mr. Mendy (local economist) and Ms. Barry (local office manager). The team met with Finance Minister Njie, Central Bank Governor Saidy, other public officials and private sector operators. The mission briefed development partners and held a virtual press conference. Ms. Ita Mannathoko (Executive Director for The Gambia) joined the opening discussions, and Mr. Cham (advisor, OEDAE) participated in the meetings. Mr. Treilly and Ms. Jaghori assisted in the preparation of this report.

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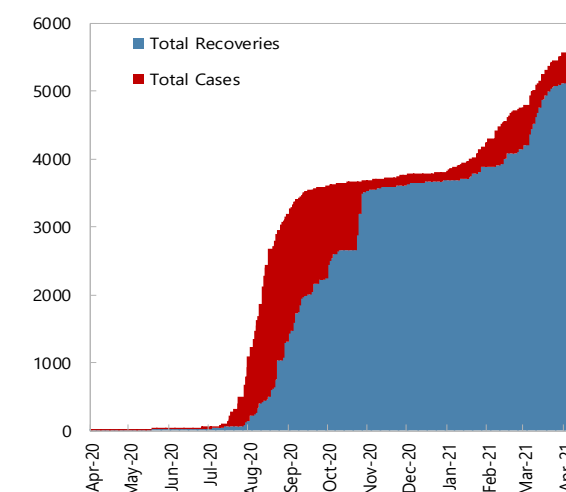
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CONTEXT: COVID-19 AND OTHER CHALLENGES

1. A second wave of COVID-19 has reached The Gambia (Text Figure 1). The infection rate increased in early 2021 amid a global surge in COVID-19 cases and loose adherence to prescribed protocols, notwithstanding the measures taken by the authorities (Annex I). Nonetheless, the number of daily cases has been lower than during its peak in August 2020 and seems to have subsided in recent weeks. The Gambia joined the African Union's COVAX initiative to cover 20 percent of the population and the World Bank is providing grants to procure and rollout COVID-19 vaccines covering about 40 percent of the population. The vaccination campaign started in early March; by late-April, about 20,000 vaccines (about 1 percent of the population) were administered out of the 60,000 doses received by the country; the slow roll-out pace is partly due to some vaccine hesitancy of the population.

Text Figure 1. The Gambia: Total COVID-19 Cases and Recoveries, (April 2020 – April 2021)



Sources: Johns Hopkins CSSE; and IMF staff calculations.

2. The authorities are fostering transparency of COVID-19-related spending (MEFP ¶13). Any of such spending included in the 2021 budget is subject to standard budget execution reporting requirements. Furthermore, (i) The Gambia Public Procurement Authority (GPPA) published on its website a list of all COVID-19-related procurement contracts and their beneficiary owners, covering 2020 and Q1 2021;¹ (ii) the National Audit Office completed the first phase of the audit (covering March-October 2020) and launched the second phase (covering the remainder of the year). The authorities are committed to consolidate the audit results with the audit of the 2020 fiscal accounts and publish these by end-September 2021, in line with the required procedures.

3. Electoral preparations are underway, despite stalled constitutional reform. Presidential and parliamentary elections are planned for December 2021 and April 2022, respectively. The Independent Electoral Commission (IEC) is in the process of procuring election equipment and will launch voter registration in late May. President Barrow inaugurated his own National Peoples' Party in January 2021 and the main opposition United Democratic Party has selected the former Vice President of the coalition, Lawyer Darboe, as the party's flagbearer for the elections. A constitutional reform was envisaged to modify the electoral process; this reform would also allow some key legislative progress, including a new SOE bill and revisions to the Public Finance Bill. However, the process has stalled at the National Assembly; it is being mediated by the international community and the civil society, but the outcome remains uncertain.

¹ <https://www.gppa.gm/2020-covid-19-contractsjan-oct/>. Staff understands that no Covid-related contracts have been approved since November 2020. Some new contracts are in the process of being approved, which are expected to be posted in 2021Q2 and the related spending to be captured under the monthly spending briefs.

RECENT ECONOMIC DEVELOPMENTS

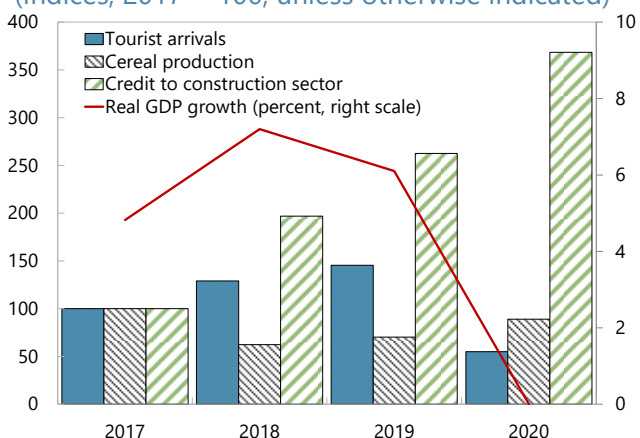
4. The COVID-19 pandemic has weakened economic activity (Figure 2, Text Figure 2). Preliminary data indicate a 62-percent decline (y/y) in tourist arrivals in 2020; and the CBG's business sentiment survey and the composite index of economic activity (CIEA) pointed to significantly weak economic activity during the year. On a more positive note, a pre-harvest survey conducted by the Ministry of Agriculture came out highly positive and activity in construction and wholesale trade have been robust, supported by large remittance inflows (estimated at US\$590 million in 2020, an 80-percent increase over 2019).² Reflecting these developments, staff

estimates a stagnation (a zero-percent growth) of economic activity in 2020 (compared to a strong growth of 6.1 percent in 2019). Inflation subsided from 7.7 percent (y/y) at end-2019 to 5.7 percent at end-2020, reflecting weak domestic demand and stability in the local currency dalasi (which depreciated by 1.0 percent (y/y) relative to the US dollar).³ However, inflation edged up in recent months, to 7.4 percent at end-March 2021, driven primarily by somewhat temporary and seasonal factors, such as disruptions of global and regional trade and the onset of Ramadan.

5. Despite budgetary pressures from the pandemic, budget execution in 2020 was in line with projections (MEFP ¶6, Tables 2–4, Text Table 1). Tax revenue outturns were as expected, helped by strong income and corporate tax collections. Non-tax revenue intake was supported by sales of assets under the Janneh Commission and the distribution of accumulated profits from the CBG, helping boost domestic revenue above the program by 0.5 percentage points of GDP. However, grants fell below projections, due to delays in project implementation and postponement of a EUR 5.5-million budget support grants from the EU. Despite pressures from the pandemic, spending was kept under control. Savings on goods and services and on compensation to employees more than offset the overspending on subsidies and transfers, which was due to increased support to SOEs, the tourism and related sectors, and households (cash transfers and food distribution). The acceleration, starting in September 2020, of the execution of infrastructure projects increased domestically financed capital spending. However, the pandemic slowed the execution of

Text Figure 2. The Gambia: Growth Indicators, 2017–20

(Indices, 2017 = 100; unless otherwise indicated)



Sources: The Gambian authorities and Fund staff estimates.

² The Central Bank of The Gambia noted that the large increase in remittance inflows may partly be attributed to transfers that have switched to formal channels as informal channels (such as travelers) have been diminished by the pandemic.

³ The dalasi depreciated by 2.4 percent and 7.8 percent relative to the British pound and the euro, respectively; it appreciated by 9.2 percent against the Swedish kronor.

foreign-financed projects, moderating capital spending relative to the projections. As a result of

these developments, the domestic primary deficit and the net domestic borrowing fell below projected ceilings, and the public debt-to-GDP ratio declined from 80.1 percent at end-2019 to 77.2 percent at end-2020—despite the economic stagnation.

6. Preliminary fiscal information in early 2021 points to emerging challenges in the execution of the 2021 fiscal program (MEFP ¶117, Text Figure 3). Tax

revenue during January-March 2021 was 6 percent below program target due to: (i) lower VAT, CIT and PIT collections as tourism during the peak season 2020Q4 declined by 85 percent compared to the same period in 2019;⁴ and (ii) higher freight costs and unresolved transit issues with neighboring countries dampened trade volumes, custom duties, and processing fees. Non-tax revenue collections have also declined due to a significant reduction of traffic on the Senegambia bridge, and are further threatened by the court suspension of the assets sales under the Janneh Commission. On the expenditure side, additional pressures are arising from: (i) the Independent Electoral Commission (IEC) for the organization of the presidential and legislative elections in December 2021 and April 2022;⁵ and (ii) the acceleration of important infrastructure projects, especially in preparation for the conference of the Organization of Islamic Cooperation (OIC). However, the pace of execution of current spending has been significantly slower than projected.

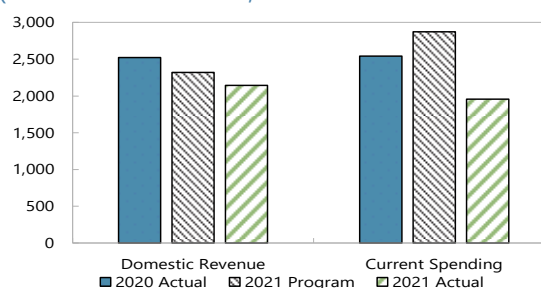
Text Table 1. The Gambia: Fiscal Performance in 2020 (Percent GDP)

| | 2019 | 2020 | | |
|--|-------------|-------------|-------------|-------------|
| | Act. | EBS/20/197 | Est. | Diff. |
| Revenue | 21.0 | 23.6 | 21.9 | -1.7 |
| Domestic revenue | 13.9 | 13.3 | 13.8 | 0.5 |
| Taxes | 10.9 | 10.4 | 10.5 | 0.1 |
| Non-tax | 3.0 | 2.9 | 3.3 | 0.4 |
| Grants | 7.1 | 10.3 | 8.1 | -2.2 |
| Budget support | 3.1 | 4.9 | 4.7 | -0.2 |
| Project grants | 4.0 | 5.4 | 3.4 | -2.0 |
| Expenditures | 23.6 | 25.3 | 24.0 | -1.3 |
| Expenses | 14.5 | 17.4 | 17.2 | -0.2 |
| Compensation of employees | 4.3 | 4.3 | 4.1 | -0.2 |
| Use of goods and services | 3.5 | 4.3 | 3.9 | -0.4 |
| Interest | 3.1 | 3.0 | 3.0 | 0.0 |
| Subsidies and transfers | 3.6 | 5.9 | 6.1 | 0.3 |
| Net acquisition of nonfinancial assets | 9.0 | 7.8 | 6.7 | -1.1 |
| Foreign financed | 8.3 | 6.1 | 4.9 | -1.1 |
| Gambia local fund | 0.7 | 1.7 | 1.8 | 0.1 |
| Net lending (+)/borrowing (-) | -2.5 | -1.7 | -2.1 | -0.4 |
| Financing¹ | 2.8 | 1.0 | 1.7 | 0.6 |
| Net acquisition of financial assets | -0.4 | -0.2 | -0.2 | 0.0 |
| Net incurrence of liabilities | 3.1 | 1.2 | 1.8 | 0.6 |
| Domestic | 0.5 | 0.8 | 0.8 | -0.1 |
| Net borrowing | 1.2 | 0.5 | 0.1 | -0.4 |
| RCF/ECF (Onlent) | ... | 1.1 | 1.1 | 0.0 |
| Change in arrears | -0.7 | -0.8 | -0.4 | 0.4 |
| Foreign | 2.6 | 0.2 | 0.9 | 0.7 |
| Exceptional financing (DSSI) | ... | ... | 0.2 | 0.2 |
| Statistical discrepancy/ Float | -0.2 | 0.6 | 0.4 | -0.2 |
| Memorandum items: | | | | |
| Primary balance | 0.6 | 1.3 | 1.0 | -0.4 |
| Domestic primary balance | 1.8 | -1.7 | -1.0 | 0.6 |

Sources: The Gambian authorities; and IMF staff estimates.

¹ Excluding the float in Financing

Text Figure 3. The Gambia: Key Fiscal Indicators (Cumulative Jan-Feb, millions of local currency)

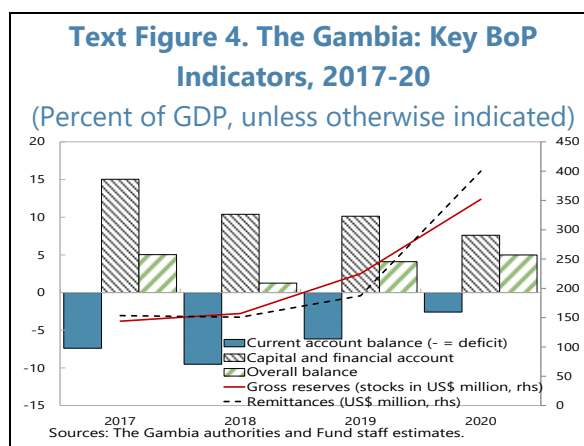


Sources: The Gambian authorities; and IMF staff estimates.

⁴ Tourism activity in the last quarter of the previous year serves as an important tax base for the following year.

⁵ The 2021 budget appropriated GMD 0.3 billion (0.3 percent of GDP) for the elections, while IEC proposed a budget of GMD 0.5 million (0.5 percent of GDP).

7. The overall balance of payments was in surplus, helping official reserve buildup (MEFP ¶7, Figure 2, Text Figure 4). The current account deficit retracted from 6.2 percent of GDP in 2019 to an estimated 2.6 percent of GDP in 2020, driven by historically high net current transfers that more than offset a decline in the goods and services balance. Official transfers increased by about 50 percent relative to 2019 and private remittances doubled. Consequently, the balance of payments showed a surplus and gross reserves reached US\$352 million at end-2020 (4.7 months of prospective imports).



8. Accommodative monetary policy and significant foreign exchange inflows boosted liquidity in 2020 (Figure 1, MEFP ¶8, and Tables 1, and 5–7). Subsequent to policy measures at the onset of the COVID-19 pandemic, which eased liquidity conditions significantly,⁶ the CBG made no further changes at its policy meeting in March 2021, noting stable exchange rates and increasing local food production as factors likely to mitigate inflation pressure. At the same time, and albeit moderated by an increase in government deposits at the CBG, significant donor support and private forex inflows helped expand broad money by 22.0 percent (y/y) by end-2020. Donor support reached US\$100 million (including IMF disbursements of close to US\$28 million); private remittances inflows reached US\$590 million and helped expand banks' net foreign assets by US\$43.8 million (about 25 percent relative to end-2019). Despite the resulting liquidity expansion (with banks' excess reserves over the prudential requirement reaching 16 percent of reserve money), private credit was broadly flat (growth of about zero percent) as banks adopted a very cautious approach in providing loans given the pandemic-related uncertain economic environment.

9. Financial institutions remained broadly resilient, despite pockets of balance sheet weakening (MEFP ¶¶10, 22–23 and Table 11). The impact of the COVID-19 outburst was limited to one large bank, three small banks, and three microfinance institutions (MFIs).⁷ The CBG avoided a blanket weakening of regulatory provisions. Overall, the banking system has remained liquid, and well capitalized. Although non-performing loans (NPLs) increased to 6.8 percent of gross loans at end-2020, the level of provisions remained comfortable at 85 percent. Despite pandemic-related balance sheet weakening in a few MFIs, increasing NPLs and denting profitability, the subsector remained well capitalized and liquid and helped expand financial intermediation and access through a significant growth in mobile banking.⁸

⁶ The CBG reduced its policy rate from 12.5 percent at end-2019 to 10 percent by end-May. It also cut the reserve requirement ratio from 15 to 13 percent and advised the banks to postpone dividend distributions.

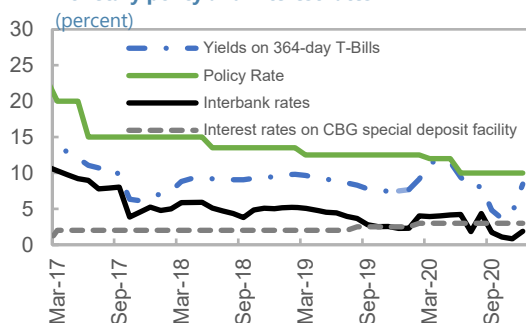
⁷ The affected banks accounted for 27.9 percent and 36.7 percent of banking system assets and loans at end-2020. By end-February 2021, the affected large bank had resolved its NPL problems, reducing the system-wide NPLs and leaving the three small banks who account for 12.2 percent of banking system assets and 22.6 percent of loans.

⁸ NPL problems in MFIs affected three out of fifteen institutions. The affected institutions accounted for 46 percent and 22 percent of sector-wide assets and loans, respectively.

Figure 1. The Gambia: Recent Monetary Developments, 2016–20

The CBG relaxed monetary conditions at the onset of the COVID-19 pandemic and yields on T-Bills dropped.

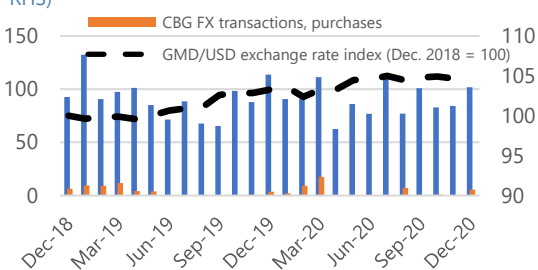
Monetary policy and interest rates



... enabling a robust interbank FX activity and further CBG FX purchases to bolster reserves...

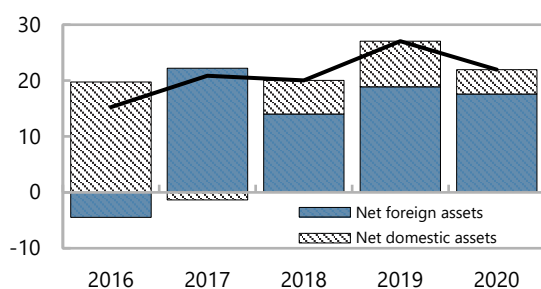
FX Market Operations and Exchange Rates,

(USD million (LHS), Index (Dec. 2018 = 100, RHS)



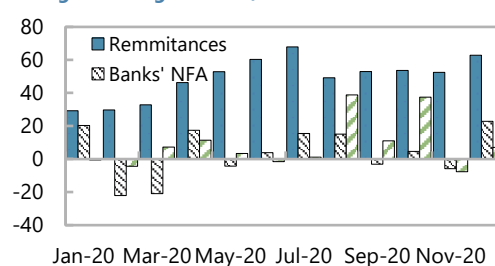
... and drove monetary expansion, albeit at a slower pace than in 2019.

Sources of Broad Money Growth



Private and official inflows in 2020 surpassed their historical averages, ...

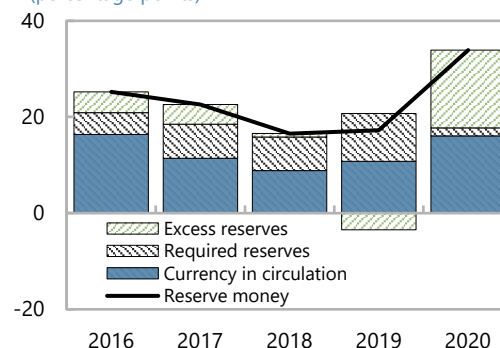
Foreign Exchange Inflows, 2020



... resulting in an expansion in CBG net foreign assets, which boosted growth in reserve money, reflecting in sharp increases in excess reserves and currency in circulation

Components of Reserve Money Growth

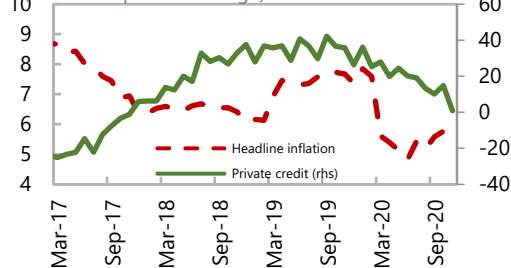
(percentage points)



Inflation remained subdued and credit expansion tepid.

Inflation and Private Credit

(12-month percent change)



Sources: The Gambian authorities and IMF staff estimates.

PERFORMANCE UNDER THE PROGRAM

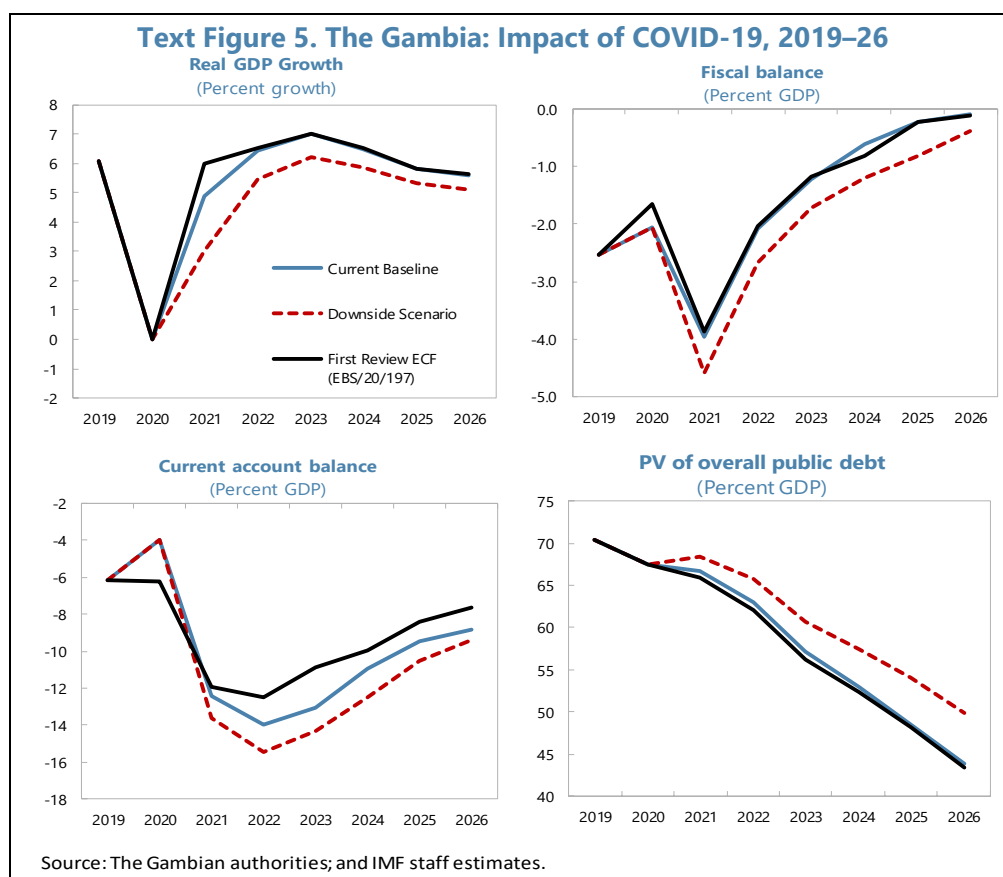
10. Program performance through December 2020 was strong (MEFP ¶ 11-13 and MEFP Tables 1 and 3).

- All end-December quantitative performance criteria (PCs) and indicative targets were met, some with large margins.
- Preliminary data at end-March 2021 suggests that the ceiling on net domestic borrowing, the floor on net useable international reserves, and all debt related indicators were met. Tax revenue collection fell below the indicative floor due to the pandemic.
- The end-December 2020 structural benchmark (SB) on the publication of MDAs' compliance with internal audit recommendations was completed in March 2021. The delay was due to the need to wait for the availability of end-December information to allow the publication to cover the entire year 2020.
- The two end-March 2021 SBs were met, with the one in the purview of the CBG far in advance of the target date.

ECONOMIC OUTLOOK AND RISKS

11. Economic activity is expected to recover in 2021 and beyond. In the baseline scenario, on the one hand, the upsurge of new variants of COVID-19, with attendant reintroduction of travel restrictions (especially in the UK and EU), is delaying the resumption of tourism activity. On the other hand, the launch of mass vaccination campaign globally invites some optimism; domestically, preliminary information points to continuous strong momentum in agricultural, construction, and retail activity. On balance, growth projections are expected to rebound in 2021 (to 4.9 percent) but revised slightly downward relative to previous projections (of 6 percent). For the medium term, the protracted impact of the pandemic on the tourism sector is expected to be offset by strong growth in construction and retail trade services, helping maintain the medium-term growth path as earlier projected.

12. Medium-term economic prospects remain subject to downside risks related to the COVID-19 pandemic (Annex II, Table 1, and Text Figure 5). In a downside scenario, with deeper pessimism on the timing and pace of controlling the pandemic, and continued global travel restrictions, tourism could remain subdued until 2021Q4. Under this scenario, the overall growth would drop to 3.0 percent (about two percentage points below the baseline projections). The fiscal deficit would widen on account of associated higher health spending and lower-than-expected revenue, spurring additional fiscal financing needs, which are assumed to be met through additional domestic borrowing. The PV of overall public debt would fall below the 55-percent-of-GDP benchmark in 2025, a year later than under the baseline. Beyond the pandemic, the main risk is a potential political instability from the upcoming presidential and parliamentary elections. Other sources of risks include oil price volatility and natural disasters.



POLICY DISCUSSIONS

The discussions focused on (i) addressing the emerging challenges in the execution of the 2021 budget, including weak revenue collection and unforeseen spending pressures; (ii) public debt sustainability through project prioritization and prudent borrowing policy; (iii) the stance of monetary policy and financial supervision; and (iv) progress on the structural reform agenda.

A. Fiscal Policy

13. The 2021 budget remains appropriate to address the effects of the pandemic and support economic recovery (MEFP ¶118). Most of the 2020 COVID-19 tax relief measures have been phased out, including tax payment deferrals, penalty waivers for late filings, and suspension of enforcement and auditing. The authorities prefer to avoid foregoing revenue but instead secure revenue to finance programs targeted to the vulnerable population. To support this group of population, the 20-percent reduction in the C.I.F. value of some commodities will be continued and the second phase of a food distribution program is being implemented. COVID-19 vaccinations have started with no expected costs to the budget, as grant financing from the COVAX initiative and the World Bank will cover the costs of vaccinating around 60 percent of the population. The execution of the infrastructure projects in the 2021 budget will help the recovery, together with measures to

support private businesses and eliminate distortions, including: (i) a reduction in incorporation fees from GMD 10,000 to GMD 4,000, and in business registration certificate from GMD 1,000 to GMD 500 to encourage the expansion and formalization of micro and medium-sized enterprises; (ii) payroll tax exemptions for informal sector investors and sole proprietors; and (iii) a realignment of the fringe benefit tax rate (35 percent, previously) with the corporate income tax rate (27 percent).

