INTERNATIONAL MONETARY FUND

IMF Country Report No. 24/218

THE GAMBIA

July 2024

FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR MODIFICATION OF A PERFORMANCE CRITERION, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE GAMBIA

In the context of The Gambia - First Review under the extended credit facility arrangement, Request for Modification of a Performance Criterion, and Financing Assurances Review, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 9, 2024, following discussions that ended on May 5, 2024, 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 June 6, 2024.
- A **Statement by the Executive Director** for the Gambia.

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

Copies of this report are available to the public from

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

International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR 24/264

THE GAMBIA: IMF Executive Board Completes the First Review Under the Extended Credit Facility

FOR IMMEDIATE RELEASE

- *The IMF Executive Board completed today the first review under the Extended Credit Facility (ECF) arrangement for The Gambia, enabling a disbursement of about US$10.95 million.*
- *Economic activity continued to recover robustly. Inflation eased but remains well above the central bank's medium-term objective.*
- *Performance under program has been satisfactory. Continued implementation of the reforms will help address medium- and long-term macroeconomic challenges and catalyze additional financing from development partners and the private sector.*

Washington, DC – July 9, 2024: The Executive Board of the International Monetary Fund (IMF) completed today the first review under the Extended Credit Facility (ECF) arrangement, approved by the IMF Executive Board on January 12, 2024, in the amount of SDR74.64 million (about US$98.7 million). The completion of the review allows for an immediate disbursement of SDR 8.29 million (about US$10.95 million) bringing the total disbursement under the arrangement to about SDR16.6 million (US$21.9 million).

Economic activity continued to recover robustly. Economic growth is estimated at 5.3 percent in 2023, supported by good performance of the agriculture, services, telecommunication, and construction sectors. Tourist arrivals continued to increase in 2023 but remain slightly below pre-pandemic levels. Remittance inflows also showed a sustained good performance. Headline inflation eased from a peak of 18.5 percent (year-on-year) in September 2023 to 11 percent in April 2024 mainly due to declining global food and energy prices, but it remains well above the central bank's medium-term objective of 5 percent. The introduction of a new foreign exchange policy in December 2023 helped to largely close the wedge between the official and parallel market exchange rates and to ease foreign exchange shortages. International reserves remain at a comfortable level of above 4.5 months of imports. The outlook remains subject to downside risks from the repercussions of global and regional conflicts. Such risks include international commodity price volatility, lower tourist arrivals, and weak remittance inflows.

Following the Executive Board's discussion, Deputy Managing Director Bo Li issued the following statement:

"The Gambian authorities continue democratic and justice reforms. Economic recovery is strengthening while inflation is progressively decelerating albeit remaining high. Program performance under the Extended Credit Facility (ECF) arrangement has been satisfactory despite the challenging environment.

"The central bank has appropriately maintained its tight monetary policy stance to fight inflationary pressures. Foreign exchange shortages have eased following the introduction of the new foreign exchange policy. Going forward, the central bank is encouraged to make full use of its policy toolkit to fight inflation, and continue to ensure a market-based exchange rate and smooth functioning of the foreign exchange market.

"The fiscal outturns in 2023 reflected good revenue performance but the fiscal deficit and public debt exceeded projections due to an accelerated execution of some infrastructure projects. The fiscal policy in 2024 remains anchored on the approved budget. Efforts to bolster domestic revenue mobilization and reprioritize spending should continue. To reduce debt vulnerabilities, it will be critical to adhere to the agreed borrowing plan, focus on grants and concessional loans, limit fiscal risks from SOEs and PPPs, and implement a strong medium-term fiscal framework. Additionally, strong external buffers are needed to prepare for the upcoming expiration of debt service deferrals.

"The authorities are encouraged to build on recent progress and pursue further structural reforms. The adoption of the anti-corruption bill by the National Assembly was an important milestone. Further progress remains critical, including on enhancing governance and improving the business environment to foster a strong recovery and inclusive growth. Adopting strong climate-related policies would be essential to build The Gambia's resilience to climate risks. "

INTERNATIONAL MONETARY FUND

THE GAMBIA

June 6, 2024

FIRST REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR MODIFICATION OF A PERFORMANCE CRITERION, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. The Gambian authorities continue democratic and justice reforms. Economic recovery is strengthening while inflation is progressively decelerating albeit remaining high. The 2023 fiscal outturns reflected good revenue performance, but capital spending pressures weighed on the fiscal balance. Following the adoption of a new foreign exchange policy, the wedge between the official and parallel market exchange rates has largely closed. Structural reforms are advancing. The economic outlook is subject to large downside risks, particularly owing to global geopolitical tensions.

Program arrangement. On January 12, 2024, the IMF Executive Board approved 36-month Extended Credit Facility (ECF) arrangement with access of 120 percent of quota (SDR 74.64 million) to help The Gambia meet pressing financing needs and support the country's ongoing reform agenda.

Program performance. Program performance was satisfactory. All end-December 2023 quantitative performance criteria (QPCs) and indicative targets (ITs) were met. However, the fiscal deficit and public debt exceeded projections due to an accelerated execution of donors-funded infrastructure projects, especially for the Organization of Islamic Cooperation (OIC) summit held during May 4–5, 2024. Four out of five structural benchmarks (SBs) were met. The fifth SB was missed; the Cabinet discussed the issue extensively and is following up on the implementation.

Policy discussions. The fiscal policy in 2024 will remain anchored on the approved budget despite some unanticipated spending pressures arising from the logistical costs of hosting the OIC summit. The central bank will maintain a tight monetary policy stance to ensure that inflation firmly declines. It will also continue close implementation of the recently introduced foreign exchange policy to prevent reoccurrence of forex shortages and any wedge with the parallel market. Finally, structural reforms will be pursued and accelerated, particularly on revenue administration, public financial management, SOE management, governance, and business environment.

Staff's views. Considering the satisfactory implementation of the program and the strong policy commitments going forward, staff recommends completion of the first ECF review and the associated financing assurances review, which would make available to The Gambia the equivalent of SDR 8.29 million (13.33 percent of quota).

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

The mission took place in Banjul during April 23–May 5, 2024, and comprised Messrs. Razafimahefa (head), Al-Sadiq, Mss. Aoyagi, Hesse-Triballi (all AFR), Mr. Garcia-Huitron (FAD), and Messrs. Tong (SPR), Gitton (resident representative), and Mendy (local economist). The team met with Minister of Finance and Economic Affairs, Seedy Keita; Minister of Public Service, Administrative Reforms and Policy, Baboucarr Bouy; Minister of Environment, Climate Change and Natural Resources, Rohey John Manjang; Minister of Trade, Industry, Regional Integration and Employment, Baboucarr Ousmaila Joof; Governor of the Central Bank of The Gambia, Buah Saidy; Commissioner General of the Gambia Revenue Authority, Yankuba Darboe; National Auditor General, Modou Ceesay; other senior government and central bank officials; and representatives of the private sector and civil society organizations. The mission briefed development partners. Mr. Cham (senior advisor, OEDAE) participated in the meetings. Mr. Marquez-Barroeta provided research analysis during the preparation of the mission. Ms. Njie (local office manager) helped on the organization of the mission. Mss. Pilouzoue and Derrouis assisted in the preparation of this report.

CONTENTS

Acronyms

BOP	Balance of Payments
CBG	Central Bank of The Gambia
CPI	Consumer Price Index
CRB	Credit Reference Bureau
DSA	Debt Sustainability Analysis
e-GDDS	Enhanced General Data Dissemination System
ECF	Extended Credit Facility
FAS	Financial Access Survey
Forex	Foreign Exchange
GBoS	Gambia Bureau of Statistics
GDP	Gross Domestic Product
GIEPA	Gambia Investment and Export Promotion Agency
GMD	The Gambian dalasi
GPPA	The Gambia Public Procurement Authority
GRA	The Gambia Revenue Authority
GSRB	The Gambia Strategic Review Board
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IT	Indicative Target
ITAS	Integrated Tax Management System
MDAs	Ministries, Departments, and Agencies
MEFP	Memorandum of Economic and Financial Policies
MoFEA	Ministry of Finance and Economic Affairs
NAWEC	National Water and Electricity Corporation
NDB	Net Domestic Borrowing
NFSPMC	National Food Security, Processing, and Marketing Corporation
NPLs	Non-Performing Loans
OIC	Organization of Islamic Cooperation
QPC	Quantitative Performance Criteria
PFM	Public Financial Management
RAM	Risk Assessment Matrix
SB	Structural Benchmark
SGO	Statement of Government Operations
SIC	Special Investment Certificate
SOE	State-Owned Enterprise
TA	Technical Assistance
VAT	Value-Added Tax

CONTEXT

1. The Gambia continues its democratic and economic reforms, amidst a challenging environment (MEFP ¶1). Following a successful democratic and governance turn-around, The Gambia was removed from the World Bank fragile country list in 2022. The authorities have implemented several social and justice reforms, including on civil liberties, press freedom, seizure of stolen assets under the former regime, and a robust process of truth, reconciliation, and reparations.

2. Despite these ongoing efforts, significant challenges remain. The security sector reform has not been completed yet and the ECOMIG has extended its mission until the end of 2024.[1] The revision of the Constitution is still pending. A revised draft Constitution prepared by an inclusive Constitutional review commission is being finalized and the consultation process has resumed. A national referendum on a new Constitution is tentatively scheduled for end-2024. The COVID-19 pandemic reversed hard-won gains in poverty reduction.

3. For the first time in its history, The Gambia hosted the summit of the Organization of the Islamic Cooperation (OIC) in early May 2024. The OIC is the second largest inter-governmental organization in the world, with 57 member countries. The organization of the summit has been amongst the highest national priority. The authorities expect economic benefits from the event, including large infrastructure projects, such as roads, as well as stronger international cooperation and potential private investment interests. The Gambia will chair the OIC for the coming three years.

RECENT ECONOMIC DEVELOPMENTS

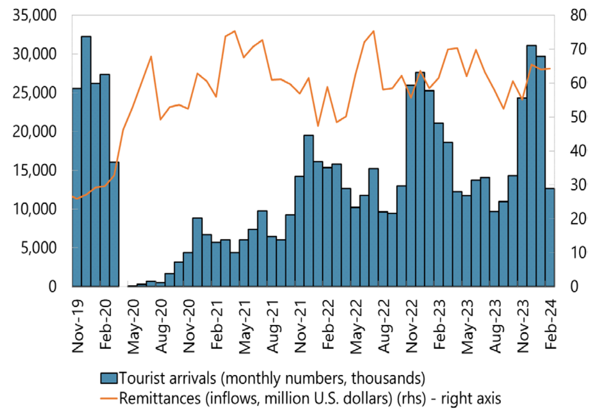
4. Economic recovery is strengthening while elevated inflation pressures have started to ease (MEFP ¶4, Table 1, and Text Figure 1). Real GDP is estimated to have expanded by 5.3 percent in 2023, supported by good performance of the construction, tourism, and agricultural sectors.[2] Tourist arrivals in 2023 increased by 13.2 percent relative to 2022 but remained below pre-pandemic levels. Remittance inflows remained robust, increasing from US$712.5 million in 2022 to US$746.8 million in 2023. After peaking at 18.5 percent (y-o-y) in September 2023, headline inflation declined to 14.9 percent (y-o-y) in March 2024, mainly due to declining global food and energy prices. Nonetheless, it remains well above the central bank's target of 5 percent.

[1] The ECOMIG is the ECOWAS military mission in The Gambia.

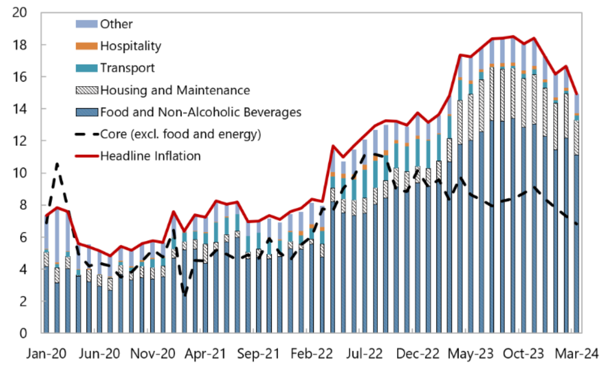
[2] Although the 2023 GDP growth estimate has been slightly revised downward based on data releases for Q1-Q3 2023, it is still robust.