14. Prudent execution of the 2021 budget will help attainment of program fiscal targets (MEFP ¶19, Tables 2–3, Text Table 2, and MEFP Table 2). The authorities are addressing proactively the challenges stemming from the weaker-than-expected revenue collection and the unforeseen spending pressures:

- On the revenue side**, the streamlining of tax exemptions and duty waivers has started to yield results and is expected to deliver 0.5 percent of GDP in 2021. The voluntary VAT threshold was increased to tackle VAT leakages and refocus administrative efforts. All Large Taxpayers are required to file their audited financial statements along with their annual tax returns to ensure consistency. Various taxes and excises on tobacco were increased. Efforts are also being made to improve the accuracy of customs valuations and charges through a strict adherence to all policy measures and operational protocols. The disbursement by the EU of EUR 5.5 million budget support, initially scheduled in 2020Q4 but subsequently delayed to 2021Q2, will also help cope with the shortfall in domestic revenue collection. Prioritizing and accelerating reforms associated with the disbursement of the World Bank DPO in 2021Q2 and the EU budget support in 2021Q4 will help ensure that the authorities do not lose critical resources.
- On the spending side**, savings are expected on subsidies to SOEs and on contingent spending items in the 2021 Budget. The recent changes at the helm of the utility company (NAWEC) and The Gambia Groundnut Corporation (GGC)—the two fiscally most important SOEs—as well as gradual changes in their business models are improving their financial sustainability and reducing risks to the budget. Consequently, the GMD 800 million (about 0.8 percent of GDP) included in the budget for NAWEC and GGC will not be fully spent in 2021. The budget also includes contingencies of GMD 500 million (about ½ percent of GDP) for personnel emoluments and other current spending that may not be fully used. Furthermore, the slower-than-expected

Text Table 2. The Gambia: Fiscal Projections in 2021

(Cumulative, Percent of GDP)

| | Q2 | | Q4 | |
|--|-------------|-------------|-------------|-------------|
| | EBS/20/197 | Proj. | EBS/20/197 | Proj. |
| Revenue | 9.7 | 10.0 | 21.5 | 21.5 |
| Domestic revenue | 6.9 | 6.8 | 14.1 | 13.8 |
| Grants 1/ | 2.7 | 3.1 | 7.4 | 7.7 |
| Expenditures | 12.2 | 12.5 | 25.4 | 25.5 |
| Expenses | 8.3 | 8.2 | 15.4 | 15.3 |
| Net acquisition of nonfinancial assets | 3.9 | 4.3 | 10.0 | 10.1 |
| Net lending (+)/borrowing (–) | -2.5 | -2.6 | -3.9 | -4.0 |
| Financing 2/ | 2.5 | 2.6 | 3.9 | 4.0 |
| Net acquisition of financial assets | 0.0 | 0.0 | -0.2 | -0.2 |
| Net incurrence of liabilities | 2.5 | 2.6 | 4.0 | 4.1 |
| Domestic | 1.6 | 1.7 | 2.3 | 2.4 |
| Net borrowing | 0.5 | 0.5 | 1.2 | 1.2 |
| RCF/ECF (Onlent) | 2.1 | 2.1 | 2.1 | 2.1 |
| Change in arrears | -0.9 | -0.9 | -0.9 | -0.9 |
| Foreign | 0.8 | 0.8 | 1.6 | 1.7 |
| Exceptional financing (DSSI) | 0.1 | 0.1 | 0.1 | 0.1 |
| Statistical discrepancy/Float | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Memorandum items:</i> | | | | |
| Primary balance | -1.2 | -1.3 | -1.3 | -1.4 |
| Domestic primary balance | -1.0 | -1.4 | -0.8 | -1.1 |

Sources: The Gambian authorities; and IMF staff estimates.

1/ Projections include additional vaccination-related World Bank grants.

2/ Excluding the float on Financing

execution pace of current spending during January-February provides some assurances towards meeting the end-June program targets. Continued prioritization of spending and infrastructure projects will help alleviate spending pressures.

15. The authorities are strengthening revenue administration and PFM (MEFP ¶¶19, 25, and 26, and MEFP Table 4) to support budget execution and attain key reform objectives. Steps are being taken to observe key SBs for the remainder of the year, including to:

- Approve and implement a new tax expenditure policy in line with recent TA, including a review of investment tax incentives, the development of a new act governing The Gambia Investment and Exports Promotion Agency (GIEPA), and streamlining of all tax incentives (**SB for end-June 2021**). The authorities have set up a tax unit at the Ministry of Finance and Economic Affairs (MoFEA) and established an inter-ministerial committee to enforce eligibility and related controls in the tax exemption policy. They have also recruited a World Bank expert to complement the 2020 IMF's TA support on tax expenditure. The GRA plans to extend the tax register cleansing exercise to all tax offices by end-2021 and modernize the IT infrastructure.
- Prepare a roadmap for extending IFMIS to all flows to projects and subvented agency accounts (**SB for end-June 2021**). IFMIS has been deployed to all local government councils around the country since January 2021; the deployment will be expanded to other entities.
- Continue the operations of the Cash management committee to strengthen spending control and make progress on the TSA.
- Submit a revised SOE bill, in line with IMF staff recommendations, to the National Assembly (**SB for end-December 2021**). The revisions will seek to: (i) limit executive interference and (ii) strengthen the SOE governance framework. This reform is expected to improve the overall institutional arrangements, ensure financial discipline, and reduce fiscal risks stemming from SOEs. While the approval process of the SOEs bill is on hold because of the stalled constitutional reform, the authorities are exploring alternative legal approaches to help finalize the bill.
- Revise and submit to the National Assembly a new Public Finance Bill, in line with transparency and accountability clauses in the new Constitution (**SB for end-December 2021**). A consultant is being recruited with UNDP support for the drafting of the new Public Finance Bill with the aim of submitting the draft to the National Assembly by the year's end.

B. Public Debt Sustainability

16. The Gambia's public debt remains sustainable with high risk of debt distress, as assessed at the time of the first ECF review (MEFP ¶120). Debt vulnerabilities remain, stemming from the uncertain pace of global economic recovery and the authorities' aspirations to address the infrastructure gap, including in preparation for the conference of the Organization of Islamic Cooperation and Banjul port expansion. The authorities aim to reduce the PV of debt-to-GDP ratio from 77 percent at end-2020 to below the benchmark of 55 percent by 2024 and to 51 percent by

2026. This planned path will require strengthening debt management and transparency and adhering to their borrowing policy. Staff advises the authorities to manage adequately their ambitious infrastructure projects by (i) strengthening the appraisal of public investment projects, (ii) adopting the selection criteria outlined by recent TA missions, and (iii) seeking the most concessional financing available (preferably grants) for these infrastructure projects. Furthermore, continued progress is needed in improving domestic debt management and transparency (SB for end-March 2021 and quarterly thereafter).

17. The medium-term public debt sustainability will be supported by the fiscal outlook, which is calibrated to reduce debt vulnerabilities (MEFP ¶120 and Tables 2–3). The fiscal framework foresees a switch from primary deficit to surpluses starting in 2022, which should reduce the debt levels and vulnerabilities. The fiscal consolidation path is supported by: (i) a projected gradual increase in domestic revenue supported by measures to broaden the tax base, rationalization of tax expenditures and exemptions, and strengthening of revenue administration; and (ii) the phasing-out of one-off spending in 2021 and the rationalization of subsidies to SOEs and transfers to subvented agencies. The thorough enforcement of the infrastructure project selection criteria will also support medium-term debt sustainability. In this context, it is paramount to adhere strictly to the agreed borrowing plan, with the available space to be used judiciously for highest priority projects to ensure value-for-money and contain debt vulnerabilities.

18. The Gambia is benefitting from debt service relief since the onset of the pandemic, helping create much-needed fiscal space (MEFP ¶119). The authorities have requested an extension of the DSSI through end-June 2021 and intend to request a further extension to end-December 2021.⁹ The Gambia is receiving debt service relief under the CCRT expected to total SDR 7.9 million (SDR 6.1 million of which has already been approved). The authorities are disputing debt service liabilities to Libya due to a disagreement over the amount owed; they are engaging in good faith with Venezuela to try to resolve outstanding arrears but have not been successful, due to international sanctions (Annex III).

C. Monetary Policy and Financial Sector Issues

19. Monetary policy continues to play an appropriately supportive role in addressing pandemic-related pressures (Annex I, MEFP ¶¶18 and 22, and Tables 5–7). The accommodative monetary policy stance adopted by CBG at the onset of the pandemic helped ensure adequate liquidity as incomes and aggregate demand softened. Notwithstanding the resultant liquidity expansion, inflation remained subdued in 2020 and private credit sluggish (see Figure 1 and ¶18). Staff advises the CBG to monitor closely liquidity and inflation developments and tackle structural obstacles hindering credit extension by banks even in the context of high liquidity (including strengthening the credit information register, encouraging banks to use the register in credit decisions, and enforcing collateral laws).

⁹ The DSSI provided a payment suspension of US\$4 million in 2020; the debt service that is eligible for suspension in 2021 is estimated at about US\$3 million.

20. A strong CBG balance sheet, safeguards, and autonomy will help policy credibility

(MEFP ¶24). In line with recommendations from the 2020 safeguards assessment, the CBG is strengthening oversight through the appointment of qualified Audit Committee members, and the external audit mechanism. Regarding the latter, the CBG reached an understanding with the Auditor General, formalizing an arrangement for the FY2021 audit of its financial statements (**SB for end-March 2021**). The FY 2020 audit is nearing completion. A number of recommendations remain outstanding, however, including in the internal audit and financial reporting areas; staff is following up with the authorities on implementation.

21. The CBG remains committed to a flexible exchange rate regime (MEFP ¶18 and 22). Its forex purchases in the interbank market, which follows a transparent auction process, are timed opportunistically during seasonal peaks, to strengthen foreign exchange reserves and meet the government's anticipated external payments. Assuming that the bulk of reserves accumulation by the CBG would come from gross official inflows, net of foreign exchange transactions on behalf of the government, gross reserves are projected to amount to US\$412 million (or 4.6 months of prospective imports) by end-2021, which staff deem adequate. The CBG concurs with the Fund's suggested reclassification of the *de facto* exchange rate arrangement as "stabilized," in view of the rebounding confidence since the 2016/17 political transition that has helped exchange rate stability and reserves buildup.

22. Financial sector policies and measures continue to leverage technical assistance in addressing pockets of vulnerabilities (MEFP ¶23 and Annexes IV and V). The CBG assesses the pandemic-driven weakening of balance sheets as transitory and limited to a few banks and nonbank financial institutions (NBFIs), particularly as the large affected bank has already resolved its NPL problems. Nonetheless, the CBG recognizes that continued weak economic activity with attendant sluggish credit growth, warrants vigilant financial supervision. Staff advises the CBG to continuously review the financial situation of select banks and MFIs in the context of their risk-based supervision with the assistance of AFRITAC West2, for greater understanding of the impact of the pandemic on these institutions and to avoid a systemic impact. The CBG is implementing the recommendations from the Fund's 2019 Financial Sector Stability Review, as outlined in its strategic plan, including preparations to stress test banks' balance sheets (**SB for end-June 2021**).

D. Governance and Other Structural Reforms

23. The authorities are advancing their governance and transitional justice reforms (MEFP ¶27). Notably:

- **Public procurement:** sole sourcing has been reduced significantly. The GPPA act has been approved at the committee level. To accelerate the (somewhat delayed) process, the authorities are trying to simultaneously fast track the approval process at the plenary of the National Assembly, prepare the regulations, and draft the related manuals.
- **Anti-corruption:** the enactment of an anti-corruption bill currently in parliament will strengthen the authorities' fight against rent seeking by public officials. The bill includes proposals for the

establishment of an Anti-Corruption Commission and provides effective measures for the eradication, suppression and prevention of corruption and corrupt practices in both private and public life. The authorities reiterated their great interest in working with the IMF on a governance diagnostic.

- **Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT):** a framework reflecting recommendations of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) to curb illicit financial flows is awaiting cabinet consideration. A pre-assessment workshop for the second Mutual Evaluation exercise was held in February 2021. Meanwhile, banks have seen a softening of difficulties with Correspondent Banking Relationships (CBRs), including with solutions from the African Export-Import Bank and arrangements with a few African and European banks.
- **Truth, Reconciliation and Reparations Commission (TRRC):** it is expected to submit a final report by end-July. Meanwhile, the authorities are mapping the way forward in consultation with ECOWAS and the African Union, supported by Human Rights Watch, USA and other development partners.
- **Trafficking in Persons (TIPs):** the update of The Gambia to Tier 2 Watch List in the US State Department's TIPs report of June 2020 acknowledges achievements during the reporting period, which included increasing investigations, identifying potential trafficking victims, stepped-up witness protection, and spreading awareness about TIPs. The authorities are training national and security officers to enhance prosecution and witness protection, have increased budget appropriations to the agency, and are working with the International Organization for Migration on the settlement of trafficked persons.

24. Continued improvements in the business environment will reduce the costs of doing business and support growth (MEFP ¶128). In addition to pursuing the infrastructure improvement plan (including the Banjul port modernization project to enhance efficiency and reduce congestion, and all projects related to the preparations for the OIC conference), the authorities have a plan focused at further easing the environment for private businesses to thrive. The strategy foresees simplification of business regulations, improvements in tax and customs administration, reforms of land administration, enhancement of access to markets and finance, among several other measures.

25. Poverty reduction, gender participation, and climate change remain key in the authorities' reform agenda, to promote economic resilience and inclusive growth (MEFP ¶¶129–30). In this context, the authorities are fast-tracking a Health Insurance bill to enhance equal access to the facility, while pressing ahead with their social safety net programs and the Program for Accelerated Community Development. At the same time, gender equality in economic participation is being enhanced by integrating, with IMF support, gender considerations into the budgeting process. The impact of climate change on the economy is being assessed along with cost estimates of identified interventions.

PROGRAM MODALITIES

26. Program performance will continue to be assessed through semi-annual reviews (Table 14 and MEFP Tables 2 and 4). Staff proposes maintaining the quantitative PCs for end-June 2021 and end-December 2021, as a basis for the third and fourth ECF reviews, respectively. Intermediate quarterly indicative targets (ITs) are also proposed to be maintained. The authorities are committed to attain those program targets. The list of SBs as identified under the first review remains appropriately targeted to support the continuation of the reform agenda, while recognizing that the implementation capacity has been affected by the pandemic and the political economy of reforms is complicated by the forthcoming presidential elections.

27. The Gambia's capacity to repay the Fund is adequate, despite the COVID-19 shock that necessitated an access augmentation in the context of the first ECF review (Table 12). Total obligations to the Fund are projected to peak at about 3 percent of exports of goods and services. The Gambia has a good track record of Fund borrowing and repayment, and the CBG is strengthening its financial safeguards (MEFP ¶24).

28. Financing assurances. Financing needs originate mainly from the persistent health and economic implications of the COVID-19 pandemic, the delayed resumption of tourism activities, the support to the economic recovery, and the large infrastructure projects in preparation for the OIC conference. In the medium term, private remittances may not be sustained at the exceptionally high 2020 level, which will lead to additional financing needs. The disbursement following the 2nd ECF review will be on-lent to the government. The program is fully financed, with firm financing assurances in place for the next twelve months (in 2021 and the first half of 2022) and has good prospects of financing for the remainder of the arrangement. Some disbursements from donors will substitute each other in 2021 and will allow to keep broadly unchanged the expected overall financing.¹⁰ Fund's engagement is expected to play a catalytic role. Although the IMF's share in the 2021 total financing gap is on the higher side (47 percent) following the recently approved augmentation, the IMF's share in total financing gap is expected to decline overtime (27 percent over the course of the program).

29. Poverty reduction and growth strategy. A mid-term evaluation of the National Development Plan (NDP) was completed in February 2021, jointly with development partners. The NDP covers 2018-21 and has been extended to cover 2022 due to the COVID-19 pandemic. The authorities are planning to submit this evaluation report, including the extension of the NDP to the IMF Executive Board. Meanwhile, the authorities are drawing up a new long-term development vision and a successor to the NDP that they expect to be available in time to inform the 2023 budget.

30. Program risks and mitigation measures. A protracted COVID-19 pandemic could weaken further economic activity (including delayed tourism recovery), widen fiscal and financing gaps, and

¹⁰ As AfDB frontloaded its disbursements to 2020, its expected financing in 2021 will be substituted and broadly offset by an EU disbursement postponed to 2021.

strain the financial sector. Despite the recent increase in forex reserves, these risks reaffirm the financing needs. The presidential and parliamentary elections planned for December 2021 and April 2022, respectively, could put pressures on public finances and disrupt reform momentum. Furthermore, the government's intention to fast track infrastructure projects, notably in the context of the planned hosting of the conference of the OIC, could pose risks to the fiscal strategy and debt sustainability. To mitigate those risks, staff advise appropriate financial buffers and will coordinate closely with development partners. The Gambia's remarkable turn-around in recent years on social, political, and economic management could also help mitigate risks.

STAFF APPRAISAL

31. The upsurge of new COVID-19 variants has dented The Gambia's economic prospects.

For 2020, economic growth is estimated at zero percent; the sharp decline in tourist arrivals was partly attenuated by robust construction sector and strong agricultural production. Economic activity is expected to rebound in 2021 (with projected growth of 4.9 percent), albeit slower than previously envisaged due to the new COVID wave and the reinstated travel restrictions in many countries. The construction sector, agricultural production, and large investment projects are expected to support growth.

32. Despite the significant challenges posed by the pandemic, the authorities deserve praise for the strong program performance and their ability to maintain macroeconomic stability. All quantitative targets under the program were met. Domestic revenue exceeded projections and spending was kept under control. Public debt declined from 80.1 percent of GDP at end-2019 to 77.2 percent of GDP at end-2020. Large official and private forex inflows boosted reserves to 4.7 months of imports at end-2020. The ensuing liquidity expansion did not lead to an acceleration of inflation in 2020 but credit to the private sector was flat. The Gambian Dalasi has remained broadly stable. Key reforms under the program were completed as envisaged, including on the compliance of government entities with audit recommendations, public debt management, and central bank governance.

33. Going forward, adequate fiscal policy prioritization will be key to address the pandemic and support economic recovery, while reducing debt vulnerabilities. Several COVID-19-related revenue relaxation measures were appropriately phased out as the government prefers to collect revenue to finance programs that are more targeted to the vulnerable population and to specific economic activities. The mass vaccination campaign is being financed by the COVAX initiative and the World Bank. The emerging challenges in the implementation of the 2021 budget will need to be tackled, namely weaker-than-anticipated revenue collection and unforeseen spending pressures, including on elections. To this end, tax exemptions will be further streamlined, and savings will be made on subsidies to SOEs, particularly the utility company and groundnut corporation. While development needs are pressing, investment projects will need to follow rigorous appraisal and selection criteria and be financed with concessional sources. Pursuing a prudent fiscal policy will ensure reducing the high risk of debt distress in the medium term. Ensuring continuation of

reform momentum is critical to maintain strong program performance, especially in the context of upcoming presidential and parliamentary elections.

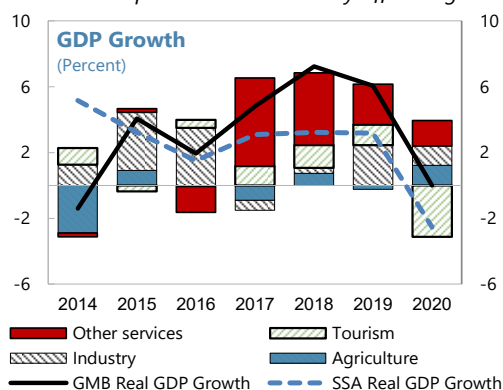
34. Monetary policy remains appropriately accommodative, while liquidity and inflation developments need to be monitored and pockets of financial vulnerabilities tackled. The policy stance provides support to the post-pandemic recovery. Given the slow credit growth in a context of ample liquidity, structural obstacles to credit could be analyzed. It is essential that the CBG continues to strengthen its balance sheet, safeguards, and autonomy, in line with recommendations from the 2020 safeguards assessment. Although the pandemic-induced weakening of balance sheets seems limited to a few financial institutions, the CBG should continually strengthen financial supervision, sharpen macroprudential tools and step up crisis preparedness and management, in line with the recommendations of the 2019 FSSR, to protect customers and expand inclusion.

35. It would be paramount to persevere in the ambitious structural reform agenda to fully reap the benefits from the country's remarkable turn-around in recent years. The business environment strategy should be implemented swiftly to ensure strong and inclusive growth. The public procurement act should be enacted to improve the value-for-money of spending. The SOE bill and the Public Finance Bill, which are on hold because of the stalled constitutional reform, should be finalized to improve SOEs' performance, reduce their reliance on the state budget, and strengthen public financial management. On AML/CFT, staff recommends that the authorities adopt and publish a national risk assessment, continue to strengthen risk-based supervision of banks, and bolster the capacity of the financial intelligence unit including by potentially joining the Egmont Group. Advancing the other vast legislative reforms will also help build strong socio-economic foundations; such legislative reforms include anti-corruption, Truth- Reconciliation-Reparations Commission, Trafficking in Persons, health insurance, and gender equality.

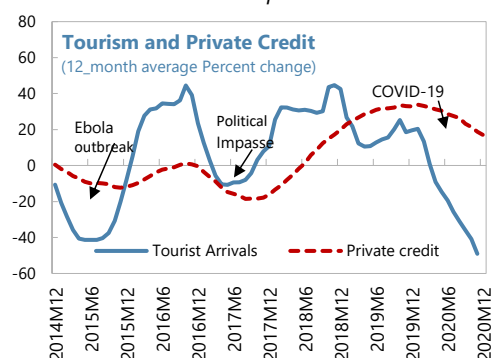
36. In view of The Gambian authorities' strong performance under the ECF-supported program in a challenging environment, and on the basis of the authorities' policy commitments for the remainder of the arrangement, staff recommends the Executive Board's completion of the second review under the ECF arrangement and the financing assurances review.

Figure 2. The Gambia: Recent Economic Developments, 2014–20

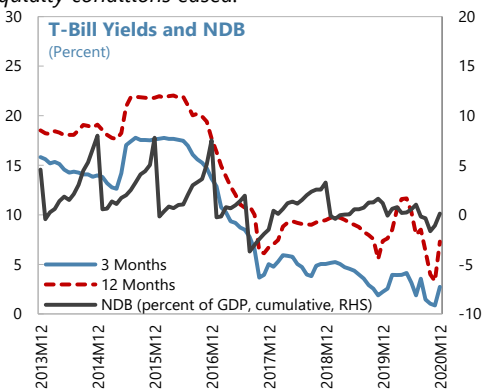
The COVID-19 pandemic has severely affected growth, ...



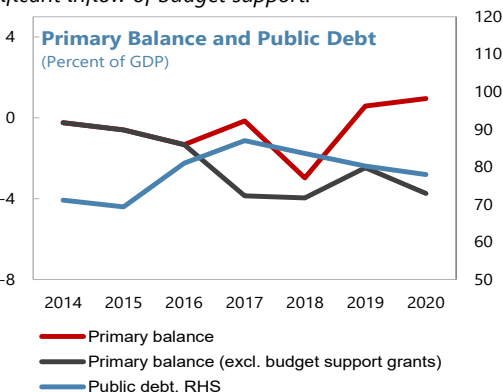
... as tourist arrivals halted and private credit slowed.



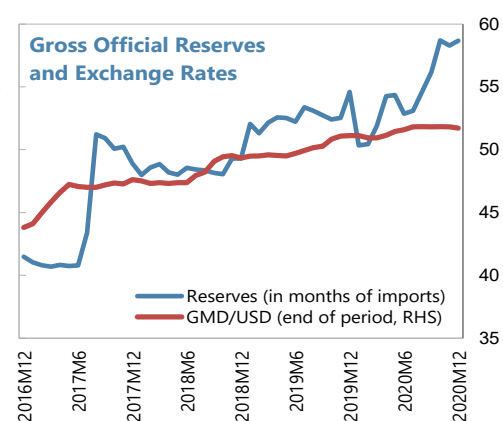
T-Bill rates declined in the second half of the year, as liquidity conditions eased.



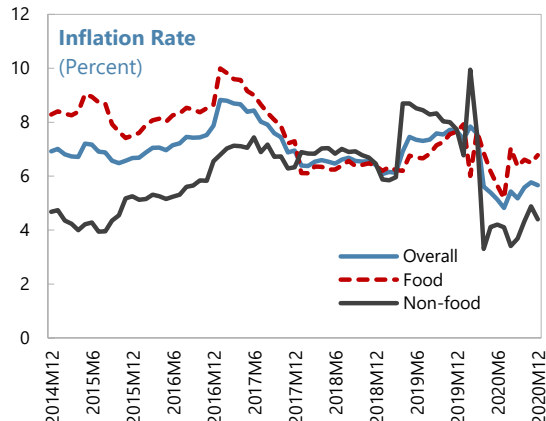
The primary fiscal balance strengthened, thanks to significant inflow of budget support.



Large FX inflows improved reserve coverage of imports, and confidence in the dalasi strengthened.



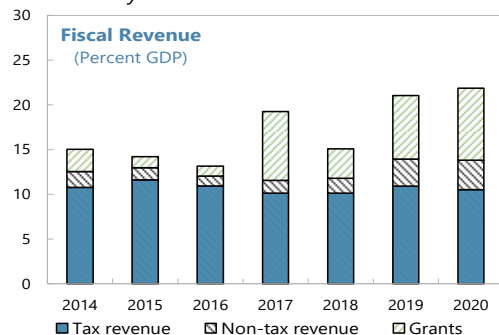
Inflation remained subdued, reaching 5.7 percent (y/y) at end-2020, driven by weak domestic demand and a stable dalasi



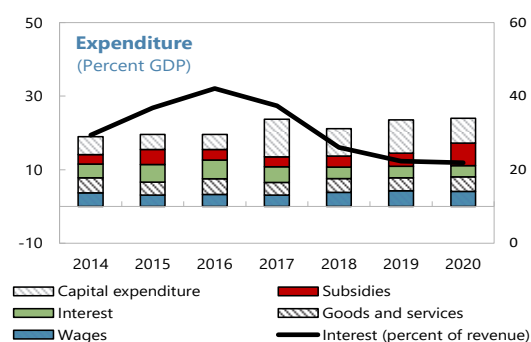
Sources: The Gambian authorities; and IMF staff calculations.

Figure 3. The Gambia: Fiscal Sector Developments, 2014–20

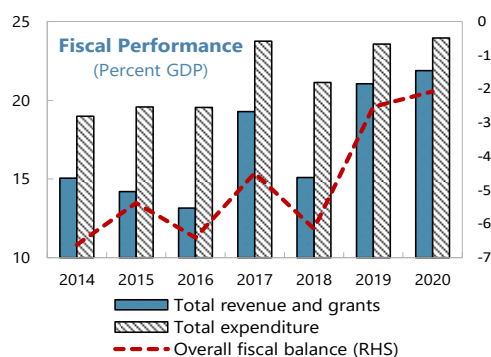
Large inflow of grants has more than compensated for lower domestic revenue collection in 2020 due to low economic activity.



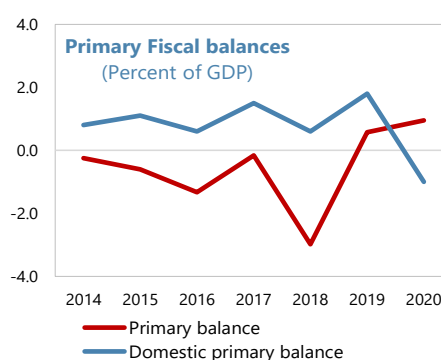
Spending on subsidies and goods and services increased in response to COVID-19 crisis, but total spending remained flat.



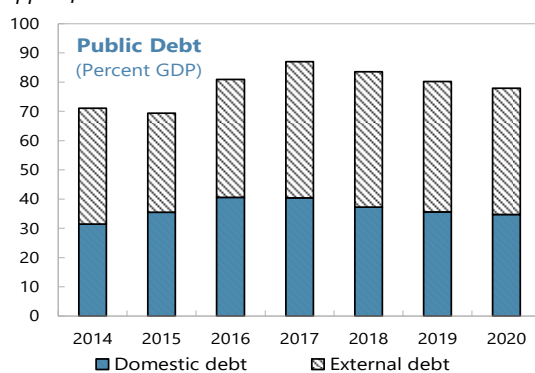
As a result, the overall fiscal deficit narrowed in 2020.



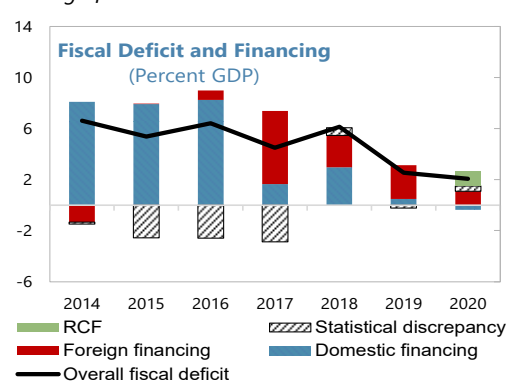
The primary surplus increased, but the domestic primary balance deteriorated in 2020.



Total public debt-to-GDP ratio is estimated to have dropped further in 2020.



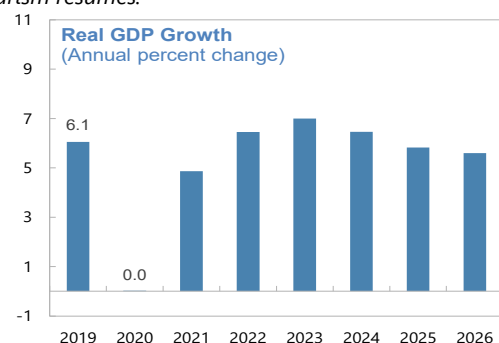
Domestic borrowing was contained in 2020, thanks to on-lending of the IMF's RCF disbursement.



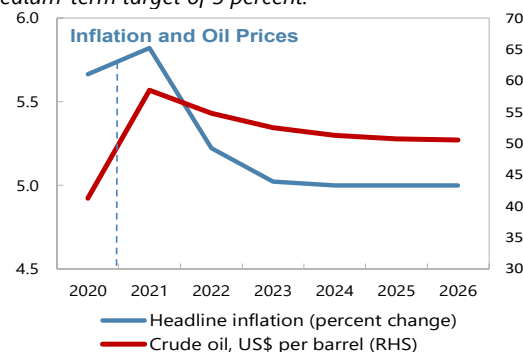
Sources: The Gambian authorities; and IMF staff calculations.

Figure 4. The Gambia: Medium-Term Economic Outlook, 2019–26

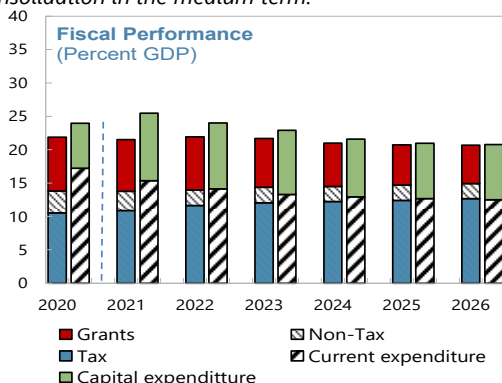
Economic growth is expected to rebound in 2021, as tourism resumes.



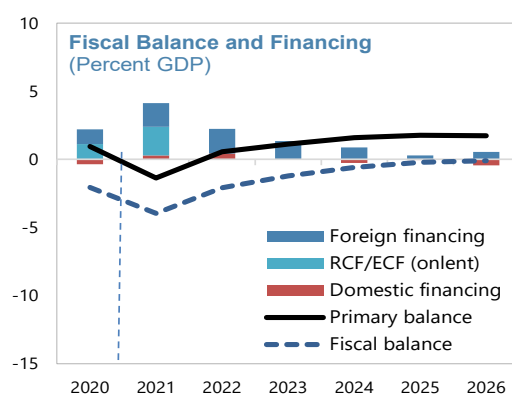
Average inflation is projected to drop toward the CBG's medium-term target of 5 percent.



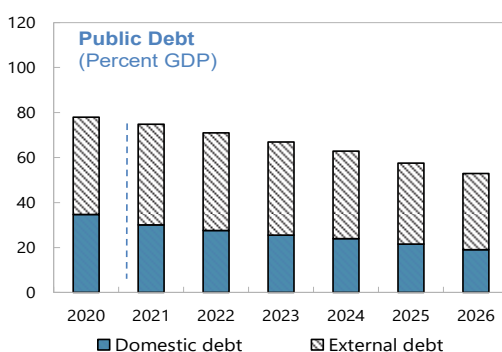
Expenditure restraint and improved tax effort offsetting the decline in donor support will drive projected fiscal consolidation in the medium term.



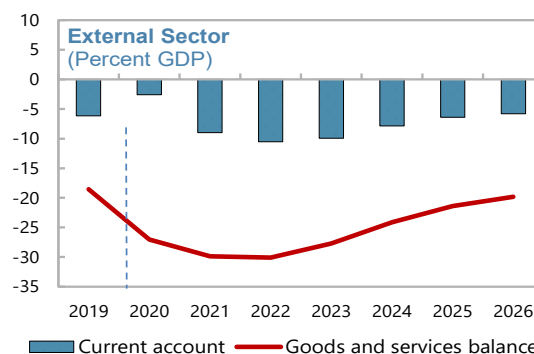
Public borrowing requirements are expected to lower and ...



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



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



Sources: The Gambian authorities; and IMF staff projections.

Table 1. The Gambia: Selected Economic Indicators, 2019–26

| | 2019 | 2020 | | 2021 | | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-------|------------|-------|------------|-------|-------------|-------|--------|--------|--------|
| | Prel. | EBS/20/197 | Proj. | EBS/20/197 | Proj. | Projections | | | | |
| (Percent change; unless otherwise indicated) | | | | | | | | | | |
| National account and prices | | | | | | | | | | |
| GDP at constant prices | 6.1 | 0.0 | 0.0 | 6.0 | 4.9 | 6.5 | 7.0 | 6.5 | 5.8 | 5.6 |
| GDP deflator | 7.1 | 7.2 | 7.1 | 4.3 | 4.2 | 4.3 | 4.1 | 4.1 | 5.3 | 4.6 |
| Consumer prices (average) | 7.1 | 6.1 | 5.9 | 6.0 | 6.0 | 5.5 | 5.1 | 5.0 | 5.0 | 5.0 |
| Consumer prices (end of period) | 7.7 | 6.5 | 5.7 | 5.8 | 5.8 | 5.2 | 5.0 | 5.0 | 5.0 | 5.0 |
| External sector | | | | | | | | | | |
| Exports, f.o.b (US\$ values) | 23.8 | -10.7 | -50.8 | 23.1 | 62.9 | 35.9 | 26.9 | 8.9 | 5.6 | 7.2 |
| Imports, f.o.b (US\$ values) | 14.6 | -1.7 | -2.4 | 17.9 | 27.7 | 12.2 | 7.1 | 2.0 | 2.8 | 2.4 |
| Terms of trade (deterioration = -) | -4.8 | 1.4 | 1.4 | -1.7 | -1.7 | -1.4 | -1.0 | -0.5 | 1.9 | 2.8 |
| Real effective exchange rate (depreciation = -) | -4.4 | ... | 11.0 | ... | ... | ... | ... | ... | ... | ... |
| (Contributions to broad money growth; percent) | | | | | | | | | | |
| Money and credit | | | | | | | | | | |
| Broad money | 27.1 | 15.5 | 22.0 | 9.5 | 12.6 | ... | ... | ... | ... | ... |
| Net foreign assets | 18.9 | 9.7 | 17.6 | -1.2 | 3.1 | ... | ... | ... | ... | ... |
| Net domestic assets | 8.2 | 5.9 | 4.4 | 10.7 | 9.6 | ... | ... | ... | ... | ... |
| Of which: | | | | | | | | | | |
| Credit to central government (net) | 4.0 | 4.9 | 3.6 | 7.1 | 6.7 | ... | ... | ... | ... | ... |
| Credit to the private sector (net) | 6.0 | 1.3 | 0.1 | 3.6 | 2.9 | ... | ... | ... | ... | ... |
| Velocity (GDP/broad money) | 2.1 | 2.0 | 1.9 | 2.0 | 1.8 | ... | ... | ... | ... | ... |
| (Percent of GDP; unless otherwise indicated) | | | | | | | | | | |
| Central government finances | | | | | | | | | | |
| Domestic revenue (taxes and other revenues) | 13.9 | 13.3 | 13.8 | 14.1 | 13.8 | 14.0 | 14.4 | 14.5 | 14.7 | 14.9 |
| Of which: Tax Revenue | 10.9 | 10.4 | 10.5 | 11.2 | 10.9 | 11.6 | 12.0 | 12.2 | 12.4 | 12.7 |
| Grants | 7.1 | 10.3 | 8.1 | 7.4 | 7.7 | 8.0 | 7.3 | 6.5 | 6.0 | 5.7 |
| Total expenditures | 23.6 | 25.2 | 24.0 | 25.4 | 25.5 | 24.0 | 22.9 | 21.6 | 21.0 | 20.8 |
| Of which: Interest (percent of government revenue) | 22.3 | 22.5 | ... | 18.4 | 18.8 | 18.9 | 16.3 | 15.0 | 13.5 | 12.2 |
| Net lending (+)/borrowing (-) | -2.5 | -1.7 | -2.1 | -3.9 | -4.0 | -2.1 | -1.2 | -0.6 | -0.2 | -0.1 |
| Net incurrence of liabilities | 3.1 | 1.0 | 1.6 | 4.0 | 4.0 | 2.2 | 1.4 | 0.6 | 0.2 | 0.1 |
| Foreign | 2.6 | 0.2 | 0.9 | 1.6 | 1.7 | 1.8 | 1.4 | 0.9 | 0.3 | 0.5 |
| Domestic | 0.5 | 0.8 | 0.8 | 2.3 | 2.4 | 0.4 | 0.0 | -0.3 | -0.1 | -0.4 |
| Primary balance | 0.6 | 1.3 | 1.0 | -1.3 | -1.4 | 0.5 | 1.1 | 1.6 | 1.8 | 1.7 |
| Public debt | 80.2 | 76.4 | 77.2 | 74.4 | 76.7 | 72.7 | 66.3 | 61.4 | 56.3 | 51.0 |
| Domestic public debt | 35.6 | 33.6 | 34.0 | 31.1 | 31.9 | 29.4 | 25.0 | 22.5 | 20.3 | 17.2 |
| External public debt | 44.6 | 42.8 | 43.2 | 43.3 | 44.8 | 43.3 | 41.3 | 38.9 | 36.0 | 33.8 |
| External public debt (millions of US\$) | 798.1 | 813.8 | 820.4 | 888.0 | 905.6 | 953.1 | 993.0 | 1015.9 | 1023.6 | 1040.6 |
| External current account balance | | | | | | | | | | |
| Excluding official transfers | -9.2 | -10.9 | -8.3 | -14.1 | -14.5 | -16.3 | -15.0 | -12.6 | -11.0 | -10.3 |
| Including official transfers | -6.2 | -6.2 | -4.0 | -11.9 | -12.4 | -13.9 | -13.0 | -11.0 | -9.4 | -8.8 |
| Gross official reserves (millions of US\$) | 225.0 | 330.0 | 352.0 | 389.8 | 412.3 | 432.8 | 449.1 | 458.4 | 473.8 | 506.2 |
| (months of next year's imports of goods and services) | 3.9 | 4.6 | 4.7 | 4.6 | 4.6 | 4.5 | 4.5 | 4.5 | 4.5 | 4.6 |
| Savings and investment | | | | | | | | | | |
| Gross investment | 19.4 | 18.5 | 25.7 | 21.8 | 24.2 | 23.9 | 23.7 | 22.9 | 23.1 | 22.7 |
| Of which: Central government | 9.0 | 7.8 | 6.7 | 10.0 | 10.1 | 9.9 | 9.6 | 8.7 | 8.3 | 8.3 |
| Gross savings | 13.2 | 12.3 | 21.8 | 9.9 | 11.8 | 10.0 | 10.7 | 12.0 | 13.7 | 13.9 |
| Memorandum items: | | | | | | | | | | |
| Nominal GDP (billions of dalasi) | 91.4 | 98.0 | 98.0 | 108.3 | 107.1 | 119.0 | 132.6 | 146.9 | 163.7 | 180.8 |
| GDP per capita (US\$) | 774.2 | 787.4 | 785.3 | 830.0 | 819.4 | 865.8 | 917.6 | 967.9 | 1025.7 | 1075.7 |
| Use of Fund resources (millions of SDRs) | | | | | | | | | | |
| Disbursements | 0.0 | 20.6 | 20.6 | 35.0 | 35.0 | 10.0 | 5.0 | 0.0 | 0.0 | 0.0 |
| Of which: 2020 RCF | ... | 15.6 | 15.6 | ... | ... | ... | ... | ... | ... | ... |
| Of which: ECF Augmentation | ... | ... | ... | 20.0 | 20.0 | ... | ... | ... | ... | ... |
| Repayments | -4.3 | -3.6 | -3.6 | -4.0 | -4.0 | -2.8 | -4.1 | -3.9 | -5.2 | -9.5 |
| CCRT debt relief ¹ | 0.0 | 3.2 | 3.2 | 4.0 | 4.0 | 0.8 | ... | ... | ... | ... |
| PV of overall debt-to-GDP ratio | 70.4 | 67.5 | 67.4 | 65.9 | 66.7 | 63.0 | 57.1 | 52.9 | 48.6 | 43.8 |

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

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

Table 2. The Gambia: Statement of Central Government Operations, 2019–26
(Millions of local currency)

| | 2019 | 2020 | | 2021 | | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------|------------|---------|------------|--------|--------|-------------|--------|--------|--------|
| | Act. | EBS/20/197 | Prel. | EBS/20/197 | Proj. | Budget | Projections | | | |
| Revenue | 19,238 | 23,114 | 21,446 | 23,323 | 23,041 | 25,862 | 26,076 | 28,764 | 30,831 | 33,941 |
| Domestic revenue | 12,753 | 13,028 | 13,539 | 15,254 | 14,746 | 14,551 | 16,608 | 19,048 | 21,288 | 24,043 |
| Taxes | 9,978 | 10,198 | 10,326 | 12,086 | 11,646 | 11,358 | 13,851 | 15,971 | 17,942 | 20,315 |
| Taxes on income, profits, and capital gains | 2,625 | 2,632 | 2,803 | 3,082 | 2,797 | 2,786 | 3,580 | 4,268 | 4,983 | 5,712 |
| Domestic taxes on goods and services | 4,840 | 4,899 | 4,934 | 5,697 | 5,554 | 5,611 | 6,328 | 7,230 | 8,113 | 9,178 |
| Taxes on international trade and transactions | 2,499 | 2,666 | 2,588 | 3,307 | 3,295 | 2,961 | 3,942 | 4,474 | 4,846 | 5,425 |
| Non-tax | 2,775 | 2,830 | 3,213 | 3,167 | 3,100 | 3,193 | 2,757 | 3,077 | 3,345 | 3,728 |
| Grants | 6,485 | 10,087 | 7,907 | 8,069 | 8,295 | 11,015 | 9,469 | 9,716 | 9,543 | 9,898 |
| Budget support | 2,790 | 4,810 | 4,604 | 2,588 | 2,491 | 2,507 | 2,843 | 2,596 | 2,371 | 2,565 |
| Of which: CCRT ¹ | ... | 228 | 225 | 297 | 224 | ... | 61 | ... | ... | ... |
| Project grants | 3,695 | 5,277 | 3,303 | 5,481 | 5,805 | 8,805 | 6,626 | 7,120 | 7,173 | 7,333 |
| Of which: COVID-19 assistance | ... | 514 | 459 | ... | ... | ... | ... | ... | ... | ... |
| Of which: Social assistance | ... | 692 | 680 | 471 | 472 | ... | 241 | 191 | ... | ... |
| Expenditures | 21,552 | 24,745 | 23,477 | 27,518 | 27,289 | 32,006 | 28,560 | 30,380 | 31,716 | 34,303 |
| Expenses | 13,287 | 17,089 | 16,877 | 16,653 | 16,442 | 16,351 | 16,825 | 17,614 | 18,980 | 20,740 |
| Compensation of employees | 3,955 | 4,196 | 4,049 | 4,929 | 4,929 | 4,929 | 4,920 | 5,482 | 6,074 | 6,770 |
| Use of goods and services | 3,179 | 4,207 | 3,850 | 4,265 | 4,076 | 3,706 | 4,273 | 4,730 | 5,364 | 6,083 |
| Interest | 2,843 | 2,936 | 2,967 | 2,804 | 2,775 | 3,086 | 3,137 | 3,112 | 3,202 | 3,244 |
| External | 371 | 565 | 548 | 641 | 612 | 607 | 681 | 697 | 724 | 810 |
| Domestic | 2,472 | 2,371 | 2,419 | 2,163 | 2,163 | 2,479 | 2,456 | 2,415 | 2,477 | 2,435 |
| Subsidies and transfers | 3,310 | 5,749 | 6,011 | 4,654 | 4,662 | 4,629 | 4,496 | 4,289 | 4,340 | 4,643 |
| Of which: Subsidies to SOEs | 510 | 935 | ... | 800 | 800 | 800 | ... | ... | ... | ... |
| NAWEC | 60 | 150 | ... | 300 | 300 | 300 | ... | ... | ... | ... |
| NFSPMC | 450 | 785 | ... | 500 | 500 | 500 | ... | ... | ... | ... |
| Net acquisition of nonfinancial assets | 8,265 | 7,656 | 6,600 | 10,865 | 10,848 | 15,655 | 11,735 | 12,766 | 12,737 | 13,563 |
| Acquisitions of nonfinancial assets | 8,265 | 7,656 | 6,600 | 10,865 | 10,848 | 15,655 | 11,735 | 12,766 | 12,737 | 13,563 |
| Foreign financed ² | 7,584 | 5,955 | 4,837 | 8,135 | 8,149 | 13,027 | 9,981 | 10,596 | 10,431 | 10,963 |
| Gambia local fund | 681 | 1,701 | 1,763 | 2,730 | 2,699 | 2,628 | 1,754 | 2,170 | 2,306 | 2,599 |
| Net lending (+)/borrowing (–) | -2,314 | -1,631 | -2,031 | -4,196 | -4,248 | -6,144 | -2,484 | -1,616 | -885 | -361 |
| Financing ⁶ | 2,537 | 996 | 1,622 | 4,196 | 4,248 | 6,144 | 2,484 | 1,616 | 885 | 361 |
| Net acquisition of financial assets ³ | -329 | -180 | -180 | -180 | -180 | 776 | -180 | -180 | 0 | 0 |
| Net incurrence of liabilities | 2,866 | 970 | 1,595 | 4,286 | 4,326 | 5,368 | 2,664 | 1,796 | 885 | 361 |
| Domestic | 452 | 807 | 741 | 2,531 | 2,544 | 2,714 | 500 | 0 | -400 | -800 |
| Net borrowing | 1,063 | 500 | 112 | 1,250 | 1,250 | 885 | 500 | 0 | -400 | -800 |
| Bank | 1,192 | 1000 | 623 | 1,250 | 1,250 | ... | 500 | 0 | -400 | -800 |
| Central Bank of The Gambia | -1,059 | -750 | -1,853 | -250 | -250 | ... | 0 | 0 | 0 | 0 |
| Commercial ⁴ | 2,251 | 1,750 | 2,477 | 1,500 | 1,500 | 885 | 500 | 0 | -400 | -800 |
| Nonbank | -129 | -500 | -511 | 0 | 0 | ... | 0 | 0 | 0 | 0 |
| RCF/ECF (onlent) | ... | 1097 | 1,057 | 2,246.0 | 2,275 | 2,246 | ... | ... | ... | ... |
| Change in arrears ⁵ | -611 | -789 | -428 | -965 | -981 | -417 | 0 | 0 | 0 | 0 |
| Foreign | 2,414 | 163 | 854 | 1,755 | 1,782 | 2,654 | 2,164 | 1,796 | 1,285 | 461 |
| Loans | 2,414 | 163 | 854 | 1,755 | 1,782 | 2,654 | 2,164 | 1,796 | 1,285 | 461 |
| Borrowing | 3,889 | 1,861 | 2,214 | 3,126 | 3,131 | 4,222 | 3,703 | 3,668 | 3,537 | 3,631 |
| Budget support | 0 | 0 | 0 | 0 | 0 | ... | 0 | 0 | 0 | 1 |
| Project support | 3,889 | 1,861 | 2,214 | 3,126 | 3,131 | ... | 3,703 | 3,668 | 3,537 | 3,631 |
| Amortization | -1,475 | -1,698 | -1,360 | -1,370 | -1,349 | -1,569 | -1,539 | -1,872 | -2,252 | -3,169 |
| Exceptional financing (DSSI) | 0 | 206 | 206 | 89 | 102 | 0 | 0 | 0 | 0 | 0 |
| Statistical discrepancy/ Float | -223 | 635 | 409 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Memorandum items: | | | | | | | | | | |
| Primary balance | 529 | 1,306 | 936 | -1,391 | -1,473 | -3,057 | 653 | 1,496 | 2,316 | 2,883 |
| Domestic primary balance | 1,628 | -1,619 | -995 | -853 | -1,148 | -1,342 | 1,406 | 2,568 | 3,204 | 3,948 |
| Total debt | 73,297 | 74,900 | 76,365 | 80,632 | 80,128 | ... | 84,412 | 88,669 | 92,351 | 94,125 |
| of which: Domestic public debt | 32,513 | 32,954 | 34,001 | 33,679 | 32,178 | ... | 32,841 | 33,875 | 35,188 | 35,251 |
| Interest payments as a percent of govt. revenue | 22.3 | 22.5 | 21.9 | 18.4 | 18.8 | 21.1 | 18.9 | 16.3 | 15.0 | 13.5 |
| COVID-19 related spending | ... | ... | 3,382.6 | ... | 314.8 | ... | ... | ... | ... | ... |

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

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

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

³ Includes the increase of Central Bank statutory capital by 180 million dalasi yearly in 2019–23.

⁴ Commercial bank borrowing in 2021 budget is net of domestic debt amortization.

⁵ In staff projections change in arrears also includes a reduction in the treasury float.

⁶ Excluding the float in Financing

Table 3. The Gambia: Statement of Central Government Operations, 2019–26
(Percent of GDP)

| | 2019 | 2020 | | 2021 | | | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------|-----------|-------|-----------|-------|--------|-------------|------|------|------|------|
| | Act. | EBS/20197 | Prel. | EBS/20197 | Proj. | Budget | Projections | | | | |
| Revenue | 21.0 | 23.6 | 21.9 | 21.5 | 21.5 | 24.1 | 21.9 | 21.7 | 21.0 | 20.7 | 20.7 |
| Domestic revenues | 13.9 | 13.3 | 13.8 | 14.1 | 13.8 | 13.6 | 14.0 | 14.4 | 14.5 | 14.7 | 14.9 |
| Taxes | 10.9 | 10.4 | 10.5 | 11.2 | 10.9 | 10.6 | 11.6 | 12.0 | 12.2 | 12.4 | 12.7 |
| Taxes on income, profits, and capital gains | 2.9 | 2.7 | 2.9 | 2.8 | 2.6 | 2.6 | 3.0 | 3.2 | 3.4 | 3.5 | 3.6 |
| Domestic taxes on goods and services | 5.3 | 5.0 | 5.0 | 5.3 | 5.2 | 5.2 | 5.3 | 5.5 | 5.5 | 5.6 | 5.7 |
| Taxes on international trade and transactions | 2.7 | 2.7 | 2.6 | 3.1 | 3.1 | 2.8 | 3.3 | 3.4 | 3.3 | 3.3 | 3.3 |
| Non-tax | 3.0 | 2.9 | 3.3 | 2.9 | 2.9 | 3.0 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Grants | 7.1 | 10.3 | 8.1 | 7.4 | 7.7 | 10.3 | 8.0 | 7.3 | 6.5 | 6.0 | 5.7 |
| Budget support | 3.1 | 4.9 | 4.7 | 2.4 | 2.3 | 2.3 | 2.4 | 2.0 | 1.6 | 1.6 | 1.5 |
| Of which: CCRT ¹ | ... | 0.2 | 0.2 | 0.3 | 0.2 | 0.2 | 0.1 | ... | ... | ... | ... |
| Project support | 4.0 | 5.4 | 3.4 | 5.1 | 5.4 | 8.2 | 5.6 | 5.4 | 4.9 | 4.5 | 4.2 |
| Of which: COVID-19 assistance | ... | 0.5 | 0.5 | ... | ... | ... | ... | ... | ... | ... | ... |
| Of which: Social assistance | ... | 0.7 | 0.7 | 0.4 | 0.4 | ... | 0.2 | 0.1 | ... | ... | ... |
| Expenditures | 23.6 | 25.2 | 24.0 | 25.4 | 25.5 | 29.9 | 24.0 | 22.9 | 21.6 | 21.0 | 20.8 |
| Expenses | 14.5 | 17.4 | 17.2 | 15.4 | 15.3 | 15.3 | 14.1 | 13.3 | 12.9 | 12.7 | 12.5 |
| Compensation of employees | 4.3 | 4.3 | 4.1 | 4.6 | 4.6 | 4.6 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 |
| Use of goods and services | 3.5 | 4.3 | 3.9 | 3.9 | 3.8 | 3.5 | 3.6 | 3.6 | 3.7 | 3.7 | 3.8 |
| Interest | 3.1 | 3.0 | 3.0 | 2.6 | 2.6 | 2.9 | 2.6 | 2.3 | 2.2 | 2.0 | 1.8 |
| External | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 |
| Domestic | 2.7 | 2.4 | 2.5 | 2.0 | 2.0 | 2.3 | 2.1 | 1.8 | 1.7 | 1.5 | 1.4 |
| Subsidies and transfers | 3.6 | 5.9 | 6.1 | 4.3 | 4.4 | 4.3 | 3.8 | 3.2 | 3.0 | 2.8 | 2.7 |
| Of which: Subsidies to SOEs | 0.6 | 1.0 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| NAWEC | 0.1 | 0.2 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| NFSPMC | 0.5 | 0.8 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Net acquisition of nonfinancial assets | 9.0 | 7.8 | 6.7 | 10.0 | 10.1 | 14.6 | 9.9 | 9.6 | 8.7 | 8.3 | 8.3 |
| Acquisitions of nonfinancial assets | 9.0 | 7.8 | 6.7 | 10.0 | 10.1 | 14.6 | 9.9 | 9.6 | 8.7 | 8.3 | 8.3 |
| Foreign financed ² | 8.3 | 6.1 | 4.9 | 7.5 | 7.6 | 12.2 | 8.4 | 8.0 | 7.1 | 6.7 | 6.6 |
| Gambia local fund | 0.7 | 1.7 | 1.8 | 2.5 | 2.5 | 2.5 | 1.5 | 1.6 | 1.6 | 1.6 | 1.6 |
| Net lending (+)/borrowing (-) | -2.5 | -1.7 | -2.1 | -3.9 | -4.0 | -5.7 | -2.1 | -1.2 | -0.6 | -0.2 | -0.1 |
| Financing ⁶ | 2.8 | 1.0 | 1.7 | 3.9 | 4.0 | 5.7 | 2.1 | 1.2 | 0.6 | 0.2 | 0.1 |
| Net acquisition of financial assets ³ | -0.4 | -0.2 | -0.2 | -0.2 | -0.2 | 0.7 | -0.2 | -0.1 | 0.0 | 0.0 | 0.0 |
| Net incurrence of liabilities | 3.1 | 1.0 | 1.6 | 4.0 | 4.0 | 5.0 | 2.2 | 1.4 | 0.6 | 0.2 | 0.1 |
| Domestic | 0.5 | 0.8 | 0.8 | 2.3 | 2.4 | 2.5 | 0.4 | 0.0 | -0.3 | -0.1 | -0.4 |
| Net borrowing | 1.2 | 0.5 | 0.1 | 1.2 | 1.2 | 0.8 | 0.4 | 0.0 | -0.3 | -0.1 | -0.4 |
| Bank | 1.3 | 1.0 | 0.6 | 1.2 | 1.2 | ... | 0.4 | 0.0 | -0.3 | -0.1 | -0.4 |
| Central Bank of The Gambia | -1.2 | -0.8 | -1.9 | -0.2 | -0.2 | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Commercial ⁴ | 2.5 | 1.8 | 2.5 | 1.4 | 1.4 | 0.8 | 0.4 | 0.0 | -0.3 | -0.1 | -0.4 |
| Nonbank | -0.1 | -0.5 | -0.5 | 0.0 | 0.0 | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| RCF/ECF (onlent) | ... | 1.1 | 1.1 | 2.1 | 2.1 | 2.1 | ... | ... | ... | ... | ... |
| Change in arrears ⁵ | -0.7 | -0.8 | -0.4 | -0.9 | -0.9 | -0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Foreign | 2.6 | 0.2 | 0.9 | 1.6 | 1.7 | 2.5 | 1.8 | 1.4 | 0.9 | 0.3 | 0.5 |
| Loans | 2.6 | 0.2 | 0.9 | 1.6 | 1.7 | 2.5 | 1.8 | 1.4 | 0.9 | 0.3 | 0.5 |
| Borrowing | 4.3 | 1.9 | 2.3 | 2.9 | 2.9 | 3.9 | 3.1 | 2.8 | 2.4 | 2.2 | 2.5 |
| Budget support | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Project support | 4.3 | 1.9 | 2.3 | 2.9 | 2.9 | ... | 3.1 | 2.8 | 2.4 | 2.2 | 2.5 |
| Amortization | -1.6 | -1.7 | -1.4 | -1.3 | -1.3 | -1.5 | -1.3 | -1.4 | -1.5 | -1.9 | -1.9 |
| Exceptional financing (DSSI) | 0.0 | 0.2 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Statistical discrepancy/ Float | -0.2 | 0.6 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Memorandum items: | | | | | | | | | | | |
| Primary balance | 0.6 | 1.3 | 1.0 | -1.3 | -1.4 | -2.9 | 0.5 | 1.1 | 1.6 | 1.8 | 1.7 |
| Domestic primary balance | 1.8 | -1.7 | -1.0 | -0.8 | -1.1 | -1.3 | 1.2 | 1.9 | 2.2 | 2.4 | 2.6 |
| Total debt | 80.2 | 76.4 | 77.9 | 74.4 | 74.8 | ... | 71.0 | 66.9 | 62.9 | 57.5 | 52.9 |
| of which: Domestic public debt | 35.6 | 33.6 | 34.7 | 31.1 | 30.0 | ... | 27.6 | 25.5 | 24.0 | 21.5 | 19.1 |
| Interest payments as a percent of govt. revenue | 22.3 | 22.5 | 21.9 | 18.4 | 18.8 | 21.1 | 18.9 | 16.3 | 15.0 | 13.5 | 12.2 |
| COVID-19 related spending | ... | ... | 3.5 | ... | 0.2 | ... | ... | ... | ... | ... | ... |

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

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

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

³Includes the increase of Central Bank statutory capital by 180 million dalasi yearly in 2019–23.