Text Figure 1. The Gambia: Economic Activity Indicators, 2019–24

Tourist Arrivals and Remittances
(In indicated magnitude)



Headline and Core Inflation
(In percent and contributions)



Sources: The Gambian authorities and IMF staff calculations.

5. **The fiscal outturns in 2023 reflected good revenue performance, but capital spending pressures weighed on the fiscal balance** (MEFP ¶5, Text Table 1, and Tables 2a-b). Domestic revenue collection in 2023 slightly overperformed the target, driven by higher tax revenue collection. Budget support grants was broadly in line with projections while project grants exceeded expectations. Domestically financed spending was below projections. Current spending was lower-than anticipated. However, the execution of donors-funded infrastructure projects accelerated rapidly, particularly projects related to the OIC summit and the energy sector, which led to a significant frontloading of disbursements relative to original plans.[3] Consequently, the net domestic borrowing (NDB) and the domestic primary balance outperformed targets with large margins, but the overall fiscal deficit exceeded projections by 1.2 percent of GDP. Public debt declined by 7.7 percentage points of GDP to 75.2 percent of GDP at end-2023.

Text Table 1. The Gambia: Fiscal Performance, 2023
(Percent of GDP)

	Prog.	Prel.
Revenue	**19.8**	**20.0**
Domestic revenue	12.0	12.1
Grants	7.8	7.9
o/w. Budget support	2.7	2.8
Expenditures	**22.3**	**23.6**
Expenses	12.7	12.5
Net acquisition of nonfinancial assets	9.5	11.1
Foreign financed	7.4	9.3
Gambia local fund	2.2	1.8
Net lending (+)/borrowing (–)	**-2.5**	**-3.7**
Financing	**2.5**	**3.7**
Net acquisition of financial assets	0.0	0.0
Net incurrence of liabilities	2.5	3.7
Domestic	1.3	0.8
o/w. Net borrowing	1.6	0.6
Foreign	1.2	2.9
o/w. Borrowing	2.3	4.2
Statistical discrepancy	0.0	0.0
Memorandum item		
Domestic primary balance	-0.8	-0.2

Sources: The Gambian authorities; and IMF staff estimates.

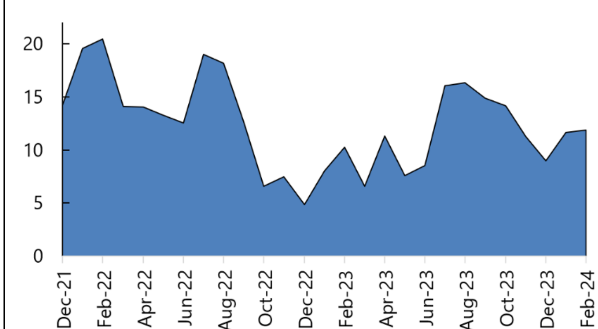
6. **The monetary policy stance remained unchanged**. The Central Bank of The Gambia (CBG) has maintained its policy rate at 17 percent since the September 2023 Monetary Policy Committee meeting, after a cumulative 700 basis points

[3] These projects are funded with concessional financing from development partners.

increase since March 2022. The decision to maintain the policy rate, despite moderation in inflation, was based on a still high inflation level relative to the CBG target, high domestic inflation expectations and robust economic activity. With the recent easing of inflation, the real interest rate is currently in a slightly positive territory.

7. The financial sector is sound and stable. Banks' capital adequacy and liquidity ratios are well-above the regulatory minimum, standing at 28.3 and 82.3 percent, respectively, at end-December 2023. Non-performing loans remain low at 3.3 percent, and banks have maintained an adequate level of provisioning. The latest CBG's quarterly stress testing results suggest that the banking sector remains resilient to potential capital and liquidity shocks. Banks' excess reserves remained high but have declined to 9.6 percent of reserve money at end-February 2024 from a recent peak of 16.3 percent in August 2023 (Text Figure 2).[4] Credit to the private sector remains strong, expanding by 22.2 percent (y-o-y) in February 2024, driven mainly by construction and trade sectors.

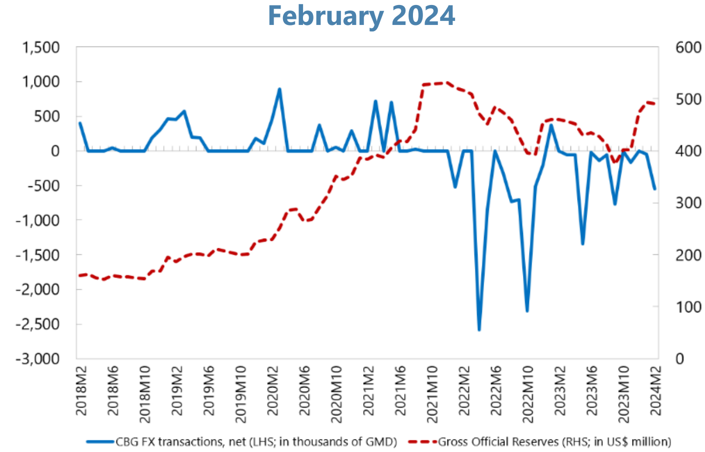
Text Figure 2. The Gambia: Excess Liquidity in the Banking System, Dec 2021–Feb 2024
(In percent of reserve money)



Sources: The Gambian Authorities, and IMF Staff calculations

8. The new foreign exchange (forex) policy, together with large forex inflows, have helped ease forex shortages. (MEFP ¶6 and Text Figure 3). The CBG introduced in December 2023 a new forex policy which allows the official exchange rate to reflect more closely market forces. Subsequently, the exchange rate depreciated by about 5 percent until mid-February 2024. The wedge with the parallel market rate, which stood at about 10 percent in mid-2023, has broadly closed. These developments, combined with the increase in tourist arrivals, private remittances inflows, and grants from partners have eased pressures on the forex market and alleviated the repeated severe forex shortages experienced by the country in recent past. Although gross reserves declined from 5.4 months of prospective imports at end-2022 to 4.9

Text Figure 3. The Gambia: Central Bank Net Forex Purchases and Gross International Reserves, 2018-February 2024



Sources: The Gambian authorities and IMF staff estimates.

[4] Some recent issuances of government bonds have been undersubscribed and some banks have reportedly had recourse to the CBG's financing corridor.

months at end-2023, they outperformed program targets with a large margin and remain at a comfortable level.

9. The authorities remain committed to structural reforms, including on governance and SOEs (MEFP ¶7). The anti-corruption bill was passed by the National Assembly, paving the way for a more robust legal framework to fight corruption. Performance contracts were recently signed with four additional SOEs.[5] The Cabinet authorized the launch of a partial or full privatization of the public mobile operator GAMCEL. Reforms are also advancing on revenue administration and public financial management (PFM), accompanied by extensive and coordinated capacity development support from development partners.

PROGRAM PERFORMANCE

10. Program performance has been satisfactory (Tables 12, 13). All 11 end-December 2023 quantitative performance criteria (QPCs) and indicative targets (ITs) were met. Nonetheless, the overall fiscal deficit and the public debt exceeded projections due to an accelerated execution of donors-funded infrastructure projects, including for the OIC summit. The obligations under the Article VIII on exchange arrangements are met. The four structural benchmarks (SBs) for end-February and end-March were met. The fifth SB at end-April, related to the governance diagnostic report, was missed. The report was discussed extensively at the Cabinet and the authorities are currently preparing an action plan for the implementation of its recommendations. Awaiting finalization of the action plan, this SB is proposed to be rephased to end-August 2024 (Table 14).

OUTLOOK AND RISKS

11. The medium-term macroeconomic outlook remains broadly unchanged relative to that envisaged at the ECF program approval (MEFP ¶8, Text Table 2). Real GDP growth is projected to further accelerate to 5.8 percent in 2024, driven particularly by the tourism, construction, and agricultural sectors. Over the medium term, growth is expected to stabilize around 5 percent. Inflation is projected to decline gradually in 2024, reflecting the impact of tight domestic monetary policy and the expected decline in some key global commodity prices. Forex reserves, in months of imports, are projected to remain at comfortable levels in the medium term, supported by disbursements from the IMF and other development partners. Fiscal deficit is expected to decline to 2.7 percent of GDP in 2024 and further decline to 0.5 percent of GDP in the medium term, accompanied by a steady decline in public debt (Text Figure 7).

12. The balance of risks is tilted to the downside, as highlighted in the downside scenario (Annex I). Key risks to the outlook arise from an escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and other regional conflicts, with the ensuing global commodity price

[5] These are Gambia International Airlines, Gambia Postal Services, Gambia Public Printing Corporation, and National Food Security Processing and Marketing Company. The authorities are also negotiating a new performance contract with the National Water and Electricity Company (NAWEC).

volatility and disruptions of global supply chains, together with an abrupt global slowdown, which could reduce tourist arrivals and remittance inflows while intensifying inflation and forex pressures (see downside scenario in Text Table 2). On the domestic front, persistently high price levels could lead to socio-political tensions and fiscal pressures. More frequent and severe natural disasters could damage infrastructure and livelihoods, adversely affecting inflation, growth, and fiscal and external accounts. On the upside, The Gambia is expected to benefit from a compact with the Millennium Challenge Corporation (MCC), with a threshold program under implementation and a compact program in the medium term.[6]

Text Table 2. The Gambia: Key Macroeconomic Indicators, 2023–29
(Percent of GDP, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029
	Prel.	Projections					
Baseline							
Real GDP growth (percent)	5.3	5.8	5.8	5.0	5.0	5.0	5.0
Consumer price inflation (average, percent change)	17.0	14.4	9.8	6.6	5.0	5.0	5.0
Tax revenue	9.4	9.9	10.2	10.7	11.0	11.3	12.6
Primary balance	-1.6	0.2	2.2	2.1	1.5	1.2	1.0
Domestic primary balance	-0.2	0.6	1.7	1.7	2.1	2.3	2.3
Current account balance	-8.6	-4.4	-3.0	-2.3	-1.7	-1.4	-1.0
Public debt	75.2	67.0	61.7	58.1	53.8	50.3	46.6
PV of public debt	61.8	55.4	51.4	48.6	45.4	42.5	39.2
Gross official reserves (months of prospective imports)	4.9	4.7	4.6	4.4	4.3	4.3	4.0
Downside Scenario							
Real GDP growth (percent)	5.3	4.3	4.3	5.0	5.0	5.0	5.0
Consumer price inflation (average, percent change)	17.0	15.4	10.8	6.9	5.4	5.0	5.0
Tax revenue	9.4	8.9	9.2	10.7	11.0	11.3	12.6
Primary balance	-1.6	-0.8	1.1	1.9	1.3	1.0	0.8
Domestic primary balance	-0.2	-0.5	0.5	1.5	2.0	2.1	2.1
Current account balance	-8.6	-6.5	-5.1	-2.3	-1.8	-1.4	-1.1
Public debt	75.2	68.6	65.0	61.8	57.4	54.2	50.4
PV of public debt	61.8	56.9	54.6	52.1	48.9	46.2	42.9
Gross official reserves (months of prospective imports)	4.7	4.1	3.9	3.8	3.7	3.7	3.5

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

POLICY DISCUSSIONS

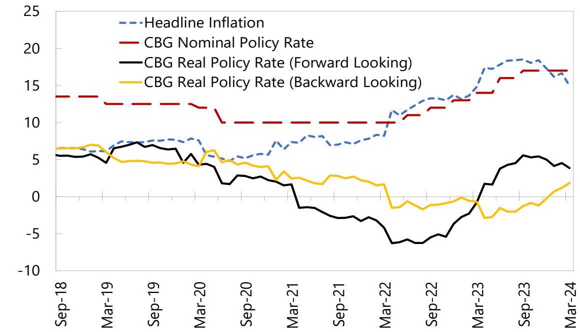
Policy discussions focused on: (i) the monetary policy stance to further tame inflationary pressures; (ii) the exchange rate policy to sustain the easing market pressures and safeguard forex reserves; (iii) the fiscal policy stance to address pressures and shocks while reducing debt vulnerabilities; and (iv) structural reforms to support strong and inclusive growth.

[6] MCC and The Gambian authorities signed a US$25 million threshold program to address the unreliable and inadequate supply of electricity with the focus on governance and operations. The MCC has also identified The Gambia as eligible for a compact program; the areas of intervention are under discussion.