⁴Commercial bank borrowing in 2021 budget is net of domestic debt amortization.

⁵In staff projections change in arrears also includes a reduction in the treasury float.

⁶Excluding the float in Financing

Table 4. The Gambia: Statement of Central Government Operations, 2020–21
(Cumulative, millions of local currency)

| | 2020 | | | | | 2021 | | | |
|---|--------|--------|--------|------------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | | Q1 | Q2 | Q3 | Q4 |
| | Est. | Est. | Est. | EBS/20/197 | Prel. | Proj. | Proj. | Proj. | Proj. |
| Revenue | 4,646 | 8,765 | 15,680 | 23,114 | 21,446 | 4,384 | 10,680 | 16,200 | 23,041 |
| Domestic revenue | 4,111 | 7,024 | 10,480 | 13,028 | 13,539 | 3,725 | 7,332 | 11,375 | 14,746 |
| Taxes | 2,903 | 5,355 | 7,705 | 10,198 | 10,326 | 3,142 | 6,123 | 8,877 | 11,646 |
| Taxes on income, profits, and capital gains | 762 | 1,393 | 1,981 | 2,632 | 2,803 | 832 | 1,611 | 2,204 | 2,797 |
| Domestic taxes on goods and services | 1,436 | 2,666 | 3,741 | 4,899 | 4,934 | 1,424 | 2,818 | 4,165 | 5,554 |
| Taxes on international trade and transactions | 705 | 1,296 | 1,983 | 2,666 | 2,588 | 887 | 1,693 | 2,508 | 3,295 |
| Non-tax | 1,208 | 1,669 | 2,775 | 2,830 | 3,213 | 582 | 1,209 | 2,498 | 3,100 |
| Grants | 536 | 1,740 | 5,200 | 10,087 | 7,907 | 659 | 3,348 | 4,825 | 8,295 |
| Budget support ¹ | 0 | 506 | 3,097 | 4,810 | 4,604 | 0 | 1,486 | 1,486 | 2,491 |
| Project grants | 536 | 1,235 | 2,103 | 5,277 | 3,303 | 659 | 1,862 | 3,339 | 5,805 |
| Of which: COVID-19 assistance | ... | 459 | 459 | 514 | 459 | ... | 105 | 210 | 315 |
| Of which: Social assistance | ... | 172 | 324 | 692 | 680 | 118 | 236 | 354 | 472 |
| Expenditures | 5,912 | 11,234 | 17,037 | 24,745 | 23,477 | 6,379 | 13,433 | 19,822 | 27,289 |
| Expenses | 4,102 | 7,997 | 12,365 | 17,089 | 16,877 | 4,510 | 8,816 | 12,777 | 16,442 |
| Compensation of employees | 990 | 2,006 | 2,982 | 4,196 | 4,049 | 1,282 | 2,565 | 3,847 | 4,929 |
| Use of goods and services | 833 | 1,423 | 2,399 | 4,207 | 3,850 | 1,106 | 2,227 | 3,060 | 4,076 |
| Interest | 951 | 1,494 | 2,523 | 2,936 | 2,967 | 716 | 1,410 | 2,083 | 2,775 |
| External | 208 | 266 | 442 | 565 | 548 | 121 | 274 | 406 | 612 |
| Domestic | 743 | 1,228 | 2,081 | 2,371 | 2,419 | 595 | 1,136 | 1,677 | 2,163 |
| Subsidies and transfers | 1,329 | 3,074 | 4,461 | 5,749 | 6,011 | 1,405 | 2,614 | 3,787 | 4,662 |
| of which: Subsidies to SOEs | 528 | 528 | 729 | 1,065 | 1,065 | 450 | 600 | 800 | 800 |
| NAWEC | 150 | 150 | 150 | 150 | 150 | 150 | 300 | 300 | 300 |
| NFSPMC | 378 | 378 | 579 | 915 | 915 | 300 | 300 | 500 | 500 |
| Net acquisition of nonfinancial assets | 1,810 | 3,237 | 4,672 | 7,657 | 6,600 | 1,870 | 4,617 | 7,045 | 10,848 |
| Acquisitions of nonfinancial assets | 1,810 | 3,237 | 4,672 | 7,657 | 6,600 | 1,870 | 4,617 | 7,045 | 10,848 |
| Foreign financed | 1,338 | 2,679 | 3,686 | 5,955 | 4,837 | 1,230 | 2,930 | 5,029 | 8,149 |
| Gambia local fund | 472 | 559 | 986 | 1,701 | 1,763 | 640 | 1,687 | 2,016 | 2,699 |
| Net lending (+)/borrowing (–) | -1,266 | -2,469 | -1,357 | -1,631 | -2,031 | -1,996 | -2,753 | -3,622 | -4,248 |
| Financing ² | 1,225 | 2,411 | 1,284 | 996 | 1,622 | 1,996 | 2,753 | 3,622 | 4,248 |
| Net acquisition of financial assets | 0 | 0 | -180 | -180 | -180 | 0 | 0 | -180 | -180 |
| Net incurrence of liabilities | 1,225 | 2,411 | 1,464 | 1,176 | 1,802 | 1,996 | 2,753 | 3,802 | 4,428 |
| Domestic | 700 | 1,379 | 359 | 807 | 741 | 1,536 | 1,794 | 2,394 | 2,544 |
| Net borrowing | 760 | 550 | -338 | 500 | 112 | 1,000 | 500 | 1,100 | 1,250 |
| Bank | 711 | 304 | -16 | 1,000 | 623 | 1,000 | 500 | 1,100 | 1,250 |
| Central bank | 301 | -446 | -1,326 | -750 | -1,853 | 600 | -250 | 0 | -250 |
| Commercial banks | 410 | 750 | 1,310 | 1,750 | 2,477 | 400 | 750 | 1,100 | 1,500 |
| Nonbank | 48 | 246 | -322 | -500 | -511 | 0 | 0 | 0 | 0 |
| RCF/ECF (onlent) | 0 | 1,057 | 1,057 | 1,097 | 1,057 | 1,516 | 2,275 | 2,275 | 2,275 |
| Change in arrears | -60 | -227 | -359 | -789 | -428 | -981 | -981 | -981 | -981 |
| Foreign | 525 | 1,031 | 995 | 163 | 854 | 419 | 869 | 1,319 | 1,782 |
| Loans | 525 | 1,031 | 995 | 163 | 854 | 419 | 869 | 1,319 | 1,782 |
| Borrowing | 802 | 1,444 | 1,907 | 1,861 | 2,214 | 689 | 1,409 | 2,254 | 3,131 |
| Amortization | -277 | -413 | -912 | -1,698 | -1,360 | -270 | -540 | -936 | -1,349 |
| Exceptional Financing (DSSI) | 0 | 82 | 109 | 206 | 206 | 41 | 89 | 89 | 102 |
| Statistical discrepancy/ Float | 41 | 58 | 73 | 635 | 409 | 0 | 0 | 0 | 0 |
| Memorandum items: | | | | | | | | | |
| Primary balance | -315 | -975 | 1,165 | 1,306 | 936 | -1,280 | -1,343 | -1,539 | -1,473 |
| Domestic primary balance | 487 | 594 | 434 | -1,619 | -995 | -591 | -1,525 | -981 | -1,148 |
| Primary balance (ex. budget support grants) | -315 | -1,481 | -1,932 | -3,504 | -3,668 | -1,280 | -2,829 | -3,026 | -3,964 |

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

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

² Excluding the Float in Financing

Table 5. The Gambia: Monetary Accounts, 2019–21¹

(Millions of local currency, unless otherwise indicated)

| | 2019 | 2020 | | 2021 | |
|--|--------|------------|--------|------------|--------|
| | Act. | EBS/20/197 | Prel. | EBS/20/197 | Proj. |
| I. Monetary Survey | | | | | |
| Net foreign assets | 16,784 | 20,864 | 24,330 | 20,270 | 25,930 |
| (in millions of U.S. dollars) | 328 | 408 | 476 | 391 | 500 |
| <i>Of which:</i> CBG | 166 | 238 | 270 | 242 | 282 |
| Net domestic assets | 26,091 | 28,669 | 27,958 | 33,969 | 32,966 |
| Domestic credit | 31,693 | 34,366 | 33,277 | 39,665 | 38,284 |
| Claims on central government (net) | 23,873 | 24,733 | 25,417 | 28,229 | 28,913 |
| Claims on other financial corporations | 0 | 0 | 0 | 0 | 0 |
| Claims on other public sector ² | 91 | 1,328 | 68 | 1,328 | 68 |
| Claims on private sector | 7,729 | 8,305 | 7,792 | 10,109 | 9,303 |
| Other items (net) ³ | -5,602 | -5,696 | -5,319 | -5,696 | -5,319 |
| Broad money | 42,875 | 49,533 | 52,288 | 54,239 | 58,895 |
| Currency outside banks | 7,844 | 9,706 | 10,072 | 11,385 | 12,163 |
| Deposits | 35,031 | 39,827 | 42,216 | 42,855 | 46,733 |
| II. Central Bank Survey | | | | | |
| Net foreign assets | 8,474 | 12,139 | 13,781 | 12,549 | 14,632 |
| Foreign assets | 12,494 | 17,798 | 19,120 | 21,173 | 22,341 |
| Foreign liabilities | -4,021 | -5,658 | -5,339 | -8,624 | -7,710 |
| Net domestic assets | 5,414 | 6,038 | 4,814 | 8,034 | 6,810 |
| Domestic credit | 6,786 | 7,133 | 5,940 | 9,129 | 7,936 |
| Claims on central government (net) | 6,668 | 7,014 | 5,786 | 9,010 | 7,782 |
| <i>Of which:</i> IMF on-lending since 2020 | ... | 1,097 | 1,057 | 3,377 | 3,331 |
| Claims on other financial corporations | 0 | 0 | 0 | 0 | 0 |
| Claims on private sector | 119 | 119 | 154 | 119 | 154 |
| Claims on public enterprises | 0 | 0 | 0 | 0 | 0 |
| Other items (net) | -1,373 | -1,095 | -1,126 | -1,095 | -1,126 |
| Reserve money | 13,888 | 18,178 | 18,595 | 20,583 | 21,441 |
| Currency outside banks | 7,844 | 9,706 | 10,072 | 11,385 | 12,163 |
| Commercial bank deposits | 6,044 | 8,471 | 8,523 | 9,199 | 9,279 |

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

¹ End of period.² Includes public enterprises and the local government.³ Including valuation effects.

Table 6. The Gambia: Monetary Accounts, 2019–21¹

(Percent changes, unless otherwise indicated)

| | 2019 | 2020 | | 2021 | |
|---|--------|------------|-------|------------|-------|
| | Act. | EBS/20/197 | Prel. | EBS/20/197 | Proj. |
| I. Monetary Survey | | | | | |
| (Percent change; contribution to broad money growth) | | | | | |
| Broad money | 27.1 | 15.5 | 22.0 | 9.5 | 12.6 |
| Net foreign assets | 18.9 | 9.7 | 17.6 | -1.2 | 3.1 |
| Net domestic assets | 8.2 | 5.9 | 4.4 | 10.7 | 9.6 |
| II. Central Bank Survey | | | | | |
| (Percent change; contribution to reserve money growth) | | | | | |
| Reserve money | 17.2 | 30.9 | 33.9 | 13.3 | 15.3 |
| Net foreign assets | 33.4 | 26.9 | 38.2 | 2.3 | 4.6 |
| Net domestic assets | -16.2 | 4.0 | -4.3 | 11.0 | 10.7 |
| (Percent change; unless otherwise indicated) | | | | | |
| <i>Memorandum Items:</i> | | | | | |
| Credit to the private sector | 35.8 | 7.4 | 0.8 | 21.7 | 19.4 |
| Currency in circulation | 19.4 | 23.8 | 28.4 | 17.3 | 20.8 |
| Demand deposits | 44.8 | 6.4 | 16.6 | 6.3 | 5.4 |
| Time and savings deposits | 17.6 | 20.0 | 23.9 | 8.6 | 15.1 |
| Net international reserves (stocks; millions of U.S. dollars) | 187.4 | 260.4 | 292.3 | 268.5 | 307.7 |
| Money velocity (levels) | 2.1 | 2.0 | 1.9 | 2.0 | 1.8 |
| Money multiplier (levels) | 3.1 | 2.7 | 2.8 | 2.6 | 2.7 |
| Broad money (percent of GDP) | 46.9 | 50.5 | 53.4 | 50.1 | 55.0 |
| Credit to the private sector (percent of GDP) | 8.5 | 8.5 | 8.0 | 9.3 | 8.7 |
| Central government financing (flows; millions of dalasi) | 1,344 | 2,097 | 2,601 | 3,496 | 3,525 |
| Net domestic borrowing from the banking system | 1,344 | 1,000 | 1,544 | 1,250 | 1,250 |
| Central bank | -1,059 | -750 | -882 | -250 | -250 |
| Commercial banks | 2,403 | 1,750 | 2,426 | 1,500 | 1,500 |
| IMF (onlent since 2020) ² | ... | 1,097 | 1,057 | 2,246 | 2,275 |
| RCF 2020 (onlent) | ... | 1,097 | 1,057 | ... | ... |
| ECF (second and third disbursements onlent) | ... | ... | ... | 2,246 | 2,275 |
| of which: augmentation | ... | ... | ... | 1,497 | 1,516 |

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

¹ End of period.² The CBG onlent the 2020 RCF loan to central government and is expected to onlent the second and third ECF disbursements (SDR 5 million each) plus augmentations of SDR 15 million (at the first review) and SDR 5 million (for the second review). On-lending of IMF loans to the budget are excluded from Net Domestic Borrowing (NDB), see TMU 11.

Table 7. The Gambia: Monetary Accounts, 2019–21¹
(Millions of local currency)

| | 2019 | 2020 | | | | | 2021 | | | |
|--|--------|--------|--------|--------|------------|--------|--------|--------|--------|--------|
| | Dec. | Mar. | Jun. | Sep. | Dec. | | Mar. | Jun. | Sep. | Dec. |
| | Act. | Est. | Est. | Est. | EBS/20/197 | Prel. | Proj. | Proj. | Proj. | Proj. |
| I. Monetary Survey | | | | | | | | | | |
| Net foreign assets | 16,784 | 15,741 | 17,284 | 21,322 | 20,864 | 24,330 | 23,222 | 24,726 | 24,174 | 25,930 |
| (in millions of U.S. dollars) | 328 | 308 | 334 | 411 | 408 | 471 | 448 | 477 | 466 | 500 |
| Of which : CBG | 166 | 168 | 179 | 229 | 238 | 267 | 221 | 252 | 244 | 282 |
| Net domestic assets | 26,091 | 27,096 | 27,116 | 26,393 | 28,669 | 27,958 | 30,829 | 31,141 | 32,178 | 32,966 |
| Domestic credit | 31,693 | 31,981 | 32,673 | 32,089 | 34,366 | 33,277 | 36,148 | 36,460 | 37,497 | 38,284 |
| Claims on central government (net) | 23,873 | 24,511 | 24,857 | 24,353 | 24,733 | 25,417 | 27,950 | 28,163 | 28,763 | 28,913 |
| Claims on other financial corporations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims on other public sector ² | 91 | 110 | 102 | 60 | 1,328 | 68 | 68 | 68 | 68 | 68 |
| Claims on private sector | 7,729 | 7,360 | 7,714 | 7,676 | 8,305 | 7,792 | 8,130 | 8,229 | 8,666 | 9,303 |
| Other items (net) ³ | -5,602 | -4,885 | -5,557 | -5,696 | -5,696 | -5,319 | -5,319 | -5,319 | -5,319 | -5,319 |
| Broad money | 42,875 | 42,837 | 44,400 | 47,714 | 49,533 | 52,288 | 54,052 | 55,867 | 56,352 | 58,895 |
| Currency outside banks | 7,844 | 8,070 | 8,554 | 8,625 | 9,706 | 10,072 | 11,011 | 11,361 | 11,455 | 12,163 |
| Deposits | 35,031 | 35,845 | 35,845 | 39,089 | 39,827 | 42,216 | 43,040 | 44,506 | 44,898 | 46,733 |
| II. Central Bank Survey | | | | | | | | | | |
| Net foreign assets | 8,474 | 8,584 | 9,267 | 11,886 | 12,139 | 13,781 | 12,886 | 14,518 | 14,666 | 14,632 |
| Foreign assets | 12,494 | 12,694 | 14,636 | 17,238 | 17,798 | 19,120 | 18,225 | 19,857 | 22,376 | 22,341 |
| Foreign liabilities | -4,021 | -4,110 | -5,369 | -5,353 | -5,658 | -5,339 | -5,339 | -5,339 | -7,710 | -7,710 |
| Net domestic assets | 5,414 | 5,978 | 6,113 | 5,370 | 6,038 | 4,814 | 6,947 | 6,810 | 7,060 | 6,810 |
| Domestic credit | 6,786 | 7,057 | 7,409 | 6,465 | 7,133 | 5,940 | 8,073 | 7,936 | 8,186 | 7,936 |
| Claims on central government (net) | 6,668 | 6,940 | 7,283 | 6,335 | 7,014 | 5,786 | 7,919 | 7,782 | 8,032 | 7,782 |
| Assets | 10,924 | 10,744 | 11,841 | 11,621 | 12,020 | 11,621 | 13,754 | 14,467 | 14,717 | 13,867 |
| Liabilities | -4,256 | -3,804 | -4,558 | -5,286 | -5,006 | -5,835 | -5,835 | -6,685 | -6,685 | -6,085 |
| Claims on other financial corporations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims on private sector | 119 | 117 | 126 | 130 | 119 | 154 | 154 | 154 | 154 | 154 |
| Claims on public enterprises | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other items (net, incl. liquidity management operations) | -1,373 | -1,079 | -1,296 | -1,095 | -1,095 | -1,126 | -1,126 | -1,126 | -1,126 | -1,126 |
| Reserve money | 13,888 | 14,562 | 15,380 | 17,256 | 18,178 | 18,595 | 19,833 | 21,328 | 21,726 | 21,441 |
| Currency outside banks | 7,844 | 8,070 | 8,554 | 8,625 | 9,706 | 10,072 | 10,706 | 11,393 | 11,429 | 12,163 |
| Commercial bank deposits | 6,044 | 6,492 | 6,826 | 8,631 | 8,471 | 8,523 | 9,127 | 9,935 | 10,297 | 9,279 |
| III. Commercial Banks Balance Sheet | | | | | | | | | | |
| Net foreign assets | 8,310 | 7,157 | 8,017 | 9,436 | 8,724 | 10,549 | 10,336 | 10,208 | 9,508 | 11,298 |
| Foreign assets | 8,914 | 7,893 | 9,130 | 10,580 | 9,837 | 11,871 | 11,658 | 11,530 | 10,830 | 12,621 |
| Foreign liabilities | -604 | -736 | -1,113 | -1,144 | -1,113 | -1,322 | -1,322 | -1,322 | -1,322 | -1,322 |
| Net domestic assets | 26,722 | 27,610 | 27,829 | 29,654 | 31,102 | 31,668 | 33,009 | 34,266 | 35,416 | 35,434 |
| Net domestic claims | 30,951 | 31,416 | 32,090 | 34,255 | 35,703 | 35,860 | 37,202 | 38,459 | 39,608 | 39,627 |
| Claims on central bank | 6,044 | 6,492 | 6,826 | 8,631 | 8,471 | 8,523 | 9,127 | 9,935 | 10,297 | 9,279 |
| Net claims on government | 17,206 | 17,571 | 17,574 | 18,018 | 17,719 | 19,631 | 20,031 | 20,381 | 20,731 | 21,131 |
| Claims | 17,206 | 17,571 | 17,574 | 18,018 | 17,719 | 19,631 | 20,031 | 20,381 | 20,731 | 21,131 |
| Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims on other sectors | 7,701 | 7,353 | 7,690 | 7,606 | 9,514 | 7,706 | 8,044 | 8,143 | 8,580 | 9,217 |
| Claims on public nonfinancial corporations | 91 | 110 | 102 | 60 | 1,328 | 68 | 68 | 68 | 68 | 68 |
| Claims on private sector | 7,611 | 7,243 | 7,588 | 7,547 | 8,186 | 7,638 | 7,976 | 8,075 | 8,512 | 9,150 |
| Other items net | -4,230 | -3,806 | -4,261 | -4,601 | -4,601 | -4,193 | -4,193 | -4,193 | -4,193 | -4,193 |
| Liabilities | 35,031 | 34,767 | 35,845 | 39,089 | 39,827 | 42,216 | 43,345 | 44,474 | 44,924 | 46,733 |
| Liabilities to central bank | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits incl. in broad money | 35,031 | 34,767 | 35,845 | 39,089 | 39,827 | 42,216 | 43,345 | 44,474 | 44,924 | 46,733 |

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

¹ End of period.

² Includes public enterprises and local governments.

³ Including valuation effects.