A. Addressing Inflationary and Foreign Exchange Pressures

13. The CBG intends to keep the tight monetary policy stance to ensure inflation firmly declines (MEFP ¶9 and Text Figure 4). While recent easing of inflation is encouraging, the CBG should stand ready to tighten the monetary policy stance further if this easing of inflation reverses. Such policy tightening would contain domestic aggregate demand and limit the second-round effects of the highly uncertain and volatile global commodity prices. It would also help anchor inflation expectations and ensure inflation steadily declines to the CBG's medium-term target of 5 percent. It would be essential to ensure that the real interest rate is firmly in a positive territory. Any excess liquidity in the banking system should be closely monitored and addressed. This policy stance can be based on an appropriate combination of various policy tools, including the monetary policy rate, the issuance of CBG bills, the use of the deposit window, and the change in the reserve requirement ratio.

Text Figure 4. The Gambia: Inflation and Policy Rates, September 2018–March 2024

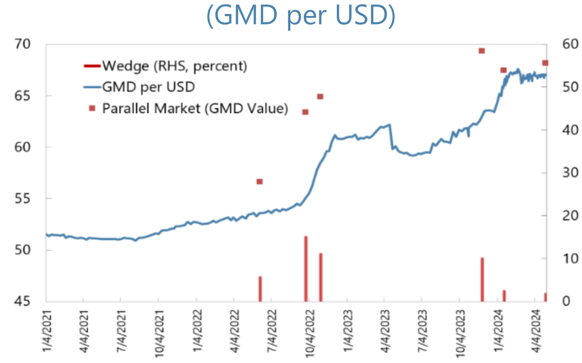


Sources: The Gambian authorities, and IMF staff calculations.

14. The CBG is committed to pursue implementation of the recently introduced forex policy to prevent reoccurrence of forex shortages (MEFP ¶10). It would be paramount to consolidate the hard-won gains from the new policy, continue maintaining an exchange rate that fully reflects market forces, and ensure smooth functioning of the forex market. The wedge between the official and parallel forex markets has broadly closed (Text Figure 5). As the high tourism season is ending and the corresponding supply of forex on the market will likely to decline, the recently introduced policy can help incentivize holders of forex to support supply. Any resumption of wedges between the official and the parallel exchange rates would lead to a reoccurrence of forex shortages in the market. It would be advisable to finalize and approve a forex intervention policy and limit any forex market interventions (*i.e.*, forex sale) to only alleviate excess market volatility to safeguards forex reserves.[7]

Text Figure 5. The Gambia: CBG Exchange Rate, 2021–24

(GMD per USD)



Sources: The Gambian authorities, and IMF staff calculations.
Note: the wedge is defined as the difference between the parallel and the official rates over the official rate (in percent).

[7] A draft policy has been submitted to the CBG's Board for consideration, possibly at its next meeting.

15. The authorities are committed to preserving the strength of the CBG's financial position and of the banking system (MEFP ¶11). To prevent financial risks to the CBG, the central government provided guarantees for all existing loans extended by the CBG to general government entities, outside the central government. Moreover, the CBG should cease any quasi-fiscal operation, including with SOEs, and will provide lending to government entities and SOEs only for cash flow purposes and not beyond 10 percent of the previous year's tax revenue as per law. Such lending will be at market terms. To safeguard the strength of the banking sector and improve its resilience to future shocks, the CBG will require the augmentation of banks' minimum regulatory capital by GMD100 million by end-September 2025 **(new SB for end-September 2025)** and by another GMD100 million each year thereafter to reach a total level of capital of GMD500 million by end-2027.[8]

16. Efforts on financial deepening are underway and should be intensified while strengthening the financial sector's supervisory and regulatory framework. The authorities are implementing the National Financial Inclusion Strategy, leveraging the deployment of a new payment system by the CBG, the recent launch of the capital market, the expansion of mobile money and fintech, and the expansion of the women enterprise and youth development funds. The aim is to provide access to the formal financial system for 70 percent of the adult population by 2025, including the most vulnerable groups, women, and youth. Following the stress testing exercise of the banking system in 2022, the CBG should remain vigilant and continue implementing its quarterly stress tests to account for adverse developments affecting banks' balance sheets, such as growth slowdown, rising domestic inflation and interest rates, and declining households' real income. Finally, the authorities intend to revamp the credit reference bureau (CRB) and select a developer for its replacement; this reform will support healthy financial intermediation.

B. Building Fiscal Resilience and Reducing Debt Vulnerabilities

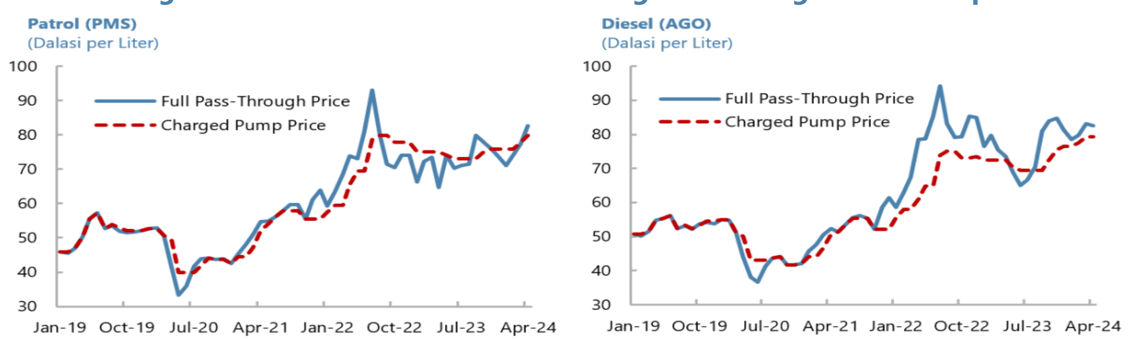
17. The authorities are committed to keeping the 2024 fiscal framework anchored on the approved 2024 budget (MEFP ¶12-13). The overall fiscal deficit target remains unchanged relative to the approved 2024 budget, at 2.7 percent of GDP. The other fiscal parameters also remain unchanged, including the domestic primary balance and the net domestic borrowing. To this end, the authorities are taking measures to enhance revenue collection and restrain spending.

On revenue: Domestic revenue is envisaged to increase by 1 ppt of GDP in 2024, of which 0.5 ppt of GDP from tax revenue, and 0.5 ppt of GDP from non-tax revenue. The revenue collection by the Gambian Revenue Authority (GRA) during Q1-2024 increased by about 30 percent in nominal Dalasi terms relative to the same period in 2023 and exceeded the target. The GRA reached a significant milestone of a monthly collection of GMD1 billion in March 2024. The following key measures are being implemented and are expected to bolster revenue collection in 2024:

[8] This measure will help augment paid-up capital buffers. Under the current risk-weighted asset allocation, this measure will increase the capital adequacy ratio from 10 to 12.5 percent.

- A single window platform is operational. An e-tracking of transit trucks has started to prevent diversion into the country.
- Digital Tracing System (DTS) has started.
- A digital weigh bridge has recently been completed at the seaport.
- The implementation of the rental tax compliance system has commenced.
- All the twelve commercial banks have been audited from the Q4-2023 to Q1-2024; the GRA plans to audit all the GSM operators during 2024 (which will allow fulfilling the **SB for end-September 2024**).
- The authorities have increased domestic fuel prices for Diesel by 85 percent since mid-2020. Although domestic prices are currently below full passthrough prices, the authorities aim to continue reducing fuel revenue losses and commit to not reduce domestic fuel prices when global oil prices decrease with a view to recovering past subsidies in the future.[9]
- Non-tax revenue will be supported by a tranche from the Africa50's asset recycling program. Furthermore, the authorities are determined to bolster the collection of some other non-tax revenue, including administrative fees that have not been adjusted for several years.

Text Figure 6. The Gambia: Full Pass-Through and Charged Fuel Pump Prices



Sources: The Gambian authorities, IMF staff calculations.
Note The full pass-through price is a calculated price based on the international oil price and the domestic additional charges including importer cost, dealer margin and fees (excise, value added tax, retail fees). The charged fuel pump price is the price that consumers pay at the pump stations.

On spending: The authorities are reprioritizing spending in goods and services and transfers to accommodate unanticipated spending pressures arising from the logistical costs of hosting the OIC summit. The authorities aim to strictly align expenditure with available resources, strengthen expenditure control, and enforce cash management by requiring Ministries, Departments, and Agencies (MDAs) to submit by September 2024 their yearly cash needs projections through the

[9] For diesel, the gap between full passthrough prices and domestic pump prices narrowed by 72 percent in April 2024 compared to the largest gap in September 2023. For patrol, despite the current domestic price being below the full passthrough price, the average difference in the last year shows an average revenue recovery (*i.e.,* clawback) of GMD1 per liter. In multiple episodes in the past, the authorities did not decrease domestic pump prices in line with the decline in global oil prices, especially for patrol (Text Figure 6).

Integrated Financial Management Information System (IFMIS) module (**new SB for end-September 2024**).

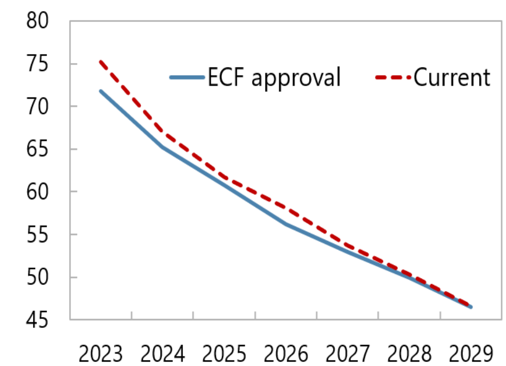
18. In the medium term, the fiscal framework will aim at firmly reducing debt vulnerabilities (MEFP ¶14). The overall fiscal deficits in the medium term will be lower relative to the ECF program approval as the frontloading of disbursements from donors' infrastructure loans in 2023 will reduce future disbursements under existing contracts and with unchanged future borrowing (*i.e.*, contracting) plans (Text Table 3). Thus, the debt reduction path in the medium term will remain in line with previous projections (Text Figure 7).

Text Table 3. The Gambia: External Borrowing, Major Projects, 2023–26
(Millions of USD)

	2023	2024	2025	2026	Total
ECF Approval					
Road project 1	34.6	14.1	6.6	2.8	**58.2**
Road project 2	4.5	12.8	14.0	6.0	**37.3**
Energy project	0.0	13.9	23.1	9.9	**46.9**
Education sector	1.6	13.9	11.8	5.1	**32.4**
Total	**40.7**	**54.7**	**55.5**	**23.8**	**174.7**
First ECF Review					
Road project 1	37.8	14.1	7.0	0.0	**58.9**
Road project 2	5.4	12.8	9.6	9.6	**37.2**
Energy project	24.1	13.9	9.3	0.0	**47.3**
Education sector	6.7	13.9	5.9	5.9	**32.4**
Total	**73.9**	**54.7**	**31.7**	**15.5**	**175.8**

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

Text Figure 7. The Gambia: Public Debt, 2023-2029
(Percent of GDP)



Sources: The Gambian authorities, and IMF staff calculations.

19. The medium-term fiscal framework will be supported by an ambitious revenue mobilization agenda, considering the development needs (MEFP ¶14). The authorities are preparing and will adopt a domestic revenue mobilization strategy (**SB for end-September 2024**). They are in the process of procuring an Integrated Tax Administration System (ITAS) through World Bank funding. They are also preparing an IT system for excisable goods, fuel marking, and revenue assurance system for mobile network operators. They plan to fully digitalize the collection of VAT with the introduction of smart invoice technology. They are enhancing revenue collection from rental property taxation and will create a database of rental property for taxation purposes, which will further support domestic revenue mobilization (**new SB for end-June 2025)**. Tax withholding of CIT will be applied on contractors for all donor-funded projects. The GRA started the process of developing its next Corporate Strategic Plan that will cover the period 2025–2029. The GRA will complete the automation of its internal audit to strengthen governance and internal control. The Cabinet will adopt a revised GIEPA act with streamlined tax incentives **(SB proposed to be postponed to end-September 2024)**.[10] The revision of the Act will include restricting the coverage to priority sectors, eliminating the possibility to extend SICs based on expansion and re-investment,

[10] The rephasing of this SB will allow considering inputs from all key stakeholders, including a tax policy technical assistance mission.

requiring all SIC holders to be compliant with their local tax obligations, strengthening monitoring to ensure that companies benefitting from SICs are delivering on their plans, and cancelling SICs that do not perform in line with the expected deliverables (including on investment and employment creation).