Table 8. The Gambia: Balance of Payments, 2019–26

(Millions of U.S. dollars, unless otherwise indicated)

| | 2019 | 2020 | | 2021 | | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|--------|------------|--------|------------|--------|-------------|---------|---------|---------|---------|
| | Est. | EBS/20/197 | Prel. | EBS/20/197 | Proj. | Projections | | | | |
| 1. Current account | | | | | | | | | | |
| A. Goods and services | -337.4 | -464.1 | -539.6 | -532.5 | -659.1 | -723.2 | -731.7 | -698.8 | -683.4 | -688.5 |
| Goods (net) | -453.6 | -458.5 | -511.9 | -533.8 | -629.2 | -679.0 | -696.4 | -696.9 | -710.5 | -716.3 |
| Exports, f.o.b. | 142.4 | 127.4 | 70.0 | 156.8 | 114.0 | 155.0 | 196.7 | 214.2 | 226.2 | 242.3 |
| Imports, f.o.b. | -596.0 | -585.8 | -581.9 | -690.6 | -743.3 | -833.9 | -893.0 | -911.2 | -936.6 | -958.7 |
| Services (net) | 116.2 | -5.6 | -27.6 | 1.3 | -29.8 | -44.2 | -35.4 | -1.8 | 27.1 | 27.9 |
| Services exports | 226.3 | 102.7 | 82.5 | 166.8 | 121.0 | 197.2 | 233.9 | 283.1 | 313.3 | 329.4 |
| Of which: Travel income | 181.3 | 69.2 | 46.6 | 113.6 | 63.7 | 135.8 | 164.9 | 206.3 | 232.2 | 242.7 |
| Services imports | -110.2 | -108.3 | -110.1 | -165.6 | -150.9 | -241.5 | -269.3 | -284.9 | -286.1 | -301.5 |
| B. Income (net) | -30.1 | -30.5 | -31.0 | -31.4 | -32.1 | -32.4 | -31.2 | -32.4 | -33.5 | -34.8 |
| Income credits | 2.3 | 2.4 | 2.4 | 2.4 | 2.5 | 2.5 | 2.4 | 2.5 | 2.6 | 2.7 |
| Income debits | -32.4 | -32.9 | -33.5 | -33.8 | -34.6 | -34.9 | -33.7 | -34.9 | -36.2 | -37.5 |
| C. Current transfers | 255.5 | 375.5 | 495.1 | 316.8 | 437.4 | 445.6 | 446.9 | 442.1 | 445.1 | 449.7 |
| Official transfers | 55.8 | 89.1 | 82.7 | 43.7 | 43.2 | 52.0 | 47.5 | 42.5 | 45.1 | 47.8 |
| Of which: COVID-19 assistance | ... | 26.4 | 26.4 | ... | ... | ... | ... | ... | ... | ... |
| Remittances | 187.4 | 274.2 | 400.1 | 260.5 | 381.6 | 380.8 | 385.2 | 385.0 | 385.1 | 386.6 |
| Other transfers | 12.3 | 12.3 | 12.3 | 12.6 | 12.6 | 12.9 | 14.2 | 14.6 | 14.9 | 15.3 |
| Current account (excl. official transfers) | -167.8 | -208.1 | -158.3 | -290.8 | -296.9 | -361.9 | -363.5 | -331.5 | -316.9 | -321.4 |
| Current account (incl. official transfers) | -111.9 | -119.1 | -75.5 | -247.1 | -253.7 | -310.0 | -316.0 | -289.0 | -271.8 | -273.6 |
| 2. Capital and financial account | | | | | | | | | | |
| A. Capital account | 73.5 | 102.6 | 66.9 | 104.7 | 110.7 | 123.8 | 130.3 | 128.7 | 128.9 | 130.1 |
| B. Financial account | 110.8 | 89.5 | 103.7 | 150.5 | 150.8 | 195.1 | 200.7 | 175.3 | 165.9 | 190.1 |
| Foreign direct investment | 93.9 | 77.9 | 72.3 | 116.7 | 121.0 | 130.7 | 139.7 | 148.4 | 159.2 | 169.3 |
| Portfolio investment | 4.1 | 4.0 | 4.0 | 4.0 | 3.9 | 4.2 | 4.6 | 5.0 | 5.5 | 5.9 |
| Other investment | 12.8 | 7.6 | 27.3 | 29.8 | 25.8 | 60.1 | 56.4 | 21.8 | 1.3 | 14.8 |
| Capital and financial account | 184.3 | 192.1 | 170.5 | 255.1 | 261.4 | 318.8 | 331.0 | 304.0 | 294.8 | 320.2 |
| Errors and omissions | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance | 74.3 | 73.0 | 95.0 | 8.0 | 7.7 | 8.9 | 15.0 | 15.0 | 23.0 | 46.6 |
| Financing | -74.3 | -73.0 | -95.0 | -8.0 | -7.7 | -8.9 | -15.0 | -15.0 | -23.0 | -46.6 |
| Net international reserves (increase -) | -74.3 | -81.5 | -103.5 | -15.4 | -15.4 | -10.0 | -15.0 | -15.0 | -23.0 | -46.6 |
| Change in gross international reserves | -68.0 | -105.0 | -127.0 | -59.8 | -60.2 | -20.5 | -16.4 | -9.3 | -15.4 | -32.6 |
| Use of IMF resources (net) | -6.3 | 23.5 | 23.6 | 44.4 | 44.8 | 10.5 | 1.4 | -5.7 | -7.6 | -14.0 |
| Disbursements | 0.0 | 28.6 | 28.6 | 50.0 | 50.6 | 14.6 | 7.3 | 0.0 | 0.0 | 0.0 |
| Of which: 2020 RCF | ... | 21.6 | 21.7 | ... | ... | ... | ... | ... | ... | ... |
| Of which: ECF augmentation | ... | ... | ... | 28.6 | 28.9 | ... | ... | ... | ... | ... |
| Repayments | -6.3 | -5.0 | -5.0 | -5.7 | -5.7 | -4.1 | -5.9 | -5.7 | -7.6 | -14.0 |
| Exceptional financing | ... | 8.4 | 8.4 | 7.4 | 7.7 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Of which: CCRT debt relief ¹ | ... | 4.4 | 4.4 | 5.7 | 5.7 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Of which: DSSI | ... | 4.0 | 4.0 | 1.7 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Memorandum items: | | | | | | | | | | |
| Gross international reserves | | | | | | | | | | |
| US\$ millions | 225.0 | 330.0 | 352.0 | 389.8 | 412.3 | 432.8 | 449.1 | 458.4 | 473.8 | 506.4 |
| Months of current year's imports of goods and services | 3.8 | 5.7 | 6.1 | 5.5 | 5.5 | 4.8 | 4.6 | 4.6 | 4.6 | 4.8 |
| Months of next year's imports of goods and services | 3.9 | 4.6 | 4.7 | 4.6 | 4.6 | 4.5 | 4.5 | 4.5 | 4.5 | 4.6 |
| Net international reserves | | | | | | | | | | |
| US\$ millions | 187.4 | 268.9 | 290.9 | 284.3 | 306.3 | 316.3 | 331.3 | 346.3 | 369.3 | 415.8 |
| Months of current year's imports of goods and services | 3.2 | 4.6 | 5.0 | 4.0 | 4.1 | 3.5 | 3.4 | 3.5 | 3.6 | 4.0 |
| Months of next year's imports of goods and services | 3.2 | 3.8 | 3.9 | 3.4 | 3.4 | 3.3 | 3.3 | 3.4 | 3.5 | 3.8 |
| Exports of goods and services | 368.7 | 230.1 | 152.5 | 323.6 | 235.1 | 352.2 | 430.6 | 497.3 | 539.4 | 571.8 |
| Imports of goods and services | -706.1 | -694.2 | -692.1 | -856.1 | -894.1 | -1075.4 | -1162.3 | -1196.1 | -1222.8 | -1260.2 |
| GMD per U.S. dollar, period average | 50.3 | 51.4 | 51.6 | ... | ... | ... | ... | ... | ... | ... |

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

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

Table 9. The Gambia: Balance of Payments, 2019–26
(Percent of GDP)

| | 2019 | 2020 | | 2021 | | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------|------------|-------|------------|-------|-------------|-------|-------|-------|-------|
| | Est. | EBS/20/197 | Prel. | EBS/20/197 | Proj. | Projections | | | | |
| 1. Current account | | | | | | | | | | |
| A. Goods and services | -18.6 | -24.4 | -28.4 | -25.7 | -32.3 | -32.5 | -30.2 | -26.5 | -23.7 | -22.1 |
| Goods (net) | -24.9 | -24.1 | -26.9 | -25.8 | -30.8 | -30.5 | -28.7 | -26.4 | -24.7 | -23.0 |
| Exports, f.o.b. | 7.8 | 6.7 | 3.7 | 7.6 | 5.6 | 7.0 | 8.1 | 8.1 | 7.9 | 7.8 |
| Imports, f.o.b. | -32.8 | -30.8 | -30.6 | -33.4 | -36.4 | -37.5 | -36.8 | -34.6 | -32.5 | -30.8 |
| Services (net) | 6.4 | -0.3 | -1.5 | 0.1 | -1.5 | -2.0 | -1.5 | -0.1 | 0.9 | 0.9 |
| Services exports | 12.4 | 5.4 | 4.3 | 8.1 | 5.9 | 8.9 | 9.6 | 10.7 | 10.9 | 10.6 |
| Of which: Travel income | 10.0 | 3.6 | 2.5 | 5.5 | 3.1 | 6.1 | 6.8 | 7.8 | 8.1 | 7.8 |
| Services imports | -6.1 | -5.7 | -5.8 | -8.0 | -7.4 | -10.9 | -11.1 | -10.8 | -9.9 | -9.7 |
| B. Income (net) | -1.7 | -1.6 | -1.6 | -1.5 | -1.6 | -1.5 | -1.3 | -1.2 | -1.2 | -1.1 |
| Income credits | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Income debits | -1.8 | -1.7 | -1.8 | -1.6 | -1.7 | -1.6 | -1.4 | -1.3 | -1.3 | -1.2 |
| Of which: Interest on government debt | 0.6 | 0.6 | 0.5 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 |
| C. Current transfers | 14.1 | 19.7 | 26.1 | 15.3 | 21.4 | 20.1 | 18.4 | 16.8 | 15.5 | 14.5 |
| Official transfers | 3.1 | 4.7 | 4.4 | 2.1 | 2.1 | 2.3 | 2.0 | 1.6 | 1.6 | 1.5 |
| Of which: COVID-19 assistance | ... | 1.4 | 1.4 | ... | ... | ... | ... | ... | ... | ... |
| Remittances | 10.3 | 14.4 | 21.1 | 12.6 | 18.7 | 17.1 | 15.9 | 14.6 | 13.4 | 12.4 |
| Other transfers | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| Current account (excl. official transfers) | -9.2 | -10.9 | -8.3 | -14.1 | -14.5 | -16.3 | -15.0 | -12.6 | -11.0 | -10.3 |
| Current account (incl. official transfers) | -6.2 | -6.2 | -4.0 | -11.9 | -12.4 | -13.9 | -13.0 | -11.0 | -9.4 | -8.8 |
| 2. Capital and financial account | | | | | | | | | | |
| A. Capital account | 4.0 | 5.4 | 3.5 | 5.1 | 5.4 | 5.6 | 5.4 | 4.9 | 4.5 | 4.2 |
| B. Financial account | 6.1 | 4.7 | 5.5 | 7.3 | 7.4 | 8.8 | 8.3 | 6.6 | 5.8 | 6.1 |
| Foreign direct investment | 5.2 | 4.1 | 3.8 | 5.6 | 5.9 | 5.9 | 5.8 | 5.6 | 5.5 | 5.4 |
| Portfolio investment | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Other investment | 0.7 | 0.4 | 1.4 | 1.4 | 1.3 | 2.7 | 2.3 | 0.8 | 0.0 | 0.5 |
| Capital and financial account | 10.1 | 10.1 | 9.0 | 12.3 | 12.8 | 14.3 | 13.6 | 11.5 | 10.2 | 10.3 |
| Errors and omissions | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance | 4.1 | 3.8 | 5.0 | 0.4 | 0.4 | 0.4 | 0.6 | 0.6 | 0.8 | 1.5 |

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

Table 10. The Gambia: External Financing Needs, 2020–23

(Millions of U.S. dollars)

| | 2020 | | 2021 | | 2022 | 2023 |
|--|------------|--------|------------|--------|-------------|--------|
| | EBS/20/197 | Prel. | EBS/20/197 | Proj. | Projections | |
| 1. Total financing requirement | -354.7 | -320.4 | -381.1 | -387.2 | -413.6 | -414.5 |
| Current account deficit (excl. official transfers) | -208.1 | -158.3 | -290.8 | -296.9 | -361.9 | -363.5 |
| Public debt amortization | -36.6 | -30.1 | -25.0 | -24.6 | -27.2 | -28.7 |
| Repayment to the IMF | -5.0 | -5.0 | -5.5 | -5.5 | -4.1 | -5.9 |
| Change in official reserves | -105.0 | -127.0 | -59.8 | -60.2 | -20.5 | -16.4 |
| Arrears repayment | ... | ... | ... | ... | ... | ... |
| 2. Total financing sources | 207.1 | 179.0 | 273.9 | 279.7 | 346.0 | 359.7 |
| Capital transfers | 81.0 | 45.3 | 98.6 | 104.6 | 123.8 | 130.3 |
| Foreign direct investment (net) | 77.9 | 72.3 | 116.7 | 121.0 | 130.7 | 139.7 |
| Portfolio investment (net) | 4.0 | 4.0 | 4.0 | 3.9 | 4.2 | 4.6 |
| Public sector debt financing | 36.2 | 36.2 | 59.7 | 59.7 | 69.2 | 67.1 |
| Other net capital inflows ¹ | 8.0 | 21.2 | -5.0 | -9.5 | 18.0 | 17.9 |
| Errors and Omissions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Total financing needs | 147.7 | 141.4 | 107.2 | 107.5 | 67.7 | 54.8 |
| Budget support (grants) | 89.1 | 82.7 | 43.7 | 43.2 | 52.0 | 47.5 |
| World Bank | 30.0 | 30.0 | 20.0 | 20.0 | 20.0 | ... |
| European Union | 45.2 | 38.0 | 16.6 | 23.2 | 24.8 | ... |
| African Development Bank | 13.9 | 14.8 | 7.1 | ... | 7.2 | ... |
| Other | ... | ... | ... | ... | ... | ... |
| Other current transfers | 21.6 | 21.6 | 6.1 | 6.1 | ... | ... |
| IMF disbursements | 28.6 | 28.6 | 50.0 | 50.6 | 14.6 | 7.3 |
| Of which: ECF augmentation | ... | ... | 28.6 | 28.9 | ... | ... |
| Exceptional financing | 8.4 | 8.4 | 7.4 | 7.7 | 1.1 | 0.0 |
| Of which: CCRT debt relief ² | 4.4 | 4.4 | 5.7 | 5.7 | 1.1 | 0.0 |
| DSSI | 4.0 | 4.0 | 1.7 | 2.0 | 0.0 | 0.0 |
| Memorandum items: | | | | | | |
| COVID-19 assistance | 48.0 | 48.0 | 6.1 | 6.1 | ... | ... |
| Budget support augmentation | 26.4 | 26.4 | ... | ... | ... | ... |
| Of which: European Union | 19.4 | 19.4 | ... | ... | ... | ... |
| African Development Bank | 7.0 | 7.0 | ... | ... | ... | ... |
| World Bank | 21.6 | 21.6 | 6.1 | 6.1 | ... | ... |
| Of which: Health Fast-Track Facility | 10.0 | 10.0 | ... | ... | ... | ... |
| Social Safety Net Project | 8.1 | 8.1 | 6.1 | 6.1 | ... | ... |
| Education Sector Response Project | 3.5 | 3.5 | ... | ... | ... | ... |

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

¹ Includes changes in commercial bank NFA and private trade financing.² The grant for debt service falling due through October 15, 2021 is available under the CCRT. Subject to the availability of sufficient resources in the CCRT, debt service relief could be provided for a total period of two years, through April 13, 2022.

Table 11. The Gambia: Financial Soundness Indicators, 2015–20

(End of period)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | | | |
|--|------|-------|------|-------|------|----------|-------|-------|------------|
| | | | | | | December | March | June | Sept. Dec. |
| (Percent, unless otherwise indicated) | | | | | | | | | |
| Capital ratios | | | | | | | | | |
| Capital adequacy ratio | 33.1 | 38.2 | 33.6 | 31.7 | 31.4 | 33.2 | 35.3 | 38.2 | 32.6 |
| Regulatory capital ratio (i.e., T1+T2) | 34.8 | 39.8 | 35.1 | 33.0 | 32.7 | 34.6 | 36.7 | 36.0 | 33.8 |
| Primary capital ratio (i.e., T1) | 31.4 | 35.9 | 31.9 | 30.3 | 30.1 | 32.1 | 33.5 | 33.1 | 31.1 |
| Non-performing loans/Primary capital | 7.9 | 9.8 | 6.8 | 3.4 | 5.8 | 5.8 | 4.3 | 5.7 | 7.8 |
| Sectoral distribution of credit | | | | | | | | | |
| Agriculture and fishing | 3.6 | 6.5 | 8.5 | 1.7 | 2.0 | 5.6 | 4.2 | 3.1 | 3.8 |
| Manufacturing industries | 3.4 | 0.7 | 0.7 | 0.4 | 1.2 | 1.3 | 1.1 | 1.0 | 1.0 |
| Building and construction | 8.5 | 9.9 | 13.7 | 19.7 | 27.3 | 24.1 | 24.2 | 23.6 | 27.6 |
| Transport and communication | 10.3 | 9.0 | 8.1 | 7.7 | 7.6 | 7.7 | 8.3 | 7.6 | 7.6 |
| Commerce | 39.4 | 31.2 | 31.1 | 31.2 | 22.9 | 23.7 | 24.5 | 25.5 | 23.4 |
| Tourism | 2.6 | 2.4 | 5.2 | 10.8 | 5.6 | 4.7 | 5.4 | 5.5 | 5.6 |
| Financial institutions and enterprise services | 4.2 | 2.1 | 3.0 | 3.2 | 1.2 | 3.8 | 2.1 | 2.2 | 2.6 |
| Other activities | 27.9 | 38.1 | 29.6 | 25.3 | 32.2 | 29.1 | 30.3 | 31.6 | 28.4 |
| Asset quality ratios | | | | | | | | | |
| Non-performing loan ratio | 6.5 | 9.3 | 7.2 | 3.3 | 4.5 | 4.9 | 4.5 | 6.5 | 6.8 |
| Aggregate provision level | 82.2 | 79.1 | 99.1 | 100.2 | 73.4 | 91.8 | 76.4 | 71.3 | 80.1 |
| Loan loss reserve ratio | 4.6 | 6.8 | 6.6 | 2.9 | 2.5 | 3.0 | 3.2 | 3.7 | 4.0 |
| Earnings and profitability | | | | | | | | | |
| Net income to average assets (ROA) | 0.5 | 0.7 | 1.6 | 1.6 | 1.9 | 2.5 | 2.2 | 0.5 | 1.9 |
| Net income to average equity (ROE) | 3.5 | 4.2 | 11.0 | 11.3 | 15.4 | 19.4 | 17.6 | 3.9 | 15.3 |
| Net interest margin | 1.8 | 1.9 | 8.1 | 5.9 | 6.5 | 6.5 | 6.6 | 2.3 | 6.5 |
| Non-interest income ratio | 33.2 | 27.6 | 31.7 | 40.9 | 40.2 | 40.6 | 39.1 | 47.7 | 38.3 |
| Liquidity ratios | | | | | | | | | |
| Liquid assets ratio | 93.4 | 101.3 | 92.9 | 94.8 | 92.0 | 95.3 | 93.5 | 95.5 | 93.5 |
| Dalasi liquid assets/dalasi deposits | 88.4 | 97.5 | 89.0 | 93.5 | 94.7 | 99.1 | 90.4 | 122.2 | 93.2 |
| Time deposits/total deposits | 18.1 | 17.3 | 14.3 | 12.9 | 11.2 | 12.2 | 11.6 | 11.3 | 11.7 |

Source: Central Bank of The Gambia.

Table 12. The Gambia: Indicators of Capacity to Repay the Fund, 2019–26

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-------|-------------|-------|-------|-------|-------|-------|-------|
| | Act. | Projections | | | | | | |
| Fund obligations based on existing credit | | | | | | | | |
| Principal (millions of SDRs) | 4.6 | 1.1 | 3.0 | 2.8 | 4.0 | 3.9 | 5.2 | 6.4 |
| Charges and interest (millions of SDRs) ¹ | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fund obligations, existing and prospective credit | | | | | | | | |
| Principal (millions of SDRs) | 4.6 | 3.6 | 4.0 | 2.8 | 4.0 | 3.9 | 5.2 | 9.4 |
| Of which: 2020 RCF | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 | 3.1 |
| Of which: Proposed ECF augmentation | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 |
| Charges and interest (millions of SDRs) ¹ | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total obligations, existing and prospective credit ² | | | | | | | | |
| In millions of SDRs | 4.6 | 3.6 | 4.0 | 2.8 | 4.1 | 3.9 | 5.2 | 9.5 |
| In millions of US\$ | 6.6 | 5.0 | 5.6 | 4.1 | 5.9 | 5.7 | 7.6 | 14.0 |
| In percent of Gross International Reserves | 2.9 | 1.4 | 1.4 | 0.9 | 1.3 | 1.3 | 1.6 | 2.8 |
| In percent of exports of goods and services | 2.7 | 5.2 | 4.8 | 2.1 | 2.6 | 2.1 | 2.6 | 4.4 |
| In percent of debt service ¹ | 17.1 | 14.1 | 19.6 | 12.4 | 17.3 | 13.5 | 12.2 | 21.1 |
| In percent of GDP | 0.4 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 |
| In percent of quota | 7.4 | 5.8 | 6.4 | 4.5 | 6.5 | 6.3 | 8.4 | 15.2 |
| Outstanding Fund credit | | | | | | | | |
| In millions of SDRs | 26.1 | 43.0 | 74.1 | 81.3 | 82.2 | 78.3 | 73.2 | 63.7 |
| In millions of US\$ | 36.9 | 59.4 | 103.1 | 117.5 | 119.8 | 114.7 | 107.5 | 93.9 |
| In percent of Gross International Reserves | 16.4 | 16.9 | 25.0 | 27.1 | 26.7 | 25.0 | 22.7 | 18.5 |
| In percent of exports of goods and services | 15.3 | 61.7 | 89.4 | 61.5 | 53.5 | 42.6 | 36.0 | 29.9 |
| In percent of debt service ¹ | 96.6 | 166.7 | 362.7 | 355.3 | 348.5 | 270.5 | 172.3 | 141.7 |
| In percent of GDP | 2.0 | 3.1 | 5.1 | 5.3 | 4.9 | 4.4 | 3.7 | 3.0 |
| In percent of quota | 41.9 | 69.2 | 119.1 | 130.6 | 132.2 | 125.9 | 117.6 | 102.4 |
| Net use of Fund credit (millions of SDRs) | -4.6 | 16.9 | 31.0 | 7.2 | 1.0 | -3.9 | -5.2 | -9.4 |
| Disbursements | 0.0 | 20.6 | 35.0 | 10.0 | 5.0 | 0.0 | 0.0 | 0.0 |
| Of which: 2020 RCF | ... | 15.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Of which: Proposed ECF augmentation | ... | 0.0 | 20.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayments and Repurchases | 4.6 | 3.6 | 4.0 | 2.8 | 4.0 | 3.9 | 5.2 | 9.4 |
| Of which: 2020 RCF | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 | 3.1 |
| Of which: Proposed ECF augmentation | ... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 |
| CCR Trust debt relief ³ | ... | 3.2 | 4.0 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Memorandum items: | | | | | | | | |
| Nominal GDP (millions of US\$) | 1,818 | 1,900 | 2,042 | 2,223 | 2,426 | 2,636 | 2,878 | 3,108 |
| Exports of goods and services (millions of US\$) ⁴ | 240.7 | 96.3 | 115.4 | 191.1 | 224.0 | 269.4 | 298.9 | 314.4 |
| Gross International Reserves (millions of US\$) | 225.0 | 352.0 | 412.3 | 432.8 | 449.1 | 458.4 | 473.8 | 506.4 |
| Debt service (millions of US\$) ¹ | 38.2 | 35.7 | 28.4 | 33.1 | 34.4 | 42.4 | 62.4 | 66.3 |
| Quota (millions of SDRs) | 62.2 | 62.2 | 62.2 | 62.2 | 62.2 | 62.2 | 62.2 | 62.2 |

Sources: IMF staff estimates and projections.

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

² Total obligations include principal and charges and interest.

³ The grant for debt service falling due in the 6 months from October 16, 2021 is subject to the availability of resources under the CCRT.

⁴ Excluding re-exports.

Table 13. The Gambia: Disbursements Under the ECF Arrangement, 2020–23

| Availability | Disbursements | | Condition for Disbursement ¹ |
|---------------------------------|--------------------|---------------------|--|
| | In millions of SDR | In percent of Quota | |
| March 23, 2020 | 5.00 | 8.04 | Approval of the Arrangement. |
| September 15, 2020 ² | 20.00 | 32.15 | Board completion of the first review based on observance of performance criteria for June 30, 2020. |
| March 15, 2021 ² | 10.00 | 16.08 | Board completion of the second review based on observance of performance criteria for December 31, 2020. |
| September 15, 2021 | 5.00 | 8.04 | Board completion of the third review based on observance of performance criteria for June 30, 2021. |
| March 15, 2022 | 5.00 | 8.04 | Board completion of the fourth review based on observance of performance criteria for December 31, 2021. |
| September 15, 2022 | 5.00 | 8.04 | Board completion of the fifth review based on observance of performance criteria for June 30, 2022. |
| March 15, 2023 | 5.00 | 8.04 | Board completion of the sixth review based on observance of performance criteria for December 31, 2022. |
| Total Disbursements | 55.0 | 88.4 | |

Source: IMF staff estimates.

¹ In addition to generally applicable conditions under the ECF Arrangement.

² Disbursements include proposed ECF augmentation; both disbursements are to be onlent to the government.

Annex I. Impact of COVID-19 Pandemic and Responses, 2020–21

| Categories | Impact | The Authorities' Responses |
|----------------------|--|--|
| Public Health | <p>Infection spread</p> <p>i. From the first infection case recorded on March 18, the spread of COVID-19 infections remained slow until the easing of the lockdown conditions, which subsequently led to a sudden spike in new cases including through local transmission. The number of confirmed cases reached 146 as of July 23, with 5 fatalities and continued to accelerate until mid-September when the first wave of infections started to subside. Following the Christmas break and the surge in cases in Senegal, the country is going through a second wave of COVID-19 infections involving new strains of the virus.</p> <p>ii. Increased demand and pressure on health facilities and the use of PPEs.</p> | <p>Lockdown restrictions were introduced, and a state of public health emergency was declared on March 27. In parallel, the authorities:</p> <ul style="list-style-type: none"> • Closed the airspace, land and sea borders. • Closed schools, places of worship, markets and non-essential businesses and limited public gatherings to 10 people. • Limited passenger numbers in commercial vehicles to half capacity. • Imposed a curfew during the pick of the first wave of the pandemic in the third quarter of 2020. • Procured PPEs and additional medical supplies from Turkey and benefitted from development partners' support including from the World Bank, EU, China and the Jack Ma Foundation. • Identified facilities and built new ones for quarantine and treatment purposes across the country. • Required testing and quarantine for incoming travelers, and recently, for passengers coming from countries affected by new strains of the virus. • Worked under the African Union's COVAX initiative and with World Bank support to procure and roll-out the COVID-19 vaccines. |
| Social | <p>Social Impact</p> <p>i. Surge in the price of essential commodities.</p> <p>ii. Lack of market access for local onions and horticultural products.</p> <p>iii. Loss of earnings/salaries due to market closures, business closures and layoffs, affecting families live and livelihoods.</p> <p>iv. Suspension of in-person learning in schools and universities.</p> | <p>The authorities:</p> <ul style="list-style-type: none"> • Froze the price, and banned the re-export, of all essential commodities. • Partnered with the private sector to organize supply chains and imposed a temporal ban on onions import. • Provided GMD 850 million food aid targeting 84 percent of households and GMD 224 million food support to be distributed through the WFP. • Partnered with the UNDP, World Bank, WFP, UNICEF and FAO to make cash handouts to vulnerable households, some formal and informal sector employees, and women, and provided seeds and fertilizers to farmers. • Introduced E-learning (via public and private media) in schools and universities and switched to conducting regular lessons on radio and televisions. |
| Economic | <p>Tourism and other economic activities</p> <p>i. Airport arrivals in the first quarter of 2020 were 40 percent below 2019Q1, and dropped by 62 percent for entire year.</p> <p>ii. Non-essential private and public businesses were closed, or their activities reduced to a bare minimum.</p> <p>iii. Re-export trade suffered from border closures.</p> <p>Growth projection for 2020 revised down to 0 percent compared to 6.3 percent in initial projections.</p> | <p>The authorities:</p> <ul style="list-style-type: none"> • Are using hotels as quarantine facilities. • Provided GMD 100 million to support the comprehensive recovery plan with end-to-end safe travel experience, prepared by the tourism corporations with the support of the IMF and other development partners. • Are supporting municipalities, the Gambia Tourism Board and the Gambia aviation services affected by the absence of tourists. • Accelerated the airport renewal plan to enhance safety and security in the context of COVID-19. <p>The border reopening in Q4 and implementation of stimulus package of the SAP supported economic activities in the fourth quarter.</p> <p>The government and donors' food and cash transfer plans helped boost food trade.</p> |

| Categories | Impact | The Authorities' Responses |
|----------------------------------|--|---|
| Economic | Fiscal <ol style="list-style-type: none"> Companies faced difficulties in meeting tax obligations and filing of tax returns. Slowdown in revenue intake prompted the GRA to revise downward its annual revenue target for 2020 by 2.2 percent of GDP. The actual shortfall turned out to be much lower at 10.5 percent of GDP. Increased spending on health and COVID-19 containment programs (0.8 percent of GDP). | <p>The authorities:</p> <ul style="list-style-type: none"> Extended the filing and payment of the 2019 and 2020Q1 tax returns until end-Q2. Provided tax break on rice and PPEs equipment. Requested (and the IMF Board approved) a US\$21.3 million (25 percent of quota) support under the RCF; requested (and IMF board approved) a US\$28.8 million (33.3 percent of quota) ECF augmentation; benefitted from the CCRT, and are participating in the G20 DSSI. Secured additional support from the AfDB, EU (partly frontloaded) and the World Bank disbursed COVID-assistance funds to help address the health and socio-economic impact of the pandemic. This, together with the IMF emergency assistance and a list of new spending priorities, was included in a Supplementary Appropriation Bill (SAP) that was approved by the National Assembly. Prepared and approved a 2021 budget that includes contingencies to address a potential surge in infections and a post pandemic recovery stimulus package. Opened a dedicated project account for COVID-19-related spending, reinforced the Internal Audit's presence at the Ministry of Health, published details of COVID-19-related spending and procurement contracts and initiated the audit of the COVID-19 spending, with a view to enhance transparency in the use of the COVID-19 resources. |
| | Banking system <ol style="list-style-type: none"> Financial intermediation moderated since 2020Q1, with some tourist operators having problems servicing loans. Credit growth dipped to 0.8 percent at end-2020 (was 35.8 percent in 2019). F/X currency transport abroad ceased. CBR problems heightened, disrupting trade financing. Record high private FX inflows, resulting in a large accumulation of foreign assets by the CBG and the banks, driving a strong growth in broad money. | <p>The authorities:</p> <ul style="list-style-type: none"> Reduced (i) the policy rate by 50 bps and increased the special deposit rate by the same amount in February 2020, and (ii) the policy rate and the statutory reserve requirements on banks by 200 bps to 10 percent and 13 percent respectively, in May 2020. Are standing ready to discuss, on a bank-by-bank basis, client-specific loan servicing problems and advise on their resolution. Strengthened banking supervision and re-prioritized (including frontloading TA on stress testing and crisis preparedness) in a strategic plan of actions to address the recommendations from the 2019 FSSR. |
| Source: The Gambian authorities. | | |