20. The Gambia's public debt is deemed sustainable over the medium term, but risks of external and overall debt distress remain high (MEFP ¶14, DSA, IMF Country Report No. 24/15).[11] The PV of total public debt is projected to decline below its benchmark of 55 percent of GDP in 2025, and the debt reduction path remains broadly in line with previous projections. To reduce debt vulnerabilities, the authorities should focus on grants and highly concessional loans, implement a strong medium-term fiscal framework, bolster domestic revenue mobilization, strictly adhere to the agreed external borrowing plan, and ensure that SOEs and PPPs do not give rise to fiscal risks and contingent liabilities. Additionally, strong external buffers are needed to prepare for the upcoming expiration of debt service deferrals.

C. Advancing PFM, Governance, and SOEs Reforms

21. Strengthening PFM will help reduce fiscal pressures while supporting long-term development (MEFP ¶15). A roadmap for the implementation of program-based budgeting and its roll-out in pilot ministries for the 2025 draft budget will be approved by the Cabinet (**SB for end-December 2024**). The authorities intend to extend the use of IFMIS to all new donor and government-funded projects (**new SB for end-June 2025**). They will prioritize investment decisions by developing a pipeline of appraised investment projects based on the Gambia Strategic Review Board (GSRB) prioritization tool. They will collaborate closely with the National Assembly to accelerate the adoption of the PFM Act and PPP bill. These reforms will strengthen budget processes and accountability, enhance efficiency of public spending, and reduce governance and corruption vulnerabilities.

22. The authorities are making steps towards transforming the SOE sector from fiscal burdens to providers of fiscal resources (MEFP ¶16). Performance contracts were signed with four additional SOEs. The existing and new SOE contracts are aimed at improving their operational and financial situation and reducing their reliance on government subsidies. The audited financial accounts, up to 2023, of all SOEs will be published on their websites, including the cost of services undertaken at the government's request to ensure transparency and good governance. The authorities will finalize and enact regulations of the recently passed SOEs Act, together with the regulations on the GPPA procurement act (**new SB for end-December 2024**). Following the recent approval from the Cabinet, the partial or full privatization of GAMCEL is expected to be completed by end-March 2025 (**SB for end-March 2025**).

[11] This first ECF review does not require a full DSA or DSA update as a full DSA was prepared for the ECF program approval, the macroframework remains broadly unchanged, and the incorporation of the latest macroframework in the DSA template leads to broadly similar conclusions as in the last DSA.

23. Further progress in governance and anti-corruption initiatives remains critical (MEFP ¶17). Progress has been made on strengthening the governance framework. The anti-corruption bill has been adopted. A revised draft law on AML/CFT has been completed and aligned with the international AML/CFT standards as set up by the Financial Action Task Force. The Ombudsman reports for 2021 and 2022 have been transmitted to the National Assembly and published on the website. A revised National Audit Office Act will be adopted by the Cabinet to strengthen its institutional independence, enhance the enforceability of its requests on auditees, and support the effective implementation of audit recommendations (**new SB for end-October 2024)**. A study will be prepared to rationalize and consolidate subvented agencies with MDAs **(SB end-December 2024)**, with the aim of improving the efficiency of government institutions and reducing burdens on the budget. The authorities are committed to implementing further areas of reforms proposed in the governance diagnostic report. The work of the reform monitoring committee is gaining momentum; it is following up on a regular basis the implementation of key policy measures.

D. Supporting Inclusive Growth and Addressing Climate Change

24. Improving the business environment is critical to foster strong recovery and inclusive growth (MEFP ¶18). The high debt vulnerabilities and the limited fiscal space point to the critical role of the private sector in addressing development challenges. To promote business creation and formal sector employment, the authorities will set up a digital platform for business registration (**SB for end-December 2024**) and the Cabinet will adopt a land policy which will facilitate and secure access to land and finance (**new SB for end-September 2025**). The authorities are taking measures to protect the most vulnerable population, including by completing the expansion of the social registry to the Banjul and Kombo areas to improve the targeting of social programs **(SB for end-December 2024)**.

25. Building resilience is critical to shield The Gambia from the effects of climate change (MEFP ¶19). The Gambia is highly vulnerable to the vagaries of climate change, including coastal erosion, flooding, drought, and storms. The Gambia's Long-Term Climate-Neutral Development Strategy 2050 aims at realizing The Gambia's commitment to meet commitments under the Paris Agreement.

DATA ISSUES AND CAPACITY DEVELOPMENT

26. Data provision is broadly adequate for surveillance and program monitoring. The authorities are committed to continuing the weekly provision of key indicators related to the monetary sector, international reserves, and the government's net domestic financing as well as the monthly provision of the Statement of Government Operations (SGO) and inflation data. With IMF TA support, the authorities have produced and disseminated quarterly GDP, which is broadly adequate for surveillance.[12] The Gambia is an e-GDDS country but there is room for improvement.

[12] Gambia Bureau of Statistics (GBoS) continues to work on the rebasing of GDP for 2019-22 with an estimated dissemination date in Q1-2026.

Hence, the authorities will endeavor to enhance the compilation, reconciliation, coverage, and dissemination of SGOs, debt data, financial sector data (including non-bank), and the external sector statistics. The authorities agreed to compiling/reporting to STA additional indicators of financial inclusion under the financial access survey (FAS).

27. Capacity development (CD) will continue to focus on strengthening revenue administration, public financial and debt management, forex policy, financial sector supervision, and statistics (MEFP ¶20). The Gambia benefits from a large CD program from the IMF and has taken strides to address absorption capacity challenges. Staff encourages the authorities to continue strengthening internal capacity by making full use of the extensive TA support and the presence of resident advisors at the MoFEA, GRA, and CBG. Staff also advises the implementation of the recommendations from recent CD missions.

PROGRAM MODALITIES

28. Program monitoring. Program performance will continue to be monitored through semi-annual program reviews based on quantitative performance criteria, indicative targets (Table 12), and structural benchmarks (Tables 14-15). The disbursement of SDR8.29 million following the completion of the first ECF program review will help fill the balance of payments (BoP) financing gap, which is in part linked to budget execution; thus, SDR3.32 million will be on-lent for budget support.[13]

29. Program conditionality. The authorities and staff reached an understanding to propose updated program conditionality as follows (MEFP ¶21, Tables 12-13). The authorities request postponing from end-June 2024 to end-September 2024 the SB on the adoption by the Cabinet of a revised GIEPA act to allow incorporating inputs from key stakeholders. End-June and end-December 2024 QPC floor on net international reserves (NIR) has been proposed to be adjusted upward to allow for higher reserves accumulation, such that gross reserves coverage remains at 4 months of imports over the medium term. End-March and end-June 2025 QPCs and ITs have been set for the fourth ECF program review. Moreover, seven new SBs are proposed for end-September 2024, end-December 2024, end-June 2025, and end-September 2025 to guide reforms under future ECF program reviews, including on revenue administration, PFM, governance, and the financial sector.

30. Program risks and mitigation measures. Protraction of the wars in Ukraine and the Middle East could intensify pressures on inflation and balance of payments, undermine government fiscal strategy and compromise debt sustainability. A potential global slowdown and disruption in trade may hinder tourist arrivals and export receipts. Regional political instability and insecurity could have potential adverse impacts on The Gambia's macroeconomic performance. To mitigate these risks,

[13] In line with previous arrangements, the government and the central bank will update and agree on a memorandum of understanding regarding the on-lending and repayment.

staff advise bolstering domestic revenue mobilization, embracing spending restraint, and strengthening internal and external policy buffers.

31. Capacity to repay. The Gambia's capacity to repay the Fund remains adequate despite high exposure (Table 10). The Gambia's outstanding credit to the IMF and total fund obligations are significantly higher than the PRGT comparator group under most of the key metrics. Repayments to the IMF will peak at 4.97 percent of government revenues and 27.52 percent of total debt services in 2030. Nonetheless, The Gambia's good track record of timely repayment of IMF obligations, the authorities' commitment to reforms, and the CBG's continued strengthening of its financial safeguards, are mitigating factors.[14]

32. Burden sharing and financing assurances. The program is fully financed with firm commitments in place for the remainder of the program period based on information received from the authorities and development partners (Table 7). The authorities are engaged in discussions with Libya on a disputed loan to reach mutual understanding regarding the amounts of debt and the related payment method; the latest meeting between the two parties was held in October 2023. Regarding arrears to Venezuela, as an update to the information provided in Annex VI of the staff report for the Third ECF-supported program review, virtual meetings were held in early 2022 and a mission is expected in The Gambia.[15]

33. Safeguards. An update safeguards assessment noted shortfalls in the CBG's safeguards framework. These include the CBG's participation in development quasi-fiscal operations that have weakened its financial autonomy and exposed it to credit and reputational risks, as well as gaps in governance arrangements and continued capacity challenges. Legal reforms introduced in 2018 did not address all vulnerabilities previously identified. The assessment recommends legal reforms to further strengthen the CBG's mandate and autonomy and ceasing financing new quasi-fiscal operations.

STAFF APPRAISAL

34. The Gambia continues its democratic and economic reforms, amidst a challenging environment. Along with successful democratic elections, several social and justice reforms have been implemented and the process is ongoing under the Truth, Reconciliation and Reparations

[14] The CBG plans to amend the CBG Act once a revised Constitution is enacted to strengthen the governance and autonomy of the CBG.

[15] Staff assesses that the conditions are met for the Fund to provide financing to The Gambia in line with the policy on arrears to official bilateral creditors, notwithstanding its outstanding arrears to Venezuela. In particular: (i) Prompt financial support from the Fund is considered essential and the member is pursuing appropriate policies; (ii) The authorities have been making good faith efforts to reach agreement with the creditors on a contribution consistent with the parameters of the Fund-supported program; and (iii) The decision to provide financing despite the arrears is not expected to have an undue negative effect on the Fund's ability to mobilize official financing packages in future cases.

Commission. However, some challenges remain. The security sector reform has not been completed yet and the revision of the Constitution is still pending.

35. The economic recovery is strengthening while inflation and foreign exchange pressures have started to ease. The recovery is supported by good performance of the construction, tourism, and agriculture sectors. Inflation progressively decelerated but remains elevated. The 2023 fiscal outturns reflected good revenue performance, but capital spending pressures weighed on the overall fiscal balance. The introduction of a new forex policy in December 2023 helped to largely close the wedge between the official and parallel market exchange rates. Gross reserves remained at comfortable level, standing at 4.9 months at end-2023. The outlook is subject to large downside risks, particularly owing to global geopolitical tensions.

36. Performance under the ECF supported program was satisfactory. All 11 end-December 2023 QPCs and ITs were met. Nonetheless, the fiscal deficit and public debt exceeded projections due to an accelerated execution of donors-funded infrastructure projects, especially for the OIC summit. The obligations under the Article VIII on exchange arrangements are met. The four end-February 2024 and end-March SBs were completed. The end-April SB on the governance diagnostic report was missed; staff advises the authorities to promptly finalize an action plan to implement the recommendations in this report.

37. The CBG is committed to continuing fighting inflation and pursuing a market-determined exchange rate. Although inflation has recently decelerated, the CBG should stand ready to tighten the monetary policy stance further if this deceleration reverses. It would be paramount to consolidate the hard-won gains from the new forex policy, continue maintaining an exchange rate that fully reflects market forces, and ensure smooth functioning of the forex market. Any reoccurrence of wedges between the official and parallel exchange rates may lead to resurgence of forex shortages. Efforts should be intensified to accelerate the implementation of the National Financial Inclusion Strategy and strengthen the financial sector's supervisory and regulatory framework.

38. Staff welcomes the authorities' commitment to the 2024 approved budget. The authorities are addressing spending pressures arising from the logistical costs of hosting the OIC summit by bolstering revenue mobilization and reprioritizing spending. This approach will allow keeping the overall fiscal deficit unchanged from the approved budget, given the still high risk of debt distress for both external and overall public debt. To further reduce debt vulnerabilities, it will be critical to continue focusing on grants and highly concessional loans, limit fiscal risks from SOEs and PPPs, and implement a strong medium-term fiscal framework. This framework should be supported by strong domestic revenue mobilization and public financial management.