Annex II. Risk Assessment Matrix¹

| Sources of risks | Relative Likelihood | Impact if Realized | Policy Response |
|--|--|---|--|
| External: Unexpected Shift in COVID-19 Pandemic | Medium | High | <ul style="list-style-type: none"> Strengthen fiscal, social, and health response to pandemic. Prioritize infrastructure projects with high fiscal multipliers and value-for-money. Strengthen regional cross-border pandemic response. Rollout targeted support for tourism, construction and services sectors for previously well-run and profitable corporates |
| | Asynchronous progress. Limited access to, and longer-than-expected deployment of vaccines—combined with dwindling policy space—prompt a reassessment of growth prospects. | Further collapse in Gambia's exports and tourism receipts. Failure of key domestic corporates in tourism, construction and services. Negative impact on growth, fiscal and external accounts | |
| | Prolonged pandemic. The disease proves harder to eradicate), requiring costly containment efforts and prompting persistent behavioral changes rendering many activities unviable. | Disruptions to economic activity. Employment pressures abroad reduce the inflow of remittances. Tourism is halted and exports are depressed. Negative impact on growth and the external position. | |
| | Faster containment. Pandemic is contained faster than expected due to the rapid production and distribution of vaccines, boosting confidence and economic activity. | Exports recover and tourism rebounds. Construction, services and other (tourism-related) activities pick up. The fiscal and external positions are strengthened. | |
| External: Oversupply and volatility in the oil market | Medium | High | <ul style="list-style-type: none"> Strengthen the fiscal oversight of NAWEC. Accelerate implementation of national energy roadmap with World Bank support, including use of alternative energy production methods. |
| | Higher supply and lower demand lead to renewed weakness in energy prices. Uncertainty about production cuts and the pace of demand recovery lead to bouts of volatility. | Dependence on HFO and sovereign guarantees pose a significant contingent liability risk. Increased use of ITFC facility could delay projects. High production costs hurt growth. | |
| Financial Instability | Medium | High | <ul style="list-style-type: none"> Increase provisions and bolster capital to absorb losses and resist temptation to weaken prudential standards. Discuss loan reprofiling for clients with strong business models. Implement FSSR recommendations. Ensure Banks retain retail banking units to better meet private sector recovery needs. |
| | Rising NPLs due to COVID-19 raise concerns in some banks, even with ample domestic liquidity. Collapse of Travelex increase fears about FX cash obligations internationally. Lack of alternatives to sovereign debt reignites concerns around sovereign-bank nexus | Reduced profitability and capital adequacy, negatively affecting financial intermediation. | |
| Weak Fiscal Management | Medium/High | Medium | <ul style="list-style-type: none"> Implement TA recommendations on PFM, cash management and budget execution. Identify additional fiscal measures to create fiscal space for crisis support. Implement SOE and governance reforms. |
| | An expansive COVID-19 fiscal policy without effective control of non-priority spending and lack of fiscal reforms. Fiscal shocks from SOEs. | Increased domestic borrowing and pressure on public debt sustainability. Pressure on foreign reserves. Crowding out of private credit. | |

¹The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline scenario within the next three years. "Low" is meant to indicate a probability below 10 percent, "Medium" a probability between 10 percent and 30 percent, and "High" a probability of 30 percent or more. The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risk may interact and materialized jointly.

| | | | |
|--|--|---|---|
| Social discontent and Political Instability | Medium | High | <ul style="list-style-type: none"> • Give priority to socio-economic stability and strengthen COVID-19 response. • Involve CSOs in policy decisions. • Implement findings from governance commissions. |
| | Tribal politics and tensions among the coalition parties and government increase due to the upcoming elections (end 2021 and early 2022) and ineffectiveness of COVID-19 response. | Political uncertainty hurts market confidence and private investment, delays economic and policy reforms, and weakens institutions. | |
| Natural disasters | Medium | High | <ul style="list-style-type: none"> • Strengthen food security and rural feeding programs. • Build up fiscal and reserve buffers. • Build resilience to natural disasters. |
| | Recurring cycles of erratic rainfall and droughts. | Negative impact on domestic production, especially rain-fed agriculture. | |

Annex III. Lending into Arrears to Official Bilateral Creditors

Staff assesses that the conditions are met for the Fund to provide financing to The Gambia in line with the policy on arrears to official bilateral creditors, notwithstanding its outstanding arrears to Venezuela. In particular:

1. **Prompt financial support from the Fund is considered essential and the member is pursuing appropriate policies.** The Gambia is a long-standing fragile state, currently at high risk of debt distress caused by the heavy debt service payments on its external debt. The ECF arrangement will support the authorities' efforts to achieve debt sustainability, while catalyzing much needed international financial support. The Fund-supported program is expected to anchor macroeconomic stability and play a pivotal role in addressing this long-standing issue, building on the improvements in the medium-term debt profile as a result of debt service deferrals. The Gambia's policies in the context of the ECF-supported program covering 2020–23 will contribute markedly to growth and poverty reduction, notably by facilitating the creation of the much-needed fiscal space.
2. **The authorities have been making good faith efforts to reach agreement with the creditor on a contribution consistent with the parameters of the Fund-supported program.**
 - *In terms of process*, the Gambian authorities have relayed to staff that they had contacted the Venezuelan authorities bilaterally through letters and technical meetings (most recently in October 2019 in Banjul and some exchanges of correspondence around December 2020), offering to engage in substantive dialogue and start a collaborative process on resolving the outstanding arrears (which arose due to international sanctions). Relevant information has been shared with them on a timely basis. The Gambian authorities are committed to their continued good faith efforts until all the remaining arrears are resolved.
 - *The terms offered* by the Gambian authorities to Venezuela are in line with the financing and debt objectives of the Fund-supported program and imply a contribution that is not disproportionate relative to those sought from other creditors under the official sector involvement.
3. **The decision to provide financing despite the arrears is not expected to have an undue negative effect on the Fund's ability to mobilize official financing packages in future cases.** In staff's view, providing financing to The Gambia despite the arrears is not expected to have an undue negative effect on the Fund's ability to mobilize future financing packages, given strong support from the international community in the context of the Fund-supported program for The Gambia and The Gambian authorities' efforts to resolve this in a timely manner.

Annex IV. Technical Assistance Priorities, 2020–21

| Priorities | Objectives |
|--|---|
| Revenue Administration | <p>Implementation of new tax exemption policy and GIEPA Act.</p> <p>Strengthen the integrity of the taxpayer register; improve filing and payment compliance and reduce tax arrears; improve accuracy of reporting in the key economic sectors and taxpayer compliance.</p> <p>Improve customs procedures, compliance risk management capacity to undertake post-clearance audits, and take steps to implement ECOWAS customs integrity framework.</p> <p>Implementation of plans for embedding stable and effective tax administration information management systems that support revenue administration functions including: completing implementation of the GALTAXNET remediation plan; development and implementation of an action plan for installing a new ITAS system.</p> |
| Public Financial Management | <p>Extend IFMIS on project and subvented agency accounts. Implement TSA roadmap and improve cash forecasting and debt data reconciliation.</p> <p>Prepare a 2022 gender sensitive budget by moving towards a gender responsive budget through means of sound PFM practices; create the conditions for moving to climate responsive budgeting by 2023. Support fiscal risk assessment of SOEs and PPPs, to improve risk monitoring and analysis—with the ultimate objective of limiting contingent support.</p> |
| Governance | Identify future reforms under the ECF program to tackle weak governance and vulnerability to corruption. |
| Bank Supervision and Stress Testing | Continue to strengthen bank supervision and develop and implement stress testing procedures. |
| Macroprudential Policy | Strengthen the macroprudential awareness of the CBG and clarify the responsibilities and the mode of operations of the financial stability function and the monetary policy function. |
| Bank Safety Nets, Resolution and Crisis Management | Develop a safety net (notably, deposit insurance) and to strengthen the CBG's resolution and crisis preparedness, particularly in the context of heightened risks to banks' portfolios in the context of the COVID-19 pandemic. |
| Debt Management | Lengthen maturity of domestic debt and reduce rollover risk. |
| Government Finance Statistics | Continue efforts to collect the source data comprehensively and compile GFS for budgetary central government (monthly). |
| Real Sector Statistics | Further improve the quality and timeliness of national accounts, including developing quarterly GDP series and new GDP rebasing. Improve price statistics. Strengthen the statistical capacity in national accounts and compilation of price statistics. |
| External Sector Statistics | Enhance the quality and coverage of source data used for compiling The Gambia's balance of payments and international investment position statistics. |
| Strengthening AML/CFT Framework | Build capacity to strengthen regulatory and supervisory frameworks to mitigate risk of loss or reduction of correspondent banking relationships and the impediments to remittance services. |

Annex V. Key Recommendations of the 2019 FSSR

| Key recommendations | Planned activities | Status |
|--|---|-----------------------------------|
| I. Banking supervision | | |
| Review and amend the Banking Act 2009. | Taskforce setup to work with the CBG legal unit. | Taskforce functional |
| Review of the manual of guidelines and instructions. | A team designated to review the guidelines. | Team functional |
| Define team in-charge of data quality functions. | A team to do quality control. | Team functional |
| Revisit the offsite supervision function. | Identify items and set thresholds in context of risk-based supervision (RBS). | RBS ongoing |
| Revisit the onsite supervision function. | Outline follow-up routines and visits. | RBS ongoing |
| II. Stress testing | | |
| Develop high quality stress testing governance framework. | Leverage TA to develop framework. | On track |
| Process to conduct pre-stress testing preparations. | Put in place processes for stress testing. | On track |
| Building capacity in stress testing. | TA required. | Awaits resident advisor |
| III. Macroprudential policy | | |
| Financial Stability report adopting forward looking approach. | Producing a stability report that would be forward looking | On track |
| Developing detailed macroprudential toolkit. | Working with partners and other stakeholders to develop the toolkit | On track |
| Assign macroprudential authority to the CBG. | Would seek to consult with MOFEA on this strategy | On track |
| IV. Bank safety net, resolution, and crisis management | | |
| Strengthen capacity for stress detection and introduce recovery plans for banks. | Team set up to advise CBG Mgt. | On track. Awaits resident advisor |
| Prepare deposit insurance legislation and strengthen resolution powers. | Negotiate with Government. | On track |
| Develop Emergency Liquidity Assistance (ELA) policy and processes. | Develop ELA framework | On track |
| Strengthen Prompt Corrective Action (PCA) framework. | Team to advise on PCA framework for timely bank intervention | On track |
| Strengthen banks' recovery plan. | Ensure effective recovery capacity in banks. | Working group functional |
| Develop bank resolution framework with adequate legal provisions. | Develop comprehensive resolution framework. | Working group functional |
| Strengthen domestic and cross-border corporation and co-ordination. | Work with MoFEA and regional authorities. | On track |

| V. Regulation and supervision of non-bank financial institutions | | |
|---|---|---|
| Revisit approach to supervising deposit taking Finance Companies (FCs). | <ul style="list-style-type: none"> • Develop a tiered-capital framework for FCs. • Develop RBS framework for large FCs. • Augment regulatory capital for Reliance Financial Services. | <p>Done</p> <p>TA required</p> <p>Done</p> |
| The NBFIs Act 2016 is silent on permissible activities of NBFIs. | <ul style="list-style-type: none"> • Review the NBFI Act 2016 and guidelines for adequacy of licensing provisions. • Incorporate regulatory requirements related to permissible activities into the guidelines. • Develop regulatory guidelines for MMOs and Mortgage Finance Companies. | Guidelines drafted |
| Include non-bank lenders in the Credit Reference Bureau (CRB) | <ul style="list-style-type: none"> • Develop framework for the inclusion of FCs and large Credit Unions (CUs) into the CRB. • Reduce costs for NBFIs participation in the CRB, to reduce non-performing loans. | |
| Upgrade its oversight of mobile money operators (MMOs) | <ul style="list-style-type: none"> • Review and upgrade current guidelines on MMOs. • Develop onsite/off-site examination manual. • Develop off-site reporting templates to capture operations. (iv) Ensure enforcement. | |
| Strengthen supervision of CUs and their relationship with the National Association of Cooperative Credit Unions of The Gambia (NACCUG). | <ul style="list-style-type: none"> • Assume direct oversight of 11 largest CUs. • Develop regulatory guidelines and reporting templates for CUs. • Develop on/off-site examination framework. • Revise the delegated supervisory role of NACCUG. | <p>On track.</p> <p>TA required.</p> |
| Develop a more proportionate Strategy for overseeing Village Savings and Credit Associations (VISACAs). | <ul style="list-style-type: none"> • Develop proportionate supervision framework (reflecting risk profile) with the VISACAs apex body. • Conduct half-yearly onsite supervision to verify offsite returns. | Done. Piloting to revamp the concept of VISACAs. |
| Close gaps in legal authority for regulation and supervision of CUs. | <ul style="list-style-type: none"> • Legal Department to provide clarity on CBG's mandate (in the in the NBFI Act 2016) to regulate and supervise financial cooperatives. • Agree roles and responsibilities with NACCUG and the Department of Cooperatives. | 12 largest CUs are incorporated and being regulated under the guidelines. |
| VI. Financial Inclusion | | |
| Improve data quality for financial inclusion and information sharing. | <ul style="list-style-type: none"> • Automate and expand the CBG data system to include financial inclusion requirements. • Interface with regulated service providers. • Develop a supervisory software for data collection and supervision of NBFIs. | <p>On track</p> |
| Incorporate consumer protection into financial inclusion efforts. | <ul style="list-style-type: none"> • Develop nanotech to capture forex operations. • Collaborate with the Competition and Consumer Protection Commission, to develop a consumer protection framework for financial services. | <p>Done</p> <p>On track</p> |
| Develop a financial inclusion ecosystem for digital financial services along with a clear framework to support transactions. | <ul style="list-style-type: none"> • Strengthen the electronic payment system and guidelines for MMOs. • Build staff capacity to regulate and supervise digital finance. | On track |
| Source: The Central Bank of The Gambia. | | |

Appendix I. Letter of Intent

Banjul, The Gambia

May 12, 2021

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

Madam Managing Director,

1. On behalf of the Government and the people of The Gambia, we express our gratitude to the IMF for its continued strong support to our country in helping address the health and socio-economic impacts of the COVID-19 pandemic. The completion by the IMF Executive Board in January 2021 of the first review under the ECF arrangement and the augmentation of access were timely. It helped the government in addressing the second wave of the COVID-19 pandemic and provided resources for implementing the 2021 budget. In addition, it helped prevent an increase in borrowing costs as observed in early 2020. We are also grateful for the IMF's support for the G20 Debt Service Suspension Initiative (DSSI) and the third extension of the debt service relief under the Catastrophe Containment and Relief Trust (CCRT).

2. The attached Memorandum of Economic and Financial Policies (MEFP) (i) outlines the progress we have made under the program since completion of the first review in January 2021 and (ii) updates our policies for the remainder of 2021 and beyond. Despite the pandemic, our commitment to the program remains unwavering. We observed all quantitative performance criteria (QPCs) and all indicative targets (ITs) at end-December 2020. The end-December 2020 structural benchmark (SB) was implemented in the first quarter of 2021, to allow incorporation of end-December 2020 information in the publication. All SBs at end-March 2021 were implemented timely. We will ensure that budget execution in 2021 is consistent with the fiscal path and debt sustainability under the ECF program.

3. We continued our efforts to strengthen the governance and autonomy of the central bank and will advance the implementation of outstanding recommendations of the 2020 safeguards assessment. The FY2020 audit of the CBG's financial statements is near completion and we are taking steps to strengthen our internal audit and financial reporting functions. We have agreed with the Auditor General on a joint audit arrangement, to be carried out by a local and an international firm, of the central bank's FY2021 financial statements.

4. We remain committed to fulfilling our commitment on fostering full transparency in all COVID-19-related spending. To this end, we included all COVID-19 spending items in the 2021 budget to ensure that they are implemented in line with the normal budget procedures. We have published on the website of the Gambia Public Procurement Agency (GPPA) a list of all COVID-19-

related procurement contracts and their beneficiary owners; the list has been updated to cover the full year of 2020 and the first quarter of 2021. The National Audit Office (NAO) has completed the first phase of an *ex-post* audit of all COVID-19-related spending during March-October 2020 and has launched an audit of all such spending executed in November and December 2020. We will consolidate the results of these audits with the audit of the 2020 fiscal accounts and submit to the National Assembly for deliberations and publication by end-September 2021.

5. In light of the resolve and commitment we have shown in implementing the agreed macroeconomic policies and reforms, and based on the strength of our policies and measures going forward, the Government of The Gambia requests completion by the IMF Executive Board of the second review of our ECF-supported program and the disbursement of the third ECF tranche of SDR 10 million. We also request that this disbursement be on-lent to the Government and made available to the Treasury to provide budget support upon the signature of an MoU between the Ministry of Finance and Economic Affairs and the Central Bank of The Gambia defining their respective roles and responsibilities for servicing the related financial obligations to the IMF.

6. The Government believes that the policies and measures set forth in the MEFP for the first review, as supplemented by this MEFP, will help achieve the program objectives. Nonetheless, the Government will take any additional measures that may be required, particularly in response to COVID-19-related needs. The Government will consult with the IMF, or whenever the Managing Director requests such consultation, prior to adopting any such measures or revising the policies in the MEFP. We will continue to provide the IMF staff with all information needed to monitor our implementation of the economic and financial policies geared toward achieving the program objectives.

7. The Government consents to make public the content of the IMF staff report, including this letter, the attached supplemental MEFP and Technical Memorandum of Understanding (TMU). We, therefore, authorize the IMF to publish these documents on its website in accordance with IMF procedures once the IMF Executive Board approves the completion of the second review under the ECF arrangement.

Sincerely yours,

/s/

Mambury Njie

Minister of Finance and Economic Affairs

/s/

Buah Saidy

Governor, Central Bank of The Gambia

Attachments: I. Memorandum of Economic and Financial Policies (MEFP)

II. Technical Memorandum of Understanding (TMU)

Attachment I. Memorandum of Economic and Financial Policies

This Memorandum of Economic and Financial Policies (MEFP) summarizes our achievements under the ECF-supported economic and financial program since the completion of the first review in January 2021. It updates our policies, measures and the structural reform agenda to strengthen our response to the humanitarian and economic challenges stemming from the COVID-19 pandemic, support a rapid recovery from the pandemic-induced economic shock, ensure macroeconomic stability, and foster inclusive growth.

Background

1. **The new wave of COVID-19 cases in The Gambia and globally in early 2021 has dampened the prospects of a rapid recovery in the tourism sector.** The new surge in COVID-19 cases around the world and the easing of health restrictions, including the opening of the country's international borders, led to a resumption of increases in the number of COVID-19 cases in early 2021 and a spread of new strains of the virus in The Gambia. The government reintroduced restrictions on travelers in early January including a requirement of an additional COVID-19 test upon arrival and a mandatory quarantine at own cost, for travelers coming from countries affected by the new strains of COVID-19. While these measures helped curb the new wave, they also led to flight cancellations and further delays in the reopening of The Gambia routes by many airlines, causing delays in the recovery of the tourism sector.
2. **We started a COVID-19 vaccination campaign in early March, with support from the COVAX initiative and the World Bank.** We expect to cover 20 percent of the population under the COVAX initiative. We plan to cover an additional 40 percent of the population with a grant financing of US\$8 million from the World Bank. By late April, we had vaccinated around 20,000 people, or about 1 percent of the population. We intend to complete this vaccination campaign of a total of 60 percent of the population by [end-2022], which corresponds to all adult population.
3. **We continue to execute COVID-19 spending transparently.** We included all COVID-19 spending items in the 2021 budget to ensure that they are implemented in line with normal budget procedures. We have published on the website of the Gambia Public Procurement Agency (GPPA) a list of all COVID-19-related procurement contracts and their beneficiary owners; the list has been updated to cover the full year of 2020 and the first quarter of 2021. The amount of COVID-19-related spending is shown in the monthly budget execution reports for 2020, published on the finance ministry's website. The National Audit Office (NAO) has completed the first phase of an *ex-post* audit of all COVID-19-related spending covering March through October 2020. The audit of the COVID-19 spending executed in November and December 2020 has also been launched. We will consolidate the results of these audits with the audit of the 2020 fiscal accounts and submit to National Assembly for deliberations and publication by end-September 2021.
4. **We are pursuing our ambitious transitional justice reforms, including to bring the stalled constitutional reform process back on track ahead of the presidential election in**

December 2021. We have adopted a multi-pronged approach, supported by the international community, and mediated by the former President of Nigeria, Goodluck Jonathan, to unlock the impasse on the constitutional reform. The civil society and religious leaders have been invited to help build a consensus. The outcome of this process remains uncertain at this stage. Nonetheless, political parties have put in place an Inter-Party Committee (IPC) and agreed to work together toward peaceful, transparent, and credible elections. We are making progress on our other transitional justice reforms, including the public hearings of the Truth, Reconciliation and Reparation Commission (which is expected to conclude and submit its final report and recommendations in early July), human trafficking, discrimination against women, and criminal code. In the bid to continue supporting our fragile transition, we have agreed with our partners to transform the mandate of the sub-regional peace keeping force, ECOMIG, into a police force with the Gambia Armed Forces restoring their full military defense duties at end-2020.

Recent Economic Developments

5. Economic activity in The Gambia was flat in 2020. The Covid-19 pandemic hit the country hard with the tourism sector distressed by a 62-percent decline in airport arrivals and other sectors significantly impacted by the lockdown and border closure measures. The central bank's (CBG) business sentiment survey and the composite index of economic activity (CIEA) pointed to a weakening in economic activity during the year. On the positive side, a good rainfall supported strong agricultural production, while record-high private foreign exchange remittance inflows boosted the construction sector. In addition, the economy benefitted from the government's stimulus package included in the supplementary budget appropriation (SAP) and the food and cash distribution programs. As a result, economic growth is estimated at around 0 percent in 2020. Inflation (year-on-year) declined from 7.7 percent at end-2019 to 5.7 percent at end-2020 on account of weak demand. Inflation spiked temporarily in January 2021 but decelerated in February. The exchange rate has been broadly stable.

6. We managed to bring end-December 2020 fiscal outturns broadly in line with projections, despite the COVID-19-related challenges. The overall deficit, at 2.1 percent of GDP, was slightly higher than projected as the EU delayed the disbursement of a budget support (EUR 5.5 million) expected in late 2020. However, the domestic primary balance was stronger than projected by 0.6 percent of GDP, due primarily to a better-than-expected domestic revenue performance on account of better GRA's performance, the sale of assets authorized by the Janneh Commission, and the distribution of accumulated profits by the CBG. Total expenditure was lower than projected by 1.3 percent of GDP due to lower execution of foreign-financed capital expenditure as current spending was broadly as projected. This led to lower domestic borrowing (of 0.1 percent of GDP compared to a program ceiling of 0.5 percent of GDP), and a decline of the public debt-to-GDP ratio (from 80.1 percent at end-2019 to 77.2 percent at end-2020). The SAP was executed at 95 percent, with the implementation of some of its spending, particularly the road construction, the second phase of the food distribution implemented by World Food Program (WFP), and some health-related spending, to continue in early 2021.

7. The balance of payments strengthened in 2020, supported by record-high private forex inflows and donor support. The current account deficit narrowed from 6.2 percent of GDP in 2019 to an estimated 2.6 percent of GDP in 2020, despite the halt in tourism since March 2020. While re-exports weakened due to border closures, and imports of goods and services remained broadly unchanged from the previous year, significant inflow of remittances helped strengthen the current account balance. Remittances reached record-high levels in 2020, showing a 78-percent increase (y/y) (of which around 20 percent is estimated to be attributed to a shift from informal to formal money transfer operations due to the border closures and reduction in international travels). The rise in remittances inflow, coupled with the increased support from the IMF and other development partners, helped boost gross official reserves to US\$352.0 million (about 4.7 months of prospective imports) at end-December 2020.

8. Liquidity expanded on account of large accumulation of foreign exchange reserves, but private credit stagnated. Broad money expanded by 22.0 percent (y/y) at end-2020, driven by an accumulation of net foreign assets by both the commercial banks (63 percent increase) and the Central Bank (27 percent increase). The central bank purchased foreign currency from commercial banks, using opportunities of abundant foreign currency and favorable prices to strengthen its foreign reserves in anticipation of government's external payments, which contributed to liquidity expansion. However, credit to the private sector merely grew (0.8 percent y/y at end-2020 compared to 35.8 percent in 2019) as banks remained prudent in lending given the heightened uncertainty in the evolution of economic activity. As a result, banks' excess reserves beyond the required ratio remained high.

9. The banking sector was broadly resilient, with balance sheet weaknesses localized in a few entities. The end-2020 financial soundness indicators show an improvement of the system-wide capital adequacy ratio to a comfortable 32.6 percent, compared to a statutory requirement of 10 percent. The liquidity ratio stood at 93.5 percent. Profitability declined slightly but remained positive. The deterioration of the asset quality (NPL ratio from 4.5 percent at end-2019 to 6.8 percent at end-2020) seems to be caused by one large and three small banks exposed to the tourism sector; these banks accounted for 27.9 percent of total assets and 36.7 of gross loans. As at end-February, however, one large bank (accounting for 16 percent and 21 percent of total banking system assets and NPLs, respectively, as at end-2020) had resolved its NPL problems, as the clients in question settled their obligations. Reflecting the balance sheet weakening the aggregate provisioning level increased from 73.4 percent in 2019 to 80.1 percent in 2020. The CBG avoided a blanket weakening of regulatory requirements, apart from a temporary suspension, until end-2020, of provisioning rules on a case-by-case basis for the banks exposed to pandemic-affected clients.

10. Despite some mounting vulnerabilities, the non-bank financial sector continued to expand and play an important role in fostering financial inclusion. During 2020, two Finance Companies (FCs) were granted licenses to operate as microfinance institutions (MFIs), bringing the number of FCs to six (6). Their total assets grew by 33.6 percent to GMD 2,006 million and deposits grew by 31 percent. The capital adequacy remained stable around 32 percent, well above the benchmark of 20 percent, and they remain profitable. However, their loans portfolio contracted by

20 percent by Q3 before recovering in Q4, ending in an annual growth of 2.3 percent. The liquidity ratio deteriorated from 75 percent to 58 percent in 2020. NPLs more than doubled going from 5 percent to 11 percent. Mobile money continued to expand; the number of transactions more than doubled between June and December 2020 and cash transactions increased by 53 percent during the same period.

Performance Under the ECF Program

11. We met all quantitative performance criteria and indicative targets at end-December 2020 with large margins. The ceiling on the central government's net domestic borrowing (NDB) was observed with a margin of about GMD 400 million or 0.4 percent of GDP. The floor on the stock of net usable international reserves (NIR) was exceeded by US\$99 million or about 50 percent above the target. The other five QPCs were also met, namely the ceiling on the net domestic assets of the Central Bank, the zero-ceiling on non-concessional external debt contracted and guaranteed, the zero-ceiling on the outstanding stock of external public debt with original maturity less than one year, the non-accumulation of external payment arrears, and the ceiling on new concessional external debt contracted or guaranteed by the government. All end-December 2020 indicative targets were also, including the floor on domestic revenue and the floor on poverty-reducing spending.