39. Staff encourages the authorities to build on recent progress and pursue further structural reforms. The adoption of the anti-corruption bill by the National Assembly was an important milestone. Further progress remains critical, including on the effectiveness of the National Audit Office, the adoption of the AML/CFT law, and the reforms of subvented agencies. Strengthening PFM, including on cash management and investment prioritization, will help reduce fiscal pressures while supporting long-term development. The authorities' vision to transform SOEs from fiscal burdens to providers of fiscal resources is commendable and should be swiftly carried out.

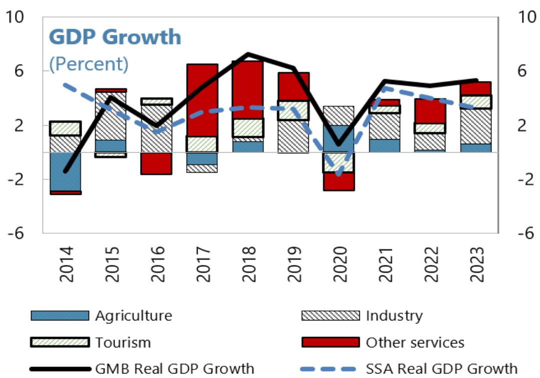
40. Improving the business environment is essential to foster strong recovery and inclusive growth. The high debt vulnerabilities and the limited fiscal space point to the critical role of the private sector in addressing development challenges. Thus, it would be paramount to promote business creation and formal sector employment, including by facilitating and securing access to land and finance. The authorities are also encouraged to take measures to protect the most vulnerable population, including by completing the expansion of the social registry to improve the targeting of social programs.

41. Building a climate-resilient economy is necessary to shield The Gambia from the impacts of climate change. The Gambia is highly vulnerable to the vagaries of climate change, including coastal erosion, flooding, drought, and storms. It would be paramount to adopt climate mitigation and adaptation policies, including reforms of fossil fuel subsidies and climate resilient infrastructure. It would also be important to strengthen public finance and investment management to attract more climate finance funds and benefit climate investment.

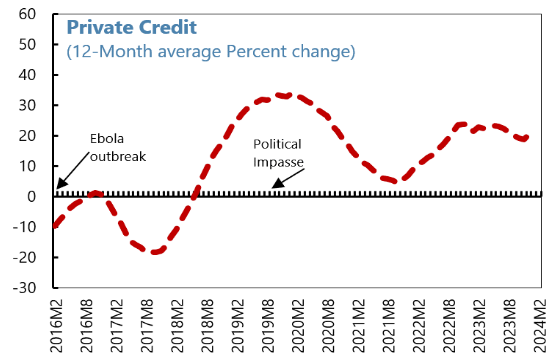
42. In view of The Gambian authorities' satisfactory performance under the ECF-supported program, and on the basis of the authorities' policy commitments for the remainder of the arrangement, staff recommends the completion of the first review under the ECF arrangement and the associated financing assurances review.

Figure 1. The Gambia: Recent Economic Developments, 2014–24[1]

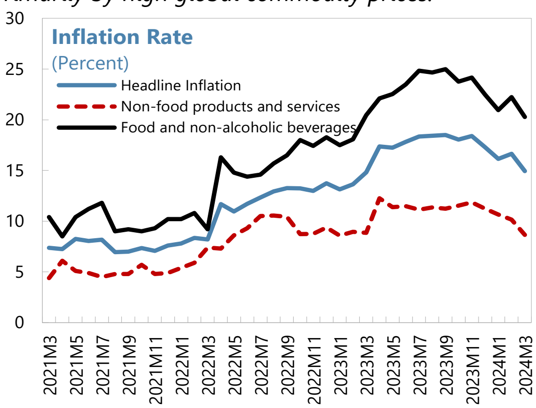
Economic recovery strengthened, supported by tourism and other sectors…



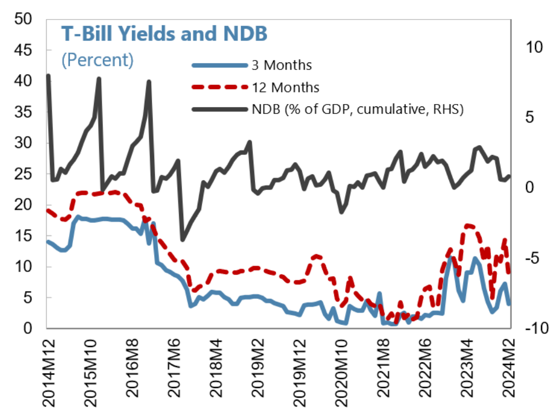
… while private credit broadly stabilized around its post-pandemic high.



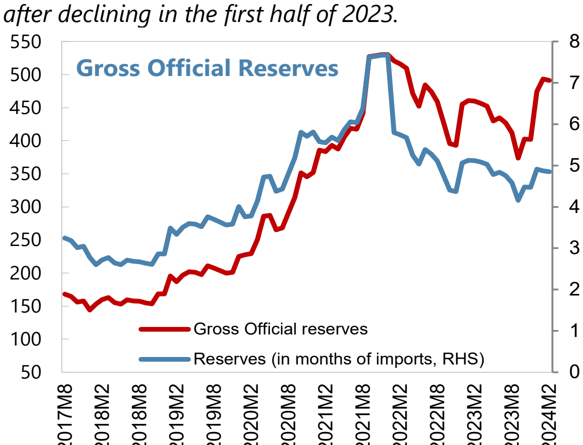
Inflation is progressively easing but remains elevated, driven primarily by high global commodity prices.



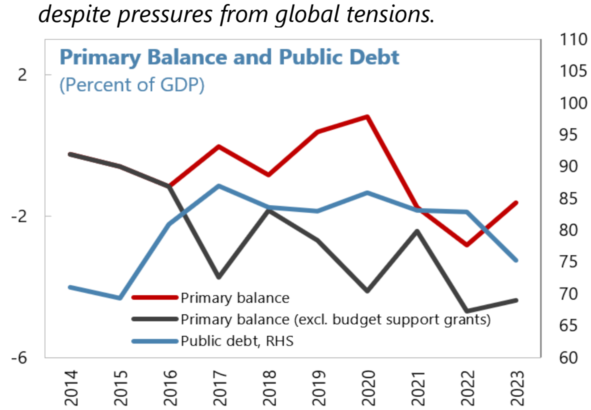
As the central bank tightened monetary policy, T-bill rates edged higher in 2023.



Forex reserves (in months of next year's imports) improved after declining in the first half of 2023.



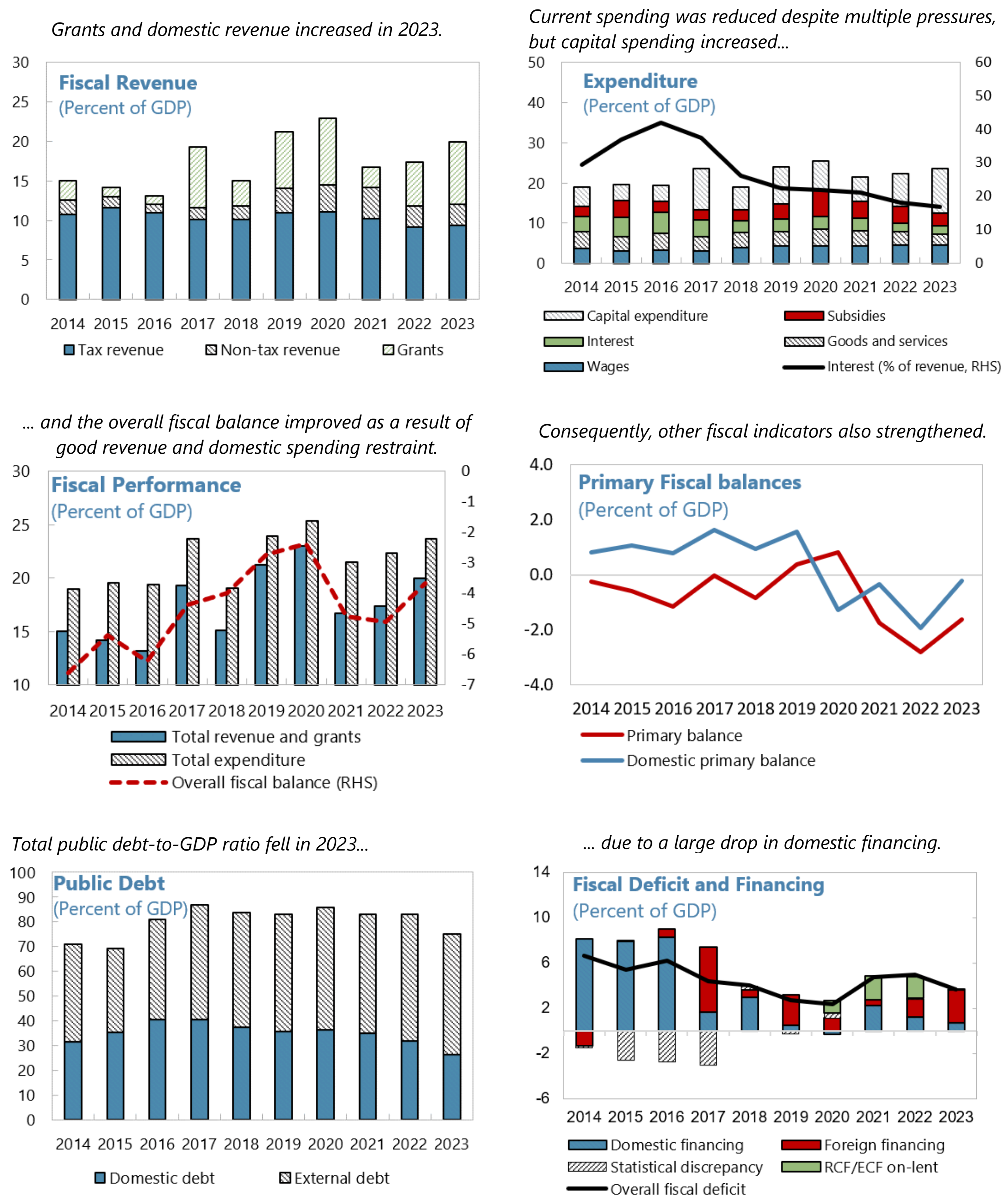
Public debt declined, as fiscal indicators improved despite pressures from global tensions.



Sources: The Gambian authorities; and IMF staff calculations.

[1] Annual data is updated until 2023, monthly data until February 2024.

Figure 2. The Gambia: Fiscal Sector Developments, 2014–23

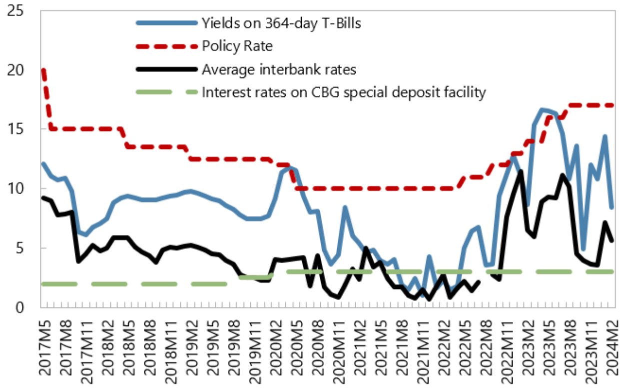


Sources: The Gambian authorities; and IMF staff projections.

Figure 3. The Gambia: Monetary Developments, 2016–24[1]

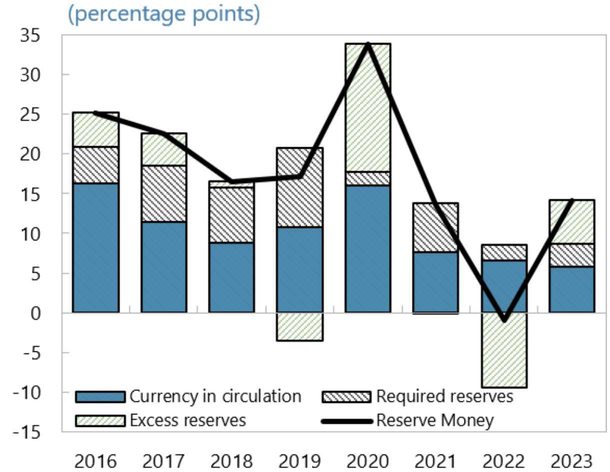
The CBG tightened monetary policy stance to tame inflationary pressures.