12. Preliminary data at end-March 2021 suggests that the ceiling on net domestic borrowing, the floor on net useable international reserves, and all debt related indicators were met. Tax revenue collection fell below the indicative floor due to the pandemic.

13. We also met all structural benchmarks (SBs) through end-March 2021, except one that was implemented with delay. (Table 3).

- (i) The end-December 2020 SB on the publication of an annual statement on MDAs' compliance with the internal audit recommendations was completed in March 2020. The delay was due to the need to wait for the availability of end-December 2020 information to be able to reflect the entire year in the publication.
- (ii) The CBG agreed in December 2020 with the Auditor General that the CBG's 2021 financial statements will be audited jointly by a local and international firm with central bank auditing experience. This joint audit was recommended by the 2020 safeguards assessment mission. The CBG has initiated the recruitment of the auditors to ensure a timely conduct of the exercise.
- (iii) The Ministry of Finance published on March 26, 2021, the quarterly debt bulletin for 2020Q4 which included a monthly domestic debt issuance calendar for the second quarter of 2021. The calendar will be updated on a monthly basis. With IMF and WB support, the MoFEA (DLDM) and the CBG have published an annual borrowing plan for 2021 and have been publishing on their websites a monthly domestic debt issuance plan, ahead of the start of the month.

Macroeconomic Outlook

14. **Despite the large uncertainty, we expect a recovery of economic activity from 2021 onwards.**

The agricultural sector is expected to continue satisfactory performance. Private foreign exchange and remittances inflows continued at high levels in early 2021 and are expected to sustain a strong performance of the construction sector. The execution of public investment projects related to the preparation of the 2022 OIC conference is accelerating. Other large public investment projects are also underway, including the extension of the Port of Banjul and the modernization of the airport. The roll-out of COVID-19 vaccines in The Gambia and worldwide invites some optimism on a recovery of the tourism sector from the second semester of 2021. Based on the above considerations, economic growth is projected at 4.9 percent in 2021. Nonetheless, this projection is subject to significant downside risks, particularly possible delays in controlling the Covid-19 pandemic in The Gambia and worldwide.

Macroeconomic Policies and Structural Reforms

A. **The National Development Plan**

15. **We will continue to anchor the ECF program on our National Development Plan (NDP), whose coverage has been extended to 2022 due to the COVID-19 pandemic.**

With the development partners' support, the government has produced a Mid-Term-Evaluation (MTE) report of the NDP. The MTE was validated in February 2021 and the report is being finalized incorporating comments and inputs from the validation seminar. The initial findings of the MTE report indicate that after three years of implementation, 60 percent of all outcomes are already achieved or are on track to be achieved by end-December 2021. We have initiated a process of formulating a new long-term development vision which is expected to be finalized around the end of the second quarter of 2021. The long-term development vision would serve as a strategic framework for the development of successive medium-term national development plans. The formulation of a new medium-term development plan will start during the third quarter and it is scheduled to be finalized in 2022 in time for the start of the 2023 budgetary process.

16. **In collaboration with the World Bank, we are currently drafting a Turn Around Allocation (TAA) strategy aimed at addressing fragility and building resilience.**

The current COVID-19 pandemic and the breakdown in the political coalition agreement that led to the political change in 2017, increasingly suggest a highly fragile socio-political and economic environment, to a large extent compromising the potentials of growth and productivity of the country. The TAA strategy, which is aimed at addressing these challenges and building resilience, features five strategic goals namely: (i) security and political stability; (ii) governance and transitional justice; (iii) land management; (iv) environment and climate change; (v) human capital development and inclusive growth and economic stability. The TAA could top up a country's IDA allocation by 125 percent, up to a national top-up cap of US\$1.25 billion per country per replenishment. In this regard,

it is expected to avail the country with much-needed resources and create the necessary environment for reforms.

B. Fiscal Policy

17. We are facing some important fiscal challenges in 2021 related to global, regional, and Gambia-specific circumstances. Revenue collection for the January-February 2021 was below projections by 6 percent, which is due to several factors. Corporate and personal income taxes in the first quarter of the year depend largely on the performance of the tourism sector during the last quarter of the previous year (the peak season in The Gambia); airport arrivals in 2020Q4 was more than 85 percent below 2019Q4. A large increase in freight costs with some trading partners led to lower volume of import of essential goods and lower customs revenue collection. The reemergence of bottlenecks in transit trade with Senegal and the closure of Guinean borders (affecting traders in Mali and Guinea Bissau) are adversely impacting revenue collection. Non-tax revenue is suffering from a lower traffic on the Senegambia-bridge and delays in lifting the suspension on the sale of stolen assets under the Janneh Commission, due to a recent court ruling. Some pressures are also emerging on the expenditure side. Additional financing will likely be needed for the organization of the presidential and parliamentary elections in end-2021 and early-2022. Payments on some large infrastructure projects, such as the Banjul Rehabilitation project and the Hakkalan road project, are coming due at a faster-than-anticipated pace. The government may also need to prefinance the rehabilitation of the Banjul port.

18. The 2021 fiscal framework will help tackle the impacts of the pandemic and support the recovery. We have phased out measures that are deemed no longer warranted, including payment deferrals of tax obligations, the suspension of penalty and interest charges for late filing and payments, the suspension of enforcement and tax field audit activities, and the granting of duty payment deferrals on fuel sales to oil marketing companies that invest in jet fuel supply and were affected by the abrupt closure of the airspace. We are of the view that those measures should be rolled back to allow the government to secure revenue to finance programs that are more targeted to the vulnerable population. Instead, the 20-percent reduction on the customs valuation of some basic food and hygiene items will be pursued to alleviate the impact of the pandemic on the population. The food distribution program, supported by the WFP, will also be continued. In addition to the Covid-19 vaccination campaign supported by our development partners, we have also factored a contingency of GMD 300 million (0.3 percent of GDP) to cater for emergency spending pertaining to the Health sector. To support the recovery of economic activity, we introduced the following measures. We reduced the incorporation fees from GMD 10,000 to GMD 4,000, and business registration certificate from GMD 1,000 to GMD 500 to encourage the expansion and formalization of micro, small and medium-sized enterprises in the country. We are exempting investors and sole proprietors in the informal sector from paying payroll tax in order to reduce their cost of doing business in the country. We reduced the fringe benefit tax rate from 35 percent to 27 percent to align with the current corporate income tax rate. These measures are expected to help incentivize economic activity while addressing some administrative distortions and not creating large revenue loss.

19. Despite the various challenges, we will ensure that the 2021 budget execution stays consistent with program objectives:

- On the revenue side:** the implementation of fiscal measures announced in the 2021 budget will help mitigate the revenue shortfall. We are rationalizing tax exemptions and duty waivers, which has already started yielding positive results. A new tax expenditure policy will be approved and implemented, including a review of investment tax incentives, a new GIEPA Act, and streamlining of all tax incentives (structural benchmark end-June 2021). The voluntary value added tax (VAT) threshold was increased from GMD 500,000 to GMD 1 million to minimize the administrative burden and align with the mandatory VAT threshold and avoid any VAT leakages. All taxpayers categorized as Large Taxpayers are required to file their audited financial statements along with their annual tax returns to ensure adequate payment of tax obligations. Various taxes and excises on tobacco products were increased to comply with global and regional commitments to increase the share of excise tax on tobacco products to at least 70 percent of the retail price. The annual threshold of capital gains tax was increased from GMD 18,000 to GMD 24,000 to align to the current personal income tax rate. We expect revenue from the privatization of *MegaBank* and will further take all necessary measures to ensure the successful sale of assets from the Janneh commission to complement government revenue. We are also making efforts to complete reforms in financing programs from our partners (budget support and project grants).
- On the spending side:** the operational, organizational, and financial reforms recently introduced in two key SOEs will reduce reliance on government subsidies in 2021. For the utility company (NAWEC), the budget originally envisaged subsidies of about 0.3 percent of GDP, which may potentially be reduced as the financial situation of the company has significantly improved. A new management team has been put in place. With World Bank support, all top-management positions are about to be filled on a competitive basis and a revised performance contract is being finalized. Following the completion of the overdue maintenance of most of its generators, NAWEC's generation capacity has improved. Revenue collection also improved following the use of prepaid meters. The company is procuring an APC contract for the construction of 30 MW capacity with the support of African Legal Facility to replace the more costly Karpower arrangement. For the groundnut company (GGC), the amount of subsidies in the budget will likely not be fully used. The 2020-21 yield of the groundnut campaign was significantly below target, thus requiring significantly lower subsidies. Despite this low yield, the company plans to build on this year's positive operational experience to improve performance in future years' campaign (e.g. direct purchase from farmers, payment to farmers on the spot, collaboration with a local bank to finance the campaign). The company has modernized its payroll systems and digitalized its inventory management helping enhance efficiency. It has also set up an internal audit department, which helped improve the company's business processes and controls, culminating in GMD 1.2 billion saving on overpricing and unnecessary procurements. Furthermore, the contingency spending envelopes that we budgeted for the education sector will likely not be fully utilized based on the current pace of execution.

C. Debt Sustainability

20. Given the high risk of debt distress, our policies will continue to aim at reducing debt vulnerabilities in the medium term. Our public debt continues to be deemed sustainable but at high risk of external and overall debt distress. Total public debt declined from 80.1 percent of GDP at end-2019 to 77.2 percent of GDP at end-2020. We aim to reduce the present value of total public debt below the benchmark of 55 percent of GDP around 2024. This objective will be achieved through a combination of a strong medium-term fiscal framework and a prudent borrowing policy.

- **Medium-term fiscal framework:** some of the measures implemented in 2021 to address the impacts of the pandemic and support the recovery are expected to be rolled back from 2022. This unwinding is expected to improve the primary balance from a deficit of 1.4 percent of GDP in 2021 to a surplus of 0.5 percent of GDP in 2022 and an average surplus of 1.5 percent of GDP during 2023-26. This fiscal consolidation effort will be mainly driven: (i) on the revenue side, by an improvement in tax administration through the modernization of revenue collection systems and the rationalization of tax expenditure; and (ii) on the expenditure side, through civil service reforms (including the elimination of ghost workers and improved efficiency in public service delivery, which will help to contain spending on wages and improve productivity), rationalization of subvented agencies, and improvement of the financial conditions of SOEs to contain subsidies. All these measures will ensure a steady decline in the public debt-to-GDP ratio, which is essential to firmly anchoring sustainability and lowering the risk of debt distress.
- **Borrowing policy:** we will continue to adhere to the borrowing plan and rely primarily on grants and highly concessional borrowing. The government will continue prudence in the contracting of new loans. Discussions with the EIB and AfDB are now at an advanced stage to ensure the financing of the Banjul port extension on a concessional term. In preparation for the OIC summit, three out of four financiers of the Bertil-Harden highway have agreed to provide concessional financing, namely BADEA, the Kuwaiti fund, and the Abu-Dhabi fund. Discussions are underway with the fourth financier (OFID) to improve the terms of its financing offer.
- **We are strengthening debt management and transparency.** The recording of the domestic debt in the Meridian system has begun and the first cycle is expected to be completed in December 2021, which will be followed by reconciliation with the CBG debt recording system. The update of the debt strategy and the revision and publication of annual borrowing plans and monthly bond issuance plans will be made systematic. In addition to the publication of quarterly debt bulletins, we are publishing a monthly domestic debt issuance calendar for the next three months, which will be reviewed and updated on a monthly basis. We have requested an extension of the DSSI through end-June 2021 and are planning to request extension through end-December 2021. Additionally, the extension of the CCRT relief through October 2021 reduces debt service owed to the IMF by SDR1.9 million.

21. We will continue our efforts to improve the governance and financial situation of SOEs to minimize contingent liabilities. The fiscal risks associated with the use of trade credit facility from the ITFC have significantly declined as GGC will exit the facility after paying its last obligation

due in 2021Q2; NAWEC renewed the facility in late 2020 for two years but is now honoring its obligations up to six months ahead of schedule. The adoption of the SOEs bill is expected to durably reduce contingent liabilities.

D. Monetary Policy and Financial Sector

22. Our monetary policy will continue to address pandemic-driven pressures and we are closely monitoring developments, including on liquidity, credit, and inflation expectations. At the wake of the pandemic, we loosened the monetary policy stance to help alleviate the impact of the pandemic on the economy. We reduced the policy rate from 12.5 percent to 10 percent (in two steps) and the reserve requirements ratio from 15 percent to 13 percent and increased the interest rate on the special deposit facility by 50 basis points to 3 percent. During our monetary policy committee meeting in March 2021, we maintained the accommodative policy stance. We will continue monitoring developments. The strong foreign exchange inflows of private remittances in 2020 continued in early 2021 (monthly average of US\$50.9 million in January-February 2021, compared to a monthly average of US\$49.2 million in 2020 and US\$27.5 million in 2019); these strong forex inflows are expected to continue throughout 2021. Using opportunities of abundant foreign currency and favorable market conditions, the central bank has been purchasing foreign currency from commercial banks through a bidding process to further strengthen its international reserves and anticipate any external payment by the government. These foreign currency purchases and the disbursements from international partners further boosted the central bank's international reserves (US\$383 million at end-February 2021). Accordingly, reserve money and liquidity expanded. However, we do not foresee strong inflation pressures at this stage. Inflation eased in 2020, but spiked in January and March 2021 due to increases in some food prices caused by border closures in some neighboring countries. Also, government deposits at the CBG increased by about 1 percent of GDP, helping to sterilize some of the FX inflows and also providing a buffer for future fiscal uncertainties. The expansion of liquidity has not translated into an expansion of private credit, which broadly stagnated in 2020. This weak private credit growth is due primarily to banks' prudence in providing loans under the current uncertain economic environment. Beyond the current context, we will endeavor to tackle structural obstacles hindering credit extension by banks, such as access constraints, collateral recovery problems, and default risks.

23. We will monitor and address emerging localized vulnerabilities in the financial sector. The overall financial sector appears broadly resilient to the impact of the pandemic except in a few banks and non-banks financial institutions exposed to sectors affected by the pandemic. Thus, we continue to shun a blanket weakening of prudential requirements, as the situation is neither widespread nor systemic. We are implementing the recommendations from the Fund's 2019 Financial Sector Stability Review, for which purpose we had drawn up a strategic plan. In this context, we introduced a Regulatory, Compliance and Supervision System (vRegCoSS) software in April 2020 to access real-time information for the supervision of banks, reviewed the organogram of our Financial Services Department, and continue to strengthen risk-based supervision of banks. Furthermore, we have set up a taskforce to collect information for a review of our Business Continuity Plan and a crisis management and resolution team to strengthen our crisis preparedness.

In addition, we are preparing a framework for stress testing banks' balance sheets (SB for end-June 2021) with the technical assistance from the Fund. A parallel approach is being adopted for strengthening the supervision of NBFIs for which purpose we will require technical assistance.

24. We are strengthening financial safeguards in line with recommendations from the 2020 safeguards assessment. Our Internal Audit Department has commenced preparation of quarterly reports covering program monitoring data submitted to the Fund (the report for end-2020 will be completed once the audit of the 2020 financial statements is finalized), additional members of the audit committee were appointed, and the audit committee charter will be updated by end-May 2021 to reflect the recommendations of the safeguards mission. Furthermore, our Board has approved the transfer of all foreign exchange cash handlings to the purview of our Currency Unit at the Banking Department and an update of the foreign exchange management guidelines will be completed in line with ongoing IMF technical assistance. For the audit of the central bank's 2021 financial statements, we agreed an arrangement with the Auditor General for a joint audit by a local firm and an international firm with central bank auditing experience (SB for end-March 2021).

E. Structural Reforms

Domestic Revenue Mobilization

25. The post-TADAT reforms as anchored in the 2020-2024 Corporate Strategic Plan (CSP) continue to guide our reforms at the Gambia Revenue Authority (GRA):

- **Tax registry cleaning:** the exercise entails updating taxpayers' information, such as contact details, demographic information, taxpayer's tax office, segmentation, ISIC coding, and trading information. The exercise is completed for the Large Taxpayer Unit (LTU) and the seven tax Offices located in the greater Banjul area (Banjul, Kanifing, Serrekunda, Tallinding, Brusubi, Brikama and Wellingara). The campaign is ongoing for the remaining tax offices in the provinces Barra, Farafenni, Soma, Brikama-ba and Basse, and is expected to be finalized by end-December 2021. The completion of the cleaning exercise will be followed by the migration of current cleaned registry data held in excel files to the GAMDAXNET platform. This will allow the reconstruction of the taxpayer ledges to better monitor tax obligations, including tax arrears.
- **GAMDAXNET enhancement:** three modules (Registration, Returns filings and Payments) of the remediation plan to enhance the system were rolled out to the four offices identified in the pilot phase (Banjul, Kanifing, Serrekunda and Tallinding). The four offices are now using the enhanced version of the system. The enforcement module has also been deployed to those four pilots, including Brikama, Wellingara and Brusubi. We will continue to work with the developer to complete the other modules (Audit, Refunds, MIS Report and Administration). In the meantime, a manual block management method is currently being used to manage compliance levels of taxpayers. Each block is assigned to an enforcement officers who is responsible for ensuring that taxpayers in their block file and pay their taxes on time and the enforcement officers provide quarterly compliance reports.

- **Digital transformation:** we will continue our IT initiatives to achieve the digital transformation of the GRA, including the migration from ASYCUDA++ to the ASYCUDA World with the support of the AfDB and the acquisition of a new Integrated Tax Administration System (ITAS) with the support of the World Bank under the Fiscal Management Development (FMD) project to replace GAMDAXNET. The FMD project has commenced. Contract negotiations are currently underway with the selected service provider. The implementation of this new ITAS includes e-registration and e-filing components with mobile payment solutions interfaces. The MoFEA has also approved funding for GRA to connect its systems across the country to the GAMTEL broadband fiber network which will significantly improve GRA's network capabilities and therefore its digital footprint with increased taxpayer communication channels and improved usage of the GAMDAXNET system.
- **Tax expenditure policy (TEP):** we are making efforts to implement recommendations from the TEP report as outlined in the 2021 budget speech. A consultant has been recruited with the support of the World Bank to assist MOFEA with the implementation of the TEP report recommendations. A tax unit has been created at the MoFEA and a committee established comprising the MoFEA, the Ministry of Trade (MoT) and GRA to strengthen controls on enforcement and eligibility for tax exemptions. The committee ensures a holistic decision-making approach to investments, incentives, and exemptions. The work of the consultant on the revision of the GIEPA Act is progressing with a view to request approval by Cabinet at end-June 2021.
- **Other measures:** the GRA is enhancing its capacity to audit the finance and telecommunications sectors. All our current reform activities are expected to improve operational efficiency through strengthening taxpayer services, audit and enforcement, which will in turn improve voluntary compliance by taxpayers and have a positive impact on revenue collections. Customs committed to improving their adherence to all policy measures and operational protocols, especially regarding exemptions, to ensure accuracy in valuations and charges. Customs will also focus on facilitating exports and ensuring bilateral trade agreements, in particular with Senegal, are strictly adhered to, to also facilitate trade through The Gambia. GRA has started engagements with Guinea Bissau Customs Administration in December 2020 and has just started with the Malian authorities to foster trade between these countries in the context of the African Free Trade Agreement.

Public Financial Management

26. Our reforms in public financial management (PFM) will be guided by the newly adopted 2021–25 PFM reform strategy. With the development partners' support, we have finalized and published the strategy. Our reforms include the following key areas.

- **Public procurement:** we have made significant progress on our procurement process. Single sourcing has been reduced markedly. The bulk of our public contracts is now awarded based on "requests for proposal". We will continue our efforts to enhance the share of "open bidding" contracts. Such efforts will include training on procurement processes and better planning by ministries, departments, and agencies. The procurement act (GPPA act) has undergone two

readings at the National Assembly and has been approved at the Committee level. Its approval at the plenary is delayed by the heavy legislative agenda of the National Assembly. We are making efforts to accelerate the approval and effectiveness of this act by simultaneously requesting a fast-tracking at the National Assembly, preparing the regulations, and drafting the manuals.

- **SOEs bill:** while the approval process of the SOEs bill is on hold because of the stalled constitutional reform, we are exploring alternative legal approaches to help finalize and submit it to the National Assembly by end-2021 (SB for end-December 2021).
- **Civil service reforms:** the reforms continued with the validation in January 2021 of the Performance Management System policy that is expected to be implemented in 2022. Since February 2021, all salaries are paid electronically through commercial banks, microfinance institutions, mobile money service providers, and credit unions. In addition, the Cabinet has given the technical specifications and authorized all permanent secretaries to purchase the Biometric Time and Attendance Register System to better control the payroll in their departments.
- **IFMIS:** despite the challenging environment created by the COVID-19 pandemic, the extension of IFMIS has recorded significant progress, including the preparation and implementation of a roadmap to extend it to all projects and subvented agencies (SB for end-June 2021). Since January 2021, IFMIS is deployed to all local government councils around the country. By end-June, IFMIS will be deployed to all self-accounting projects and to the embassies. The embassies of Guinea Bissau, Saudi Arabia, Senegal, and those in Europe are already connected. Two subvented agencies, the office of the Ombudsman and the Human Right Commission have also been connected to IFMIS. For the remaining subvented agencies, a need assessment has been conducted, and the AGD is seeking arrangement with them on how to deploy the system.
- **Cash management:** the Cash Management Committee has established the annual cash plan for 2021 and it meets monthly to update it and define the monthly borrowing plan. This process has significantly helped align the spending to the available resources, henceforth preventing fiscal slippages. The cash management system will be strengthened by the ongoing progress towards the operationalization of the TSA by end-2021, with the full deployment of the recently procured payment gateway. The gateway will facilitate the centralization and instantaneous recording of all government revenues not collected by the GRA which will be integrated to the IFMIS. The process of consolidation of accounts at commercial banks and at the Central Bank continued with the Senegambia bridge toll revenue now moved from commercial banks to the Treasury.
- **Public Finance Act:** its revision is subject to the pending approval of the new constitution. A consultant is being recruited with UNDP support for the drafting of the new Public Finance Act with the aim of submitting the draft to National assembly at the end of the year (SB for end-December 2021).

- **COVID-19 spending:** the field work for the first phase of the audit of the COVID-19 spending, which covers the purchase and distribution of medical items and equipment as well as food items from March through October 2020 for the greater Banjul area, has been completed by the National Audit Office, which has shared its findings for comments with relevant entities. MoFEA's Directorate of Internal Audit is also finalizing its report on the purchase and distribution of COVID-19 emergency food relief. The second part of the audit will be submitted to the National Assembly and published by end-September 2021.
- **Investment selection:** we (The Gambia Strategic Review Board and the Directorate of Aid Coordination, which serves as Secretariat for the GSRB) have developed project appraisal guidelines, in line with sound practices, with support from IMF-FAD and the World Bank. These guidelines will help standardize methodologies to assess economic, financial, and technical analysis for all projects and facilitate the new project selection procedures. The Gambia Strategic Review Board (GSRB) is enforcing these guidelines and criteria for the appraisal and selection of foreign-financed public investment projects. Some projects have been approved and some others have been rejected following the selection. This selection process has yet to be expanded to domestically financed projects. We have prepared the selection guidelines and shared the selection criteria with the line ministries, directorates, and agencies; the next step is the implementation of the self-selection of infrastructure investment projects from MDAs before sending projects to the GSRB for approval.
- **Vehicle policy:** a draft policy reform has been formulated by the Ministry in charge of transportation aimed at improving efficiency in the handling of government vehicles. The new policy is very comprehensive and includes: (i) the identification of the individuals who are entitled to a government vehicle; (ii) the possibility of directors to choose between a car loan and a government vehicle; (iii) the centralization of the procurement, the management and maintenance of government vehicles; and (iv) the definition of stringent requirements for being a government vehicle driver; among others.

Governance, Tackling Corruption and Trafficking in Persons

27. We continued our efforts to strengthen governance, the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework. We reiterate our great interest in working with the IMF on a governance diagnostic. This, with the expected approval by the National Assembly of the anticorruption Bill, will strengthen our governance framework. Other progress includes:

- **Human trafficking:** the Gambia has made significant strides to combat human trafficking leading to its upgrade to Tier 2 Watchlist in 2020Q2 by the US Department of State. The National Agency Against Trafficking in Persons (NAATIP) is actively implementing the recommendations made in the US 2020 Trafficking in Persons (TIP) Report especially in raising awareness through training of key stakeholders, in protecting the victims, and in advancing the cases in court. We have also reinforced the cooperation with the US State Department in filling the survey.

- **AML/CFT:** the Gambia's first national AML/CTF Risk Assessment exercise completed in 2019 was finalized and submitted to Cabinet for approval in January 2021. The GoAML application is provided to the Gambia Financial Intelligence Unit (FIU) by UNODC to enhance and digitize the AML/CFT reporting regime for The Gambia. The staff of the FIU was trained on the use of the software and process to domesticate the application has started. The Gambia is working closely with the GIABA on undertaking the steps required for the completion of the second round of the Mutual Evaluation Exercise scheduled in 2021. A pre-assessment workshop was held in February 2021 and the Mutual Evaluation report is expected to be discussed at the GIABA Plenary and Technical Committee meeting in May 2022.

Business Environment

28. We are working towards improving the business environment to boost private sector's contribution to growth. The MoFEA, in collaboration with the Ministry of Trade and Regional Integration, has finalized a US\$ 22.7 million Business Environment reforms plan. This plan will leverage on six strategic objectives: (i) simplified business regulation, (ii) improved reliability and affordability of electricity (iii) increased access to finance, (iv) improved tax administration (v) improved access to markets through trade and custom reforms and (vi) improved land titles, registration and administration, among others. The plan further details the milestones of the reform agenda such as (i) functional electronic business registration system; (ii) upgraded single window registry (iii) re-establishment of commercial courts; (iv) licensing of credit reference bureau; (v) enactment of credit reporting bill, (vi) development of centralized food testing laboratory, (vii) digital cadastral mapping, and (viii) enactment of national land policy, etc. To finance this plan, the MoFEA is seeking support from development partners including the World Bank that is currently reviewing the government's funding request to kick start the reform plan.

Poverty Reduction, Gender Issues, and Climate Change

29. Poverty reduction: the government continues its commitment under social safety programs, including annual contribution of GMD 10 million as counterpart fund to the World Bank-supported social safety net program. We are pressing ahead with the implementation of the Program for Accelerated Community Development aiming at addressing poverty and inequality at community level. We intend to fast-track the approval by the National Assembly of the National Health Insurance bill.

30. We are working toward embracing gender and climate sensitive budget. The MOFEA, with support from the IMF, will commence in 2021 the gradual implementation of gender responsive budgeting with the goal of integrating gender policies in the overall budget process. The Ministry of Gender has also disbursed funds to 46 different women groups in 2020 and an additional 51 groups in 2021 through the Women Enterprise Development Fund to provide support for women entrepreneurs. All discriminatory laws against women are currently being reviewed jointly with the Ministry of Justice, namely the Marriage Act, Women Act, Sexual Offence Act, and the Labor Act. The Ministry has also formulated a medium-term strategy aimed at addressing gender issues, whilst the existing gender policy is currently being reviewed. Moreover, the Budget

Directorate will start exploring, with support of the IMF resident expert, the implementation of a Climate Change budget coding with the goal of quantifying and assessing our interventions towards addressing the impact of climate change on our economy.

31. Capacity development: we will continue working with technical assistance from our development partners to strengthen project appraisal and selection processes, macroeconomic statistics production, debt management, and our monetary policy design and banking supervision capacity.

F. Program Monitoring

32. The government will continue to take all measures needed to meet quantitative targets and observe structural benchmarks under the program. The program will be subjected to semiannual reviews and performance criteria, indicative targets and structural benchmarks as set out in Tables 2 and 4 of this Memorandum and defined in the attached Technical Memorandum of Understanding (which also sets out the requirements for data reporting to IMF staff). The third and fourth program reviews will be based on targets and benchmarks through end-June 2021 and end-December 2021, respectively.

Table 1. The Gambia: Quantitative Targets for 2020

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

| | 2019 | 2020 | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|-------|--------|---------|--------|------|--------|---------|--------|------|--------|--------|
| | Dec. | March | | June | | | | Sept. | | | | Dec. | | | |
| | Prel. | Prog. | Act. | Prog. | Adj. | Act. | Status | Prog. | Adj. | Act. | Status | Prog. | Adj. | Act. | Status |
| Performance criteria¹ | | | | | | | | | | | | | | | |
| 1. Net domestic borrowing of the central government (ceiling) | 1,063 | 1,650 | 760 | 550 | 2,050 | 550 | Met | 750 | 393 | -338 | Met | 500 | -511 | 112 | Met |
| 2. Stock of net domestic assets of the central bank (ceiling) | 5,696 | 6,843 | 5,978 | 6,979 | ... | 6,231 | Met | 7,001 | ... | 5,556 | Met | 7,058 | ... | 4,918 | Met |
| 3. Stock of net usable international reserves of the central bank (floor, US\$ million) | 189 | 170 | 193 | 168.0 | 138.1 | 204 | Met | 173 | ... | 254 | Met | 193 | ... | 292 | Met |
| 4. New external payment arrears of the central government (ceiling, US\$ million) ² | ... | 0.0 | 0.0 | 0.0 | ... | 7.8 | Not Met | 0.0 | ... | 6.3 | Not Met | 0.0 | ... | 0 | Met |
| 5. New nonconcessional external debt contracted or guaranteed by central government (ceiling, US\$ million) ² | 0.0 | 0.0 | 0.0 | 0.0 | ... | 0.0 | Met | 0.0 | ... | 0 | Met | 0.0 | ... | 0 | Met |
| 6. Outstanding stock of external public debt with original maturity of one year or less (ceiling, US\$ million) ² | 0.0 | 0.0 | 0.0 | 0.0 | ... | 0.0 | Met | 0.0 | ... | 0 | Met | 0.0 | ... | 0 | Met |
| 7. New concessional external debt contracted or guaranteed by central government (annual ceiling, US\$ million) ² | ... | 60.0 | 0.0 | 60.0 | ... | 12.0 | Met | 60.0 | ... | 12.0 | Met | 60 | ... | 12 | Met |
| Indicative targets | | | | | | | | | | | | | | | |
| 8. Total domestic tax revenue (floor) | 9,978 | 2,500 | 2,913 | 4,700 | ... | 5,378 | Met | 7,350 | ... | 7,740 | Met | 10,000 | ... | 10,326 | Met |
| 9. Monthly ceiling on central bank credit to the central government at non-market terms (GMD millions) ³ | 0.0 | 0.0 | 0.0 | 0.0 | ... | 0.0 | Met | 0.0 | ... | 0 | Met | 0.0 | ... | 0 | Met |
| 10. Poverty-reducing expenditure (floor) | 5,267 | 1,300 | 1,328 | 2,700 | ... | 2,641 | Not Met | 4,000 | ... | 4,322 | Met | 5,600 | ... | 6,975 | Met |
| <i>Memorandum Items:</i> | | | | | | | | | | | | | | | |
| Budget Support (grants, US\$ millions) ⁴ | 54.6 | 0.0 | 0.0 | 40.0 | ... | 10.1 | ... | 46.9 | ... | 53.9 | ... | 62.1 | ... | 81.9 | ... |
| Of which: COVID-19 assistance | ... | ... | ... | ... | ... | 10.1 | ... | ... | ... | 17.0 | ... | ... | ... | 19.8 | ... |
| Base Money (stock, GMD millions) | 13,888 | 15,500 | 14,562 | 14,778 | ... | 15,380 | ... | 14,916 | ... | 17,256 | ... | 15,386 | ... | 18,595 | ... |
| Nominal Exchange Rate (GMD/US\$) | 51.10 | 51.10 | 50.94 | 51.10 | ... | 51.73 | ... | 51.10 | ... | 51.85 | ... | 51.10 | ... | 51.78 | ... |
| ECF disbursements (SDR millions, flow) ⁵ | ... | 5.0 | 5.0 | ... | ... | ... | ... | ... | ... | ... | ... | 5.0 | ... | 0.0 | ... |
| RCF disbursement (SDR millions, flow) | ... | ... | ... | 15.6 | ... | 15.6 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| CCRT debt relief (SDR millions, flow) | ... | ... | ... | 1.1 | ... | 1.1 | ... | 0.2 | ... | 0.2 | ... | 1.9 | ... | 1.9 | ... |

¹ The performance criteria, indicative targets, and relevant adjusters are defined in the Technical Memorandum of Understanding (TMU). June and December 2020 are the test dates for the first and the second reviews, respectively. Targets for end-March and end-September are indicative, except for continuous targets.

² These criteria apply on a continuous basis, including beyond end-December 2020.

³ The zero ceiling applies to all outstanding credit (for example, overdrafts and advances) at non-market terms as of the end of each quarter, excluding the RCF onlending and the 30-year bond held by the CBG.

⁴ Excludes grants under the CCRT.

⁵ First disbursement of SDR 5.0 million (8.0 percent of quota) was made on March 31, 2020.

Table 2. The Gambia: Proposed Quantitative Performance Criteria and Indicative Targets, 2021
(Cumulative from beginning of the calendar year to end of month indicated; local currency millions, unless otherwise indicated)

| | 2020 | | 2021 | | |
|--|--------|--------|---------|--------|--------|
| | Dec. | Mar. | Jun. | Sep. | Dec. |
| | Prel. | | Program | | |
| Performance criteria¹ | | | | | |
| 1. Net domestic borrowing of the central government (ceiling) | 112 | 1,000 | 500 | 1,100 | 1,250 |
| 2. Stock of net usable international reserves of the central bank (floor, US\$ million) | 292 | 250 | 260 | 270 | 280 |
| 3. New external payment arrears of the central government (ceiling, US\$ million) ² | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4. New nonconcessional external debt contracted or guaranteed by central government (ceiling, US\$ million) ² | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. Outstanding stock of external public debt with original maturity of one year or less (ceiling, US\$ million) ² | 0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6. New concessional external debt contracted or guaranteed by central government (annual ceiling, US\$ million) ^{2,3} | 12 | 115 | 115 | 115 | 115 |
| Indicative targets¹ | | | | | |
| 7. Total domestic tax revenue (floor) | 10,326 | 3,000 | 6,000 | 8,700 | 11,400 |
| 8. Monthly ceiling on central bank credit to the central government at non-market terms (GMD millions) ⁴ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9. Stock of net domestic assets of the central bank (ceiling) ⁵ | 4,918 | 8,171 | 8,034 | 8,284 | 8,034 |
| 10. Poverty-reducing expenditure (floor) | 6,975 | 1,300 | 2,800 | 4,400 | 6,000 |
| <i>Memorandum Items:</i> | | | | | |
| Budget Support (grants, US\$ millions) ⁶ | 81.9 | 0.0 | 20.0 | 27.1 | 43.7 |
| Base Money (stock, GMD millions) | 18,595 | 19,628 | 21,079 | 20,918 | 20,590 |
| IMF disbursements (SDR millions) | 20.6 | 20.0 | 30.0 | 30.0 | 35.0 |
| ECF disbursements | 5.0 | 20.0 | 30.0 | 30.0 | 35.0 |
| Of which : augmentation | ... | 15.0 | 20.0 | 20.0 | 20.0 |
| CCRT debt relief (SDR millions) ⁷ | 3.2 | 0.2 | 2.1 | 2.1 | 4.0 |

¹ For definitions and related adjusters, see the Technical Memorandum of Understanding (TMU). End-June and End-December are proposed test dates. End-March and end-September targets are indicative, except for continuous performance criteria.

² These criteria apply on a continuous basis, including beyond end-December 2021.

³ This includes US\$65 million for Banjul Port expansion, of which US\$50 million on concessional terms and US\$15 million in nonconcessional borrowing, which is expected to be blended with a grant to meet the required 35-percent grant-element requirement.

⁴ The zero ceiling applies to all outstanding credit (for example, overdrafts and advances) at non-market terms as of the end of each quarter, excluding the RCF onlending and the 30-year bond held by the CBG.

⁵ A performance criterion at end-December 2020.

⁶ Excludes grants under the CCRT.

⁷ The grant for debt service falling due through October 15, 2021 is available under the CCRT. Subject to the availability of sufficient resources in the CCRT, debt service relief could be provided for a total period of two years, through April 13, 2022.

Table 3. The Gambia: Structural Benchmarks, 2020

| Measures | Macro Rationale | Timing | Status |
|--|--|--------------------|----------------------|
| Domestic revenue mobilization (GRA/MOFEA) | | | |
| GRA to complete tax registry clean-up at tax offices in the greater Banjul area (collecting over 90 percent of tax revenue). | To speed up payment processing and bolster enforcement actions. | End-June 2020 | Met |
| MoFEA to produce a draft tax exemptions policy for Cabinet approval. | To reduce revenue leakage and better define the legitimate scope for tax exemptions. | End-September 2020 | Not met ¹ |
| Public financial management (MOFEA/CBG) | | | |
| Develop a monthly cashflow plan for the whole year, consistent with the 2020 Budget. | To strengthen Treasury cash management. | End-March 2020 | Met |
| Prepare a set of criteria for project selection to be approved by GSRB. | PIMA recommendation to strengthen governance and reduce corruption risk. | End-June 2020 | Met |
| MoFEA to submit an assessment report on subvented agencies to Cabinet with proposals for their rationalization. | To reassess the number and performance of subvented agencies in line with current policies. | End-September 2020 | Not met ¹ |
| Debt management (MoFEA/CBG) | | | |
| Update the MTDS and publish a new domestic debt management strategy document. The debt management strategy will envisage the use of longer-term instruments to manage rollover risk. | To reduce rollover risk, optimize issuance decisions, and strengthen benchmark pricing through extension of the yield curve. | End-September 2020 | Not met ¹ |
| Central bank governance and bank supervision (CBG) | | | |
| Develop and publish a strategic plan addressing the key recommendations of the 2019 Financial Sector Stability Review. | To highlight financial system development and stability needs. | End-June 2020 | Met |
| Governance and transparency (MoFEA) | | | |
| Publish an annual statement (that is regularly provided to the National Assembly) on MDAs' compliance with internal audit recommendations. | To strengthen accountability to public of articulating and addressing governance failings in MDAs. | End-December 2020 | Not met ¹ |
| 1/ The target date was missed but the action was subsequently completed. | | | |

Table 4. The Gambia: Proposed Structural Benchmarks, 2021

| Measures | Macro Rationale | Timing | Status |
|--|---|---|--------|
| Domestic revenue mobilization (GRA/MOFEA) | | | |
| Approve and implement a new Tax Expenditure Policy in line with recent TA, including a review of investment tax incentives, the development of a new GIEPA Act, and streamlining all tax incentives. | To reduce tax expenditures and create room for urgent social and infrastructure spending. | end-June 2021 | |
| Public financial management (MOFEA/CBG) | | | |
| Prepare a roadmap for extending IFMIS to all flows to project and subvented agency accounts. | To enhance fiscal transparency and oversight of project accounts and subvented agencies. | end-June 2021 | |
| Revise, in consultation with the fund staff a new Public Finance Bill, with a view to strengthen budgetary processes, including exceptional budget procedures, treasury management, internal controls and fiscal reporting, and submit to the National Assembly. | To bring it to standard and strengthen transparency and accountability in light with the new constitution and recent reforms. | end-December 2021 | |
| Debt management (MoFEA/CBG) | | | |
| In addition to the publication of the quarterly debt bulletins, publish a rolling monthly domestic debt issuance calendar for the ensuing three months. | To improve domestic debt management and transparency. | end-March 2021 and quarterly thereafter | Met |
| Central bank governance and bank supervision (CBG) | | | |
| The CBG to sign a Memorandum of Understanding with the Auditor General, to formalize an arrangement for a joint audit (by a local audit firm and an international audit firm with central banking experience) of its FY2021 financial statements. | To strengthen the CBG Internal controls. | end-March 2021 | Met |
| Prepare a framework for banking sector stress testing, in line with the recommendations from the 2019 FSSR. | To strengthen assessment of banking sector health as an early warning signal for distress. | end-June 2021 | |
| Governance and SOE reforms (MoFEA) | | | |
| Submit to the National Assembly a revised SOE bill, in line with IMF staff recommendations, that will: (i) limit political interference and (ii) strengthen the SOE governance framework with greater control by the ministry of finance to ensure management accountability in terms of reducing SOEs' fiscal risk, enhancing their cooperative governance and reduce the political interference. | To strengthen the governance of the SOEs. | end-December 2021 | |

Attachment II. Technical Memorandum of Understanding

Introduction

This memorandum sets out the understandings between The Gambian authorities and the staff of the International Monetary Fund (IMF) regarding the definitions of quantitative targets and structural benchmarks that will be used to monitor performance under the ECF-supported program through end-2021. It also sets out the related reporting requirements and describes the adjustors that will be applied to certain quantitative targets under the program.

Quantitative Targets

A. Net Domestic Borrowing of the Central Government

1. **Definition:** The *net domestic borrowing* of the Central Government is defined as the change in net claims on the Central Government by the domestic monetary sector (monetary authorities and deposit money banks) plus the change in the discounted value of domestic government securities held by the non-monetary sector. Net domestic borrowing also covers the change in any other net claims on the Central Government by the domestic non-monetary sector, as well as the change in government arrears on domestic debt service obligations. Central Government excludes local and regional governments and public enterprises. In computing the net domestic borrowing of the Central Government, the following components are excluded: (i) on-lending of the IMF credit (under RCF or ECF) to the budget, (ii) changes in the balances of the project accounts listed in Table 1, (iii) the face value of government securities issued to increase the CBG's capital to the value mandated in the CBG Act, and (iv) the face value of the government securities issued for the purpose of transferring the CBG stake in MEGA-Bank to the treasury.
2. **Adjuster:** The NDB targets (ceilings) will be adjusted downward/upward by the excess/shortfall of the dalasi equivalent of the total budget support grants and loans received in that period relative to the program forecasts specified in the table below. The upward adjustment of the NDB targets at each quarter's end for the shortfall in the disbursements of budget support, including the ECF tranches expected to be onlent to the budget, may not exceed GMD 1.0 billion. The NDB targets will be adjusted downward by the deviation of the amount of privatization proceeds from zero. The downward adjustment will not apply to budget support grants and loans provided to The Gambia for spending needs arising from the COVID-19 emergency, to the extent the latter raise the total amount of budget support and loans above the program forecasts.
3. **Supporting material:** Reporting on net domestic borrowing will form part of the consolidated budget report described in ¶32 below.

Text Table 1. The Gambia: Program Forecasts of External Budget Support in 2021
(Quarterly flow, in millions of U.S. dollars)

| | Q1 | Q2 | Q3 | Q4 |
|----------------------------|-------------|------|-----|------|
| | Projections | | | |
| Budget Support | 28.6 | 40.9 | 0.0 | 16.6 |
| Loans | 28.6 | 14.3 | 0.0 | 0.0 |
| Of which: ECF Disbursement | 28.6 | 14.3 | ... | ... |
| Grants | 0.0 | 26.6 | 0.0 | 16.6 |
| Of which: AfDB | ... | ... | ... | ... |
| Of which: EU | ... | 6.6 | ... | 16.6 |
| Of which: World Bank | ... | 20.0 | ... | ... |

Sources: IMF staff estimates and projections

B. Net Domestic Assets of the Central Bank

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

5. For program monitoring purposes, in the calculation of the net domestic assets of the CBG, foreign assets and liabilities will be converted at the end-of-period market exchange rates prevailing at end-October 2020: 51.84 GMD/USD, 1.17 USD/EUR, 1.30 USD/GBP, 0.92 CHF/USD, 1.41 USD/SDR, 104.58 JPY/USD. Foreign assets and liabilities denominated in other currencies will be converted into U.S. dollars at the prevailing end-of-period market exchange rates for end-October 2020, and then into dalasi at the rate listed above. These are accounting exchange rates only and should not be construed as projections.

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

C. Net Usable International Reserves of the Central Bank of The Gambia

7. Definition: The *net usable international reserves (NIR)* of the CBG are defined as the difference between usable reserve assets and reserve liabilities. To this effect, *usable reserve assets* are readily available claims on nonresidents denominated in convertible foreign currencies. They include the CBG holdings of SDRs, foreign currency cash, foreign currency securities, deposits abroad, and the country's reserve position at the IMF. Excluded are any assets that are pledged, collateralized, or otherwise encumbered, claims on residents, claims in foreign exchange arising

from derivatives in foreign currencies vis-à-vis domestic currency (such as futures, forwards, swaps, and options), precious metals, assets in nonconvertible currencies, and illiquid assets (including capital shares in international organizations). **Reserve liabilities** are all foreign exchange liabilities to residents and nonresidents, including commitments to sell foreign exchange arising from derivatives (such as futures, forwards, swaps, and options), and all credit outstanding from the IMF, but excluding any liabilities to the IMF's SDR Department.

8. For program monitoring purposes, in the calculation of the net usable international reserves of the CBG, foreign assets and liabilities will be converted at the exchange rates listed in ¶15 above.

9. Adjuster: The quarterly NIR targets (floors) for each quarter will be adjusted downward/upward by the US dollar equivalent of the shortfall/excess of total budget support grants and loans (excluding the IMF resources expected to be onlent to the budget) received in the period preceding quarter's end relative to the program forecasts, as specified in Text Table 1. The downward adjustment to the quarterly NIR floors, on account of shortfall in budget support will be capped at US\$20 million.

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

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

D. New External Debt Payment Arrears of the Central Government

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

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

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

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

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

16. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD LIBOR is 2.42 percent and will remain fixed for the duration of the program. The spread of six-month EURIBOR over six-month USD LIBOR is -250 basis points. The spread of six-month JPY LIBOR over six-month USD LIBOR is -250 basis points. The spread of six-month GBP LIBOR over six-month USD LIBOR is -150 basis points. For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97).

17. Supporting material: A comprehensive record, including a loan-by-loan accounting of all new concessional and non-concessional debt contracted or guaranteed by the Central Government with detailed explanations, will be transmitted on a quarterly basis within four weeks of the end of each quarter.

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

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

19. Definition: This target refers to new concessional external debt contracted or guaranteed by the Central Government denominated in any currency other than the Gambian dalasi. It applies to debt as defined in ¶15. Concessionality of debt is as defined in ¶16.

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

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

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

22. Definition: This target refers to the stock of outstanding external public debt with original maturity of one year or less, owed or guaranteed by the public sector.¹ Public sector consists of the Central Government and regional governments and other public agencies, including the central bank. Trade credits are excluded from this target including the ITFC credits.

23. Supporting material: A comprehensive record of all external debt with original maturity of less than one year owed or contracted by the public sector, with detailed explanations, will be transmitted on a quarterly basis within four weeks of the end of each quarter.

H. Tax Revenue

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

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

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

Text Table 2. The Gambia: Tax Revenues Collected by The Gambia Revenue Authority

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

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

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

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

J. Poverty-Reducing Expenditures

28. Definition: Poverty-reducing expenditures consist of expenditures financed out of The Gambia Local Fund (GLF) on the following areas: Agriculture and Natural Resources; Education; Health; Nutrition, Population and HIV-AIDS; Infrastructure Programme; Social Fund for Poverty Reduction; Implementation and Monitoring of Poverty Reduction Programs; Support to Cross-Cutting Programs; ICT Research and Development; Decentralization and Local Government Capacity Building; Governance and Civil Service Reform Program. Starting Q1 2021, the poverty-reducing expenditure will include the COVID-19 spending implemented through the COVID-19 project accounts.

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

Other Data Requirements and Reporting Standards

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

K. Prices

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

L. Government Accounts Data

32. A monthly consolidated Central Government budget report (i.e., the analytical table) on budget execution for the month and cumulatively from the beginning of the year, will be transmitted to the IMF within four weeks of the end of each month. The report will cover:

(i) revenue data by major items (such as taxes on income, profits, and capital gains; domestic taxes on goods and services; taxes on international trade and transactions; other taxes; non-tax revenue); (ii) external grants by type (e.g., budget support grants, project grants); (iii) details of recurrent expenditure (including goods and services, interest payments, and subsidies and other current transfers); (iv) details of capital expenditure and net lending (including data on externally financed capital expenditure, expenditure from the Gambia Local Fund, and net lending); (v) the overall balance, the primary and the basic balance; and (vi) details of budget financing (including net domestic and net external borrowing and their components).

33. End-week data on net domestic borrowing (including data on the project accounts listed in Table 1) will be transmitted weekly within five business days of the end of each week.

M. Monetary Sector Data

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

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

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

N. Treasury Bill Market and Interbank Money Market

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

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

O. External Sector Data

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

40. Daily interbank market exchange rates, defined as the simple average of the daily weighted average buying and selling rates, will be transmitted on a weekly basis within five business days of the end of the week. Weekly interbank market exchange rates, defined as the simple average of the weekly weighted average buying and selling rates, will be transmitted on a monthly basis within seven days of the end of the month. The CBG's monthly average and end-month exchange rates, including those for all currencies in which foreign assets and liabilities are denominated, will be transmitted within seven days after the end of each month.

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

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

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

P. Public Enterprises' Data

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

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

**Table 1. The Gambia: List of Projects Accounts at the CBG
Excluded from the Calculation of NDB**

| ACCOUNT NUMBER | PROJECT ACCOUNT NAME |
|-----------------------|---|
| 1101004067 | NATIONAL AGRICULTURAL LAND & WATER MANAGEMENT DEV. PROJECT (NEMA) |
| 1103002218 | BUILDING RESILIENCE TO RECURRING FOOD INSECURITY IN THE GAMBIA IDB COMPONENT |
| 1101005064 | AGRICULTURAL VALUE CHAIN PROJECT (GCAV) |
| 1101004689 | BUILDING RESILIENCE AGAINST FOOD & NUTRITION INSECURITY IN THE SAHEL PROJECT. |
| 1101004483 | GAMBIA COMMERCIAL AGRICULTURE VALUE CHAIN PROJECT. |
| 1101004201 | FOOD & AGRICULTURE SECTOR DEV. PROJECT. FASDEP |
| 1103001613 | BILINGUAL EDUCATION SUPPORT PROJECT |
| 1101003606 | DEV. OF THE UNI. OF THE GAMBIA PROJECT. |
| 1101003709 | AFRICA CENTRE OF EXCELLENCE (ACE) |
| 1101000832 | RURAL WATER & SANITATION PROJECT |
| 1103001754 | TRANS GAMBIA CORRIDOR PROJ. |
| 1103000685 | GLOBAL FUND MALARIA GRANT |
| 1101003864 | GEF PROJ. IMPLEMENTATION IN THE GAMBIA UNIDO/GEF 5 PROJ. MNGMNT. OFFICE |
| 1101004304 | IFMIS ADDITIONAL FINANCING PROJ. |
| 1101004988 | INST. SUPPORT ECON/FIN GOV (ISEFG) III PROJ. |
| 1101004902 | NDEMBAN ULTRA MODERN TVET CENTRE PROJ. |
| 1201200228 | UNICEF PRIMARY EDUC. PRJ |
| 1201200252 | ENERGY INFRASTRUCTURE (ROC) |
| 1201200371 | IDA 3 RD EDUC. PHASE 11 GLF |
| 1201200399 | PROJ. IMPL.MNGMT A/C PIMA |
| 1201200451 | WORLD BANK DEV. POLICY OP ACCO |
| 1201200491 | IFMIS PHASE II |
| 3201200403 | INST. SUPPORT ECON/FIN GOV A/C |
| 3201200486 | IFMIS II |
| 3201200290 | GLOBAL FUND/ MALARIA |
| 9201200436 | GOLBAL FUND/HIV |

Table 2. The Gambia: Data Reporting Requirements

| Responsible Institution | Data Type | Frequency | Reporting Deadline |
|--|---|-----------|---------------------------|
| Central Bank of The Gambia (CBG) | T-bills auction data, Inter-banks rates & other accompanying data & tables | Weekly | 7 days after week-end |
| | Project accounts data | Weekly | 7 days after week-end |
| | International reserves and Foreign & Domestic Assets data (NIR, NFA & NDA) | Weekly | 7 days after week-end |
| | Foreign exchange liquidity forecasts statement/report | Weekly | 7 days after week-end |
| | Commercial banks' balance sheets | Monthly | 30 days after month-end |
| | Commercial banks' Forex net open position statement/report | Monthly | 30 days after month-end |
| | CBG balance sheet (including NDA) | Monthly | 30 days after month-end |
| | CBG reserves statement/report | Monthly | 30 days after month-end |
| | Statement/report on CBG credit to Gov. at non-market interest rates; and Gov.'s overdue payments to CBG | Monthly | 30 days after month-end |
| | Statement/report of transactions in official reserves | Monthly | 30 days after month-end |
| | Financial Soundness Indicators | Monthly | 30 days after month-end |
| | Commercial banks' income statements | Quarterly | 30 days after quarter-end |
| | Balance of payments (BOP) | Quarterly | 30 days after quarter-end |
| | Stock of outstanding public debt of maturity not exceeding 1year | Quarterly | 30 days after quarter-end |
| | Statement/report on concessional & non-concessional debts contracted or guaranteed by government | Quarterly | 30 days after quarter-end |
| Ministry of Finance & Economic Affairs (MoFEA) | Statement of Government Operations (SGO) | Monthly | 30 days after month-end |
| | Poverty-reducing expenditure data | Monthly | 30 days after month-end |
| | Consolidated Central Gov. budget execution | Monthly | 30 days after month-end |
| | SOE cash flow statements (i.e. 13 SOEs) | Monthly | 30 days after month-end |
| | External debt reports | Monthly | 30 days after month-end |
| | Statement of external payment arrears by Central Government & SOEs | Monthly | 30 days after month-end |
| | Staff Monitored Program (SMP) implementation matrix | Monthly | 30 days after month-end |
| Gambia Revenue Authority (GRA) | Monthly Revenue Report | Monthly | 30 days after month-end |
| | Oil volumes and tax collected on oil imports | Monthly | 30 days after month-end |
| | Revenue collection by tax type | Monthly | 30 days after month-end |
| | Tax exceptions\duty waivers | Monthly | 30 days after month-end |
| Gambia Bureau of Statistics (GBoS) | Consumer price index (CPI) | Monthly | 30 days after month-end |
| | Producer price index (PPI) | Monthly | 30 days after month-end |
| | Data on exports (by product type, quantity, country, etc.) | Monthly | 30 days after month-end |
| | Data on imports (by product type, quantity, country, etc.) | Monthly | 30 days after month-end |
| | Gross domestic product (GDP) | Annually | 90 days after year-end |
| Ministry of Agriculture (MoA) | Crop field cultivation per hectare | Quarterly | 90 days after year-end |
| | Crop yield | Quarterly | 90 days after year-end |
| | Livestock population by region | Quarterly | 90 days after year-end |
| Gambia Tourism Board (GTB) | Tourists arrivals by nationality | Monthly | 30 days after month-end |
| | Out-of-pocket tourists expenditures | Monthly | 30 days after month-end |