Monetary Policy and Interest Rates
(Percent)



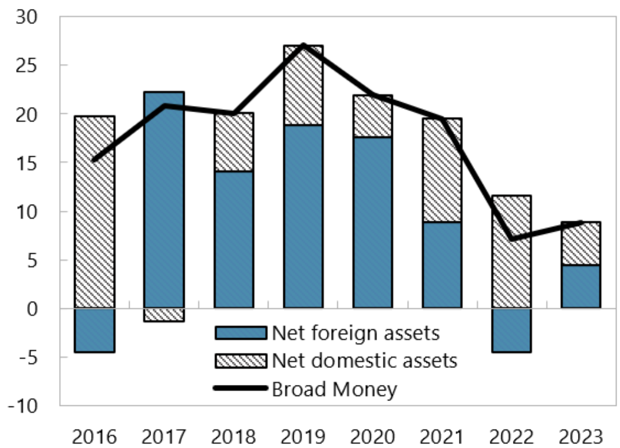
Banks excess reserves increased leading to an increase in reserve money.

Components of Reserve Money Growth
(percentage points)



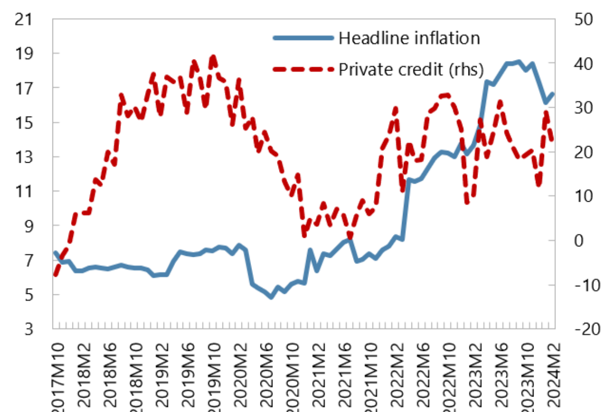
Broad money growth accelerated in 2023, driven by an increase in the NFA of the central bank...

Sources of Broad Money Growth
(Percentage Points)



The stabilization in inflation towards year end coincided somewhat with the decline of credit to the private sector.

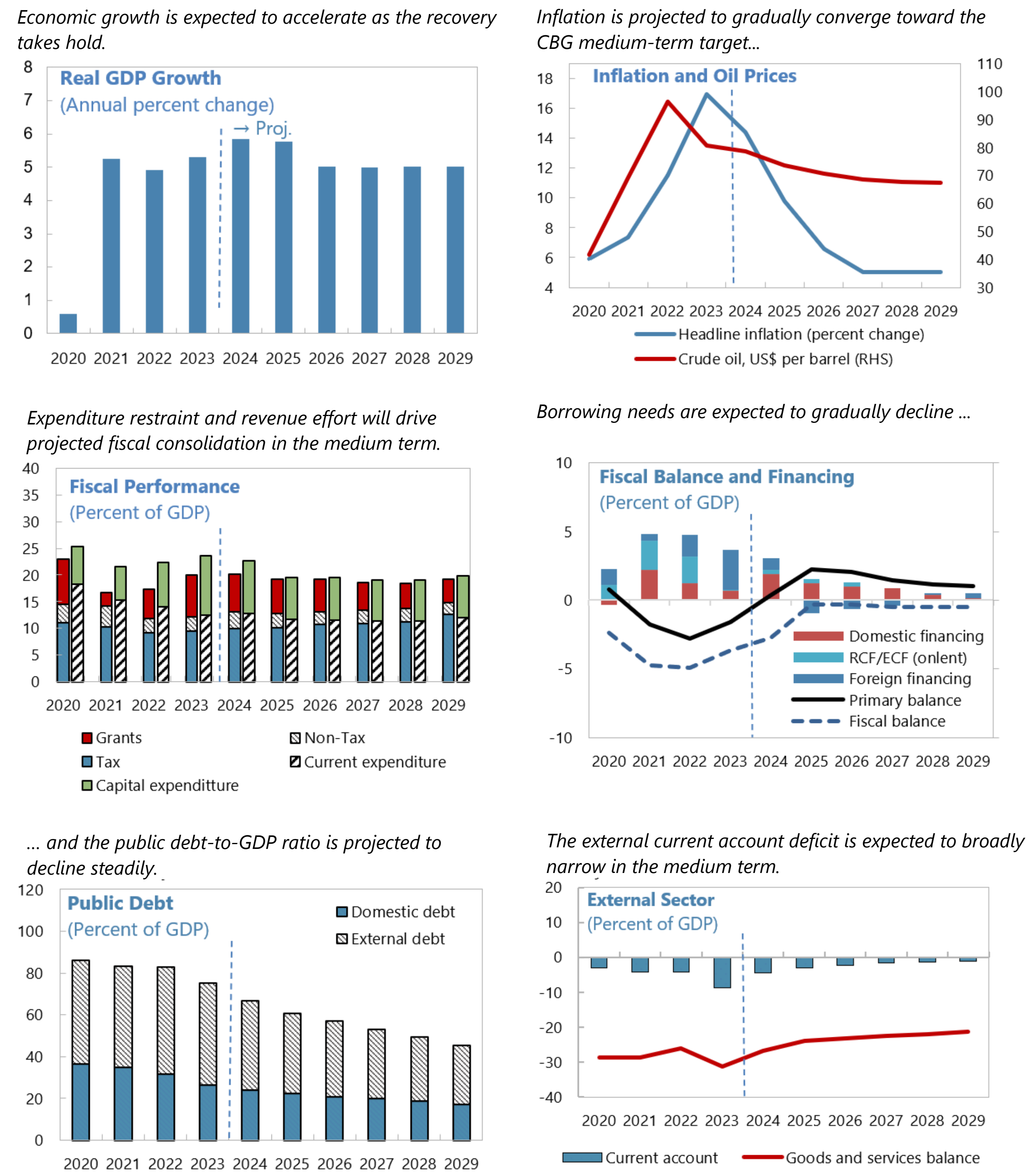
Inflation and Private Credit
(12-month percent change)



Sources: The Gambian authorities; and IMF staff projections.

[1] Annual data is updated until 2023, monthly data is until February 2024.

Figure 4. The Gambia: Medium-Term Outlook, 2020–29[1]



Sources: The Gambian authorities; and IMF staff projections

[1] GDP for 2023 is preliminary.

Table 1. The Gambia: Selected Economic Indicators, 2022–29

(In percent of GDP, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028	2029
	Act.	Prog.	Prel.	Prog.	Proj.	Projections				
	(Percent change; unless otherwise indicated)									
National account and prices										
GDP at constant prices	4.9	5.6	5.3	6.2	5.8	5.8	5.0	5.0	5.0	5.0
GDP deflator	10.8	14.1	14.4	11.4	11.3	7.4	5.1	3.9	4.2	3.4
Consumer prices (average)	11.5	17.2	17.0	15.9	14.4	9.8	6.6	5.0	5.0	5.0
Consumer prices (end of period)	13.7	18.9	17.3	12.9	11.5	8.1	5.0	5.0	5.0	5.0
External sector										
Exports, f.o.b (US$ values)	61.6	92.3	88.8	20.9	22.5	14.2	12.4	11.9	12.0	11.6
Imports, f.o.b (US$ values)	14.3	24.6	31.8	15.6	7.6	4.9	8.0	6.5	6.8	6.8
Terms of trade (deterioration = -)	-2.6	-3.7	-2.6	-7.6	-7.4	-5.4	-2.1	-0.4	0.8	-2.8
	(Contributions to broad money growth; percent)									
Money and credit										
Broad money	7.1	2.5	8.8	9.4	8.8	8.6	7.4	7.6	8.0	2.0
Net foreign assets	-4.5	-8.2	4.4	0.4	-1.2	0.8	0.3	2.2	2.3	0.0
Net domestic assets	11.6	10.7	4.4	8.9	10.0	7.8	7.1	5.4	5.7	2.0
Of which:										
Credit to central government (net)	7.5	8.6	-3.1	3.9	3.7	3.5	2.8	2.3	1.0	0.4
Credit to the private sector (net)	3.8	2.8	2.1	2.1	3.5	1.2	4.3	3.1	4.7	1.6
Velocity (GDP/broad money)	1.8	2.2	2.0	2.3	2.2	2.3	2.4	2.4	2.4	2.6
	(Percent of GDP; unless otherwise indicated)									
Central government finances										
Domestic revenue (taxes and other revenues)	11.8	12.0	12.1	13.0	13.1	12.9	13.1	13.5	13.7	14.8
Of which: Tax Revenue	9.1	9.4	9.4	9.9	9.9	10.2	10.7	11.0	11.3	12.6
Grants	5.5	7.8	7.9	7.0	7.0	6.4	6.0	5.1	4.8	4.5
Total expenditures	22.3	22.0	23.6	22.7	22.8	19.6	19.5	19.1	19.0	19.8
Of which: Interest (percent of government revenue)	18.0	17.8	16.9	23.0	22.5	19.9	18.2	14.6	12.2	10.2
Net lending (+)/borrowing (–)	-4.9	-2.5	-3.7	-2.7	-2.7	-0.3	-0.3	-0.5	-0.5	-0.5
Fiscal financing	4.9	2.5	3.7	2.7	2.7	0.3	0.3	0.5	0.5	0.5
Foreign	1.6	1.2	2.9	0.8	0.9	-1.0	-0.6	-0.4	0.1	0.3
Domestic	3.3	1.3	0.8	1.9	1.9	1.3	1.0	0.9	0.4	0.2
Primary balance	-2.8	-0.4	-1.6	0.2	0.2	2.2	2.1	1.5	1.2	1.0
Public debt	82.9	71.8	75.2	65.2	67.0	61.7	58.1	53.8	50.3	46.6
Domestic public debt	31.8	28.0	26.5	25.1	24.1	22.2	20.8	19.6	18.6	16.8
External public debt	51.1	43.8	48.8	40.0	43.0	39.5	37.3	34.2	31.7	29.7
External public debt (millions of US$)	1029.3	1,032.0	1,120.1	1,084.2	1,150.9	1,172.6	1,185.5	1,147.0	1,128.6	1,149.1
External current account balance										
Excluding official transfers	-6.0	-7.2	-11.4	-7.6	-6.3	-4.6	-3.8	-2.6	-2.2	-1.8
Including official transfers	-4.2	-4.4	-8.6	-5.8	-4.4	-3.0	-2.3	-1.7	-1.4	-1.0
Gross official reserves (millions of US$)	454.7	412.3	474.3	437.5	476.6	498.6	506.5	527.0	564.3	566.3
(months of next year's imports of goods and services)	5.1	4.2	4.9	4.3	4.7	4.6	4.4	4.3	4.3	4.0
Savings and investment										
Gross investment	22.3	23.8	24.8	23.1	23.7	21.3	21.5	21.4	21.7	21.4
Of which : Central government	8.3	9.5	11.1	9.6	9.9	7.9	7.9	7.7	7.7	7.8
Gross savings	18.1	19.3	16.1	17.3	19.2	18.3	19.2	19.7	20.3	20.4
Memorandum items:										
Nominal GDP (billions of dalasi)	122.6	147.6	147.7	174.8	173.9	197.6	218.1	238.0	260.3	286.4
GDP per capita (US$)	841.9	904.5	893.0	1009.2	988.3	1071.7	1,116.6	1,145.4	1,178.0	1,230.8
Use of Fund resources (millions of SDRs)										
Disbursements	26.4	5.0	5.0	24.9	24.9	24.9	24.9	0.0	0.0	0.0
Of which : ECF Augmentation	15.6	...	...	...	...	...	...	...	...	...
Repayments	-2.0	-4.1	-4.1	-3.9	-3.9	-5.2	-9.5	-14.0	-16.7	-17.2
CCRT debt relief [1]	0.8	...	...	...	...	...	...	...	...	...
PV of overall debt-to-GDP ratio	73.4	59.9	61.8	54.3	55.4	51.4	48.6	45.4	42.5	39.2

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

[1] The grant for debt service falling due through April 13, 2022 is available under the CCRT.

Table 2a. The Gambia: Statement of Central Government Operations, 2022–29
(Millions of local currency)

	2022	2023		2024		2025	2026	2027	2028	2029
	Act.	Prog.	Act.	Prog.	Proj.	Projections				
Revenue	21,292	29,184	29,513	34,932	34,939	38,053	41,837	44,303	48,256	55,335
Domestic revenue	14,501	17,720	17,842	22,751	22,760	25,397	28,666	32,128	35,633	42,377
Taxes	11,164	13,892	13,915	17,242	17,252	20,162	23,382	26,191	29,433	36,076
Taxes on income, profits, and capital gains	3,901	4,511	4,311	5,504	5,500	6,485	7,452	8,286	9,236	11,302
Domestic taxes on goods and services	4,667	6,024	6,145	7,615	7,604	8,878	10,397	11,665	13,136	16,168
Taxes on international trade and transactions	2,596	3,358	3,458	4,123	4,148	4,798	5,533	6,240	7,062	8,606
Non-tax	3,338	3,829	3,927	5,509	5,508	5,235	5,284	5,937	6,200	6,301
Grants	6,790	11,464	11,671	12,181	12,178	12,656	13,170	12,176	12,623	12,958
Budget support	2,300	4,000	4,082	3,180	3,179	3,294	3,392	2,094	2,162	2,210
Of which: CCRT[1]	59	…	…	…	…	…				
Project grants	4,490	7,463	7,589	9,001	9,000	9,363	9,778	10,082	10,461	10,747
Expenditures	27,354	32,887	34,925	39,682	39,690	38,668	42,549	45,485	49,583	56,764
Expenses	17,214	18,796	18,520	22,442	22,254	23,080	25,317	27,251	29,501	34,511
Compensation of employees	5,627	6,713	6,805	7,439	7,447	8,604	9,730	10,782	11,774	12,857
Use of goods and services	4,057	3,663	3,902	4,491	4,821	4,484	4,942	5,715	6,627	8,574
Interest	2,617	3,155	3,023	5,115	5,114	5,045	5,222	4,688	4,333	4,324
External	553	803	678	813	813	810	822	837	844	853
Domestic	2,064	2,352	2,346	4,301	4,301	4,235	4,400	3,851	3,489	3,471
Subsidies and transfers	4,913	5,266	4,790	5,397	4,871	4,947	5,424	6,066	6,767	8,756
Net acquisition of nonfinancial assets	10,140	14,091	16,405	17,240	17,436	15,588	17,232	18,234	20,082	22,253
Acquisitions of nonfinancial assets	10,140	14,091	16,405	16,968	17,163	15,588	17,232	18,234	20,082	22,253
Foreign financed[2]	7,859	10,854	13,744	12,857	12,855	11,503	12,335	13,767	15,523	16,519
Gambia local fund	2,281	3,237	2,661	4,111	4,309	4,085	4,897	4,467	4,558	5,734
Lending minus repayment				273	273					
Net lending (+)/borrowing (–)	-6,062	-3,703	-5,412	-4,750	-4,751	-614	-713	-1,181	-1,327	-1,429
Financing[5]	5,993	3,703	5,455	4,750	4,751	614	712	1,181	1,327	1,429
Net acquisition of financial assets	165	0	0	0	0	0	0	0	0	0
Net incurrence of liabilities	5,828	3,703	5,455	4,750	4,751	614	712	1,181	1,327	1,429
Domestic	3,904	1,971	1,125	3,271	3,271	2,505	2,128	2,111	1,000	463
Net borrowing	885	2,300	901	2,700	2,700	2,000	1,400	2,111	1,000	463
Bank	625	2,300	452	2,700	2,700	2,000	1,400	2,111	1,000	463
Central Bank of The Gambia	-421	0	-1,055	700	700	0	0	0	0	0
Commercial[3]	1,046	2,300	1,507	2,000	2,000	2,000	1,400	2,111	1,000	463
Nonbank	260	0	450	0	0	0	0	0	0	0
RCF/ECF (onlent) or SDR use	2,377	112	125	571	571	505	728	0	…	…
Change in arrears/Float[4]	642	-1,339	-800	0	0	0	0	0	0	0
Foreign	1,924	1,732	4,330	1,479	1,480	-1,891	-1,415	-930	327	966
Borrowing	3,369	3,391	6,155	3,855	3,855	2,140	3,167	4,478	6,048	6,950
Amortization	-1,445	-1,659	-1,825	-2,376	-2,376	-4,031	-4,582	-5,407	-5,721	-5,984
Statistical discrepancy	69	0	-43	0	0	0	0	0	0	0
Memorandum items:										
Primary balance	-3,446	-549	-2,389	365	363	4,430	4,510	3,507	3,006	2,895
Domestic primary balance	-2,377	-1,158	-316	1,040	1,040	3,276	3,674	5,098	5,906	6,457
Total debt	101,552	105,980	111,122	113,872	116,583	121,840	126,729	127,952	131,019	133,357
of which: Domestic public debt	38,952	41,329	39,100	43,918	41,843	43,853	45,289	46,604	48,377	48,171
Interest payments as a percent of govt. revenue	18.0	17.8	16.9	22.5	22.5	19.9	18.2	14.6	12.2	10.2
COVID-19 related spending	1,334	…	…	…	…	…	…	…	…	…

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

[1] The grant for debt service falling due through April 13, 2022 is available under the CCRT.

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

[3] Commercial bank borrowing in 2021 budget is net of domestic debt amortization.

[4] In staff projections change in arrears also includes a reduction in the treasury float.

[5] Excluding the float in Financing.

Table 2b. The Gambia: Statement of Central Government Operations, 2022–29
(Percent of GDP)

	2022	2023		2024		2025	2026	2027	2028	2029
	Act.	Prog.	Prel.	Prog.	Proj.	Projections				
Revenue	17.4	19.8	20.0	20.0	20.1	19.3	19.2	18.6	18.5	19.3
Domestic revenues	11.8	12.0	12.1	13.0	13.1	12.9	13.1	13.5	13.7	14.8
Taxes	9.1	9.4	9.4	9.9	9.9	10.2	10.7	11.0	11.3	12.6
Taxes on income, profits, and capital gains	3.2	3.1	2.9	3.1	3.2	3.3	3.4	3.5	3.5	3.9
Domestic taxes on goods and services	3.8	4.1	4.2	4.4	4.4	4.5	4.8	4.9	5.0	5.6
Taxes on international trade and transactions	2.1	2.3	2.3	2.4	2.4	2.4	2.5	2.6	2.7	3.0
Non-tax	2.7	2.6	2.7	3.2	3.2	2.6	2.4	2.5	2.4	2.2
Grants	5.5	7.8	7.9	7.0	7.0	6.4	6.0	5.1	4.8	4.5
Budget support	1.9	2.7	2.8	1.8	1.8	1.7	1.6	0.9	0.8	0.8
Of which: CCRT[1]	0.0	…	…	…	…	…				
Project support	3.7	5.1	5.1	5.2	5.2	4.7	4.5	4.2	4.0	3.8
Expenditures	22.3	22.3	23.6	22.7	22.8	19.6	19.5	19.1	19.0	19.8
Expenses	14.0	12.7	12.5	12.8	12.8	11.7	11.6	11.5	11.3	12.0
Compensation of employees	4.6	4.5	4.6	4.3	4.3	4.4	4.5	4.5	4.5	4.5
Use of goods and services	3.3	2.5	2.6	2.6	2.8	2.3	2.3	2.4	2.5	3.0
Interest	2.1	2.1	2.0	2.9	2.9	2.6	2.4	2.0	1.7	1.5
External	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3
Domestic	1.7	1.6	1.6	2.5	2.5	2.1	2.0	1.6	1.3	1.2
Subsidies and transfers	4.0	3.6	3.2	3.1	2.8	2.5	2.5	2.5	2.6	3.1
Net acquisition of nonfinancial assets	8.3	9.5	11.1	9.9	10.0	7.9	7.9	7.7	7.7	7.8
Acquisitions of nonfinancial assets	8.3	9.5	11.1	9.7	9.9	7.9	7.9	7.7	7.7	7.8
Foreign financed[2]	6.4	7.4	9.3	7.4	7.4	5.8	5.7	5.8	6.0	5.8
Gambia local fund	1.9	2.2	1.8	2.4	2.5	2.1	2.2	1.9	1.8	2.0
Net lending (+)/borrowing (–)	-4.9	-2.5	-3.7	-2.7	-2.7	-0.3	-0.3	-0.5	-0.5	-0.5
Financing[5]	4.9	2.5	3.7	2.7	2.7	0.3	0.3	0.5	0.5	0.5
Net acquisition of financial assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	4.8	2.5	3.7	2.7	2.7	0.3	0.3	0.5	0.5	0.5
Domestic	3.2	1.3	0.8	1.9	1.9	1.3	1.0	0.9	0.4	0.2
Net borrowing	0.7	1.6	0.6	1.5	1.6	1.0	0.6	0.9	0.4	0.2
Bank	0.5	1.6	0.3	1.5	1.6	1.0	0.6	0.9	0.4	0.2
Central Bank of The Gambia	-0.3	0.0	-0.7	0.4	0.4	0.0	0.0	0.0	0.0	0.0
Commercial[3]	0.9	1.6	1.0	1.1	1.1	1.0	0.6	0.9	0.4	0.2
Nonbank	0.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RCF/ECF (onlent) or SDR use	1.9	0.1	0.1	0.3	0.3	0.3	0.3	…	…	…
Change in arrears/Float[4]	0.5	-0.9	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	1.6	1.2	2.9	0.8	0.9	-1.0	-0.6	-0.4	0.1	0.3
Borrowing	2.7	2.3	4.2	2.2	2.2	1.1	1.5	1.9	2.3	2.4
Amortization	-1.2	-1.1	-1.2	-1.4	-1.4	-2.0	-2.1	-2.3	-2.2	-2.1
Statistical discrepancy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Primary balance	-2.8	-0.4	-1.6	0.2	0.2	2.2	2.1	1.5	1.2	1.0
Domestic primary balance	-1.9	-0.8	-0.2	0.6	0.6	1.7	1.7	2.1	2.3	2.3
Total debt	82.9	71.8	75.2	65.2	67.0	61.7	58.1	53.8	50.3	46.6
of which: Domestic public debt	31.8	28.0	26.5	25.1	24.1	22.2	20.8	19.6	18.6	16.8
Interest payments as a percent of govt. revenue	18.0	17.8	16.9	22.5	22.5	19.9	18.2	14.6	12.2	10.2
COVID-19 related spending	1.1	…	…	…	…	…	…	…	…	…

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

[1] The grant for debt service falling due through April 13, 2022 is available under the CCRT.

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

[3] Commercial bank borrowing in 2021 budget is net of domestic debt amortization.

[4] In staff projections change in arrears also includes a reduction in the treasury float. In 2022 payment floats amounted to 0.7 percent of GDP.

[5] Excluding the float in Financing.

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

	2023	2024			
	Q4	Q1	Q2	Q3	Q4
	Act.	Proj	Proj	Proj.	Proj.
Revenue	29,513	7,695	15,501	25,269	34,939
Domestic revenue	17,842	5,115	10,891	17,391	22,760
Taxes	13,915	4,459	8,954	13,143	17,252
Taxes on income, profits, and capital gains	4,311	1,526	2,920	4,252	5,500
Domestic taxes on goods and services	6,145	1,902	3,902	5,738	7,604
Taxes on international trade and transactions	3,458	1,030	2,132	3,153	4,148
Non-tax	3,927	656	1,936	4,248	5,508
Grants	11,671	2,580	4,610	7,878	12,178
Budget support	4,082	575	575	1,511	3,179
Project grants	7,589	2,005	4,035	6,367	9,000
Expenditures	34,925	9,658	19,430	29,769	39,690
Expenses	18,520	5,518	10,928	16,574	22,254
Compensation of employees	6,805	1,870	3,762	5,569	7,447
Use of goods and services	3,902	1,393	2,491	3,792	4,821
Interest	3,023	1,349	2,437	4,004	5,114
External	678	190	398	604	813
Domestic	2,346	1,159	2,038	3,401	4,301
Subsidies and transfers	4,790	906	2,237	3,208	4,871
Net acquisition of nonfinancial assets	16,405	4,141	8,502	13,195	17,436
Acquisitions of nonfinancial assets	16,405	4,141	8,502	13,195	17,436
Foreign financed	13,744	2,992	6,009	9,358	12,855
Gambia local fund	2,661	1,149	2,493	3,837	4,581
Net lending (+)/borrowing (–)	-5,412	-1,963	-3,929	-4,499	-4,751
Financing [1]	5,455	1,963	3,929	4,499	4,751
Net acquisition of financial assets	0	0	0	0	0
Net incurrence of liabilities	5,455	1,963	3,929	4,499	4,751
Domestic	1,125	1,478	2,955	3,142	3,271
Net borrowing	901	1,287	2,574	2,761	2,700
Bank	452	1,287	2,574	2,761	2,700
Central bank	-1,055	418	705	711	700
Commercial banks	1,507	870	1,868	2,049	2,000
Nonbank	450	0	0	0	0
RCF/ECF/SDR (onlent)	125	190	477	477	571
Foreign	4,330	486	974	1,357	1,480
Borrowing	6,155	987	1,974	2,991	3,855
Amortization	-1,825	-501	-999	-1,634	-2,376
Statistical discrepancy	-43	0	0	0	0
Memorandum items:					
Primary balance	-2,389	-614	-1,492	-495	363
Domestic primary balance	-316	-203	-93	985	1,040

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

[1] Excluding the Float in Financing.

Table 4a. The Gambia: Monetary Accounts, 2022–29[1]
(Millions of local currency, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028	2029
	Act.	Prog.	Act.	Prog.	Proj.	Projections				
I. Monetary Survey										
Net foreign assets	26,146	20,659	29,116	20,964	28,237	28,854	29,077	31,107	33,386	33,377
(in millions of U.S. dollars)	504	330	453	325	435	434	423	439	456	450
Of which : CBG	266	199	314	190	283	279	269	308	383	382
Net domestic assets	40,771	47,906	43,721	54,024	50,973	57,173	63,304	68,266	73,937	76,093
Domestic credit	49,591	56,725	51,006	60,843	56,259	59,960	66,053	71,055	76,727	78,884
Claims on central government (net)	34,961	40,686	32,900	43,386	35,600	38,350	40,750	42,861	43,861	44,324
Claims on other public sector[2]	2,868	2,395	4,962	2,395	4,962	4,962	4,962	4,962	4,962	4,962
Claims on private sector	11,762	13,644	13,142	15,063	15,695	16,645	20,336	23,227	27,897	29,590
Other items (net)[3]	-8,819	-8,819	-7,285	-6,819	-5,286	-2,787	-2,749	-2,789	-2,790	-2,791
Broad money	66,917	68,565	72,836	74,988	79,210	86,028	92,381	99,373	107,323	109,469
Currency outside banks	12,890	11,207	14,107	12,520	13,333	14,021	14,195	15,142	17,173	19,087
Deposits	54,027	57,357	58,730	62,468	65,877	72,006	78,185	84,231	90,149	90,382
II. Central Bank Survey										
Net foreign assets	13,813	10,330	16,303	9,858	14,647	14,488	13,933	15,963	19,848	19,787
Foreign assets	29,044	26,848	32,011	28,150	32,129	33,266	33,676	34,737	37,470	37,574
Foreign liabilities	-15,231	-16,519	-15,708	-18,292	-17,481	-18,778	-19,743	-18,774	-17,622	-17,787
Net domestic assets	7,115	9,682	7,584	12,745	9,066	10,602	11,623	11,644	11,668	11,695
Domestic credit	9,779	13,237	9,201	13,973	9,928	10,703	11,725	11,747	11,772	11,800
Claims on central government (net)	9,618	13,043	8,114	13,743	8,814	9,564	10,564	10,564	10,564	10,564
Of which: IMF on-lending since 2020	5,638	5,750	5,762	5,750	5,762	5,762	5,762	5,762	5,762	5,762
Claims on private sector	161	194	149	230	176	199	220	241	265	292
Claims on public enterprises	0	0	0	0	937	937	937	937	937	937
Other items (net)	-2,665	-3,555	-1,617	-1,228	-863	-101	-102	-103	-104	-105
Reserve money	20,928	20,012	23,887	22,603	23,713	25,090	25,556	27,607	31,516	31,481
Currency outside banks	12,890	11,207	14,107	12,520	13,333	14,021	14,195	15,142	17,173	19,087
Commercial bank deposits	8,038	8,805	9,780	10,083	10,380	11,069	11,361	12,465	14,343	12,395

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 4b. The Gambia: Monetary Accounts, 2022–29[1]
(Percent changes, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028	2029
	Act.	Prog.	Prel.	Prog.	Proj.			Projections		
				I. Monetary Survey (Percent change; contribution to broad money growth)						
Broad money	7.1	2.5	8.8	9.4	8.8	8.6	7.4	7.6	8.0	2.0
Net foreign assets	-4.5	-8.2	4.4	0.4	-1.2	0.8	0.3	2.2	2.3	0.0
Net domestic assets	11.6	10.7	4.4	8.9	10.0	7.8	7.1	5.4	5.7	2.0
				II. Central Bank Survey (Percent change; contribution to reserve money growth)						
Reserve money	-0.9	-4.4	14.1	12.9	-0.7	5.8	1.9	8.0	14.2	-0.1
Net foreign assets	-15.6	-16.6	11.9	-2.4	-6.9	-0.7	-2.2	7.9	14.1	-0.2
Net domestic assets	14.7	12.3	2.2	15.3	6.2	6.5	4.1	0.1	0.1	0.1
				(Percent change; unless otherwise indicated)						
Memorandum Items:										
Credit to the private sector	25.0	16.0	11.7	10.4	19.4	6.1	22.2	14.2	20.1	6.1
Currency in circulation	12.2	-13.1	9.4	11.7	-5.5	5.2	1.2	6.7	13.4	11.1
Demand deposits	7.8	6.2	14.8	4.5	1.9	9.3	8.6	7.7	7.0	0.3
Time and savings deposits	4.3	6.2	3.3	12.8	22.3	9.3	8.6	7.7	7.0	0.3
Net international reserves (stocks; millions of U.S. dollars)	325.9	280.0	344.9	281.5	309.1	253.7	241.0	280.3	329.2	447.0
Money velocity (levels)	1.8	2.2	2.0	2.3	2.2	2.3	2.4	2.4	2.4	2.6
Money multiplier (levels)	3.2	3.4	3.0	3.3	3.3	3.4	3.6	3.6	3.4	3.5
Broad money (percent of GDP)	54.6	46.4	49.3	42.9	45.5	43.5	42.4	41.8	41.2	38.2
Credit to the private sector (percent of GDP)	9.6	9.2	8.9	8.6	9.0	8.4	9.3	9.8	10.7	10.3
Central government financing (flows; millions of dalasi)	7,704	7,938	5,082	7,638	7,638	7,638	7,038	7,749	6,638	6,100
Net domestic borrowing from the banking system	2,067	2,300	-556	2,000	2,000	2,000	1,400	2,111	1,000	463
Central bank	0	0	0	0	0	0	0	0	0	0
Change in claims	0	0	0	0	0	0	0	0	0	0
Change in deposits	0	0	0	0	0	0	0	0	0	0
Commercial banks	2,067	2,300	-556	2,000	2,000	2,000	1,400	2,111	1,000	463
IMF (onlent since 2020)	5,638	5,638	5,638	5,638	5,638	5,638	5,638	5,638	5,638	5,638

Sources: The Gambian authorities; and IMF staff estimates and projections.
[1] End of period.

Table 5. The Gambia: Monetary Accounts, 2021–23[1]
(Quarterly stocks, millions of local currency)

	2021	2022	2023			
	Dec.	Dec	Mar.	Jun.	Sep.	Dec.
	Act.	Act.	Act.	Act.	Act.	Act.
I. Monetary Survey						
Net foreign assets	28,953	26,146	25,643	21,384	19,229	29,116
(in millions of U.S. dollars)	550	505	410	361	311	453
Of which : CBG	325	267	233	202	148	254
Net domestic assets	33,541	40,771	41,355	44,985	47,361	43,721
Domestic credit	40,566	49,591	49,993	53,438	53,842	51,005
Claims on central government (net)	30,877	34,961	36,137	38,401	38,784	32,900
Claims on other public sector[2]	281	2,868	2,597	2,395	1,972	4,962
Claims on private sector	9,408	11,762	11,260	12,642	13,084	13,142
Other items (net)[3]	-7,026	-8,819	-8,638	-8,453	-6,481	-7,284
Broad money	62,494	66,917	66,999	66,931	67,596	72,836
Currency outside banks	11,487	12,890	13,875	14,366	11,977	14,107
Deposits	51,007	54,027	53,124	52,565	55,619	58,730
II. Central Bank Survey						
Net foreign assets	17,105	13,813	14,563	11,975	9,195	16,303
Foreign assets	29,090	29,044	30,127	26,871	24,491	32,011
Foreign liabilities	-11,985	-15,231	-15,564	-14,897	-15,296	-15,708
Net domestic assets	4,019	7,115	7,678	11,197	13,377	7,584
Domestic credit	7,179	9,779	10,688	13,792	13,622	9,200
Claims on central government (net)	7,014	9,618	10,534	13,074	12,462	8,114
Assets	13,616	16,108	15,834	17,334	17,013	15,747
Liabilities	-6,602	-6,490	-5,300	-4,260	-4,551	-7,634
Claims on deposit corporations	0	0	0	0	0	0
Claims on private sector	165	161	154	156	153	149
Claims on public enterprises	0	0	0	0	0	937
Other items (net, incl. liquidity management operations)	-3,159	-2,665	-3,010	-2,595	-246	-1,616
Reserve money	21,124	20,928	22,241	23,171	22,571	23,887
Currency outside banks	11,487	12,890	13,875	14,366	11,977	14,107
Commercial bank deposits	9,637	8,038	8,367	8,806	10,594	9,780
III. Commercial Banks Balance Sheet						
Net foreign assets	11,848	12,333	11,080	9,410	10,034	12,813
Foreign assets	14,079	13,831	13,503	11,081	11,223	14,361
Foreign liabilities	-2,230	-1,498	-2,422	-1,671	-1,189	-1,549
Net domestic assets	39,159	41,694	42,044	43,156	45,585	45,917
Net domestic claims	42,437	47,849	47,672	49,014	51,820	51,585
Claims on central bank	9,637	8,038	8,367	8,806	10,594	9,780
Net claims on government	23,276	25,342	25,603	25,327	26,322	24,787
Claims	23,276	25,342	25,603	25,327	26,322	24,787
Liabilities	0	0	0	0	0	0
Claims on other sectors	9,524	14,469	13,702	14,881	14,903	17,018
Claims on public nonfinancial corporations	281	2,868	2,597	2,395	1,972	4,025
Claims on private sector	9,244	11,601	11,105	12,486	12,931	12,993
Other items net	-3,278	-6,155	-5,628	-5,858	-6,235	-5,668
Liabilities	51,007	54,027	53,124	52,565	55,619	58,730
Liabilities to central bank	0	0	0	0	0	0
Deposits incl. in broad money	51,007	54,027	53,124	52,565	55,619	58,730

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 6a. The Gambia: Balance of Payments, 2022–29
(Millions of U.S. dollars, unless otherwise indicated)

	2022	2023		2024		2025	2026	2027	2028	2029
	Act.	Prog.	Act.	Prog.	Proj.	Projections				
1. Current account										
A. Goods and services	-561.7	-686.4	-739.8	-760.5	-722.2	-719.5	-750.6	-764.6	-795.2	-827.0
Goods (net)	-641.7	-765.9	-816.3	-880.5	-863.9	-894.7	-960.0	-1014.0	-1074.4	-1138.2
Exports, f.o.b.	52.3	98.7	98.7	119.3	120.9	138.1	155.3	173.8	194.6	217.1
Imports, f.o.b.	-694.0	-864.6	-915.0	-999.8	-984.8	-1032.9	-1115.3	-1187.8	-1269.0	-1355.3
Services (net)	80.0	79.5	76.4	120.0	141.7	175.3	209.3	249.5	279.2	311.2
Services exports	215.4	239.8	239.8	294.5	315.3	358.1	403.9	455.5	497.7	543.0
Of which: Travel income	154.0	175.5	175.5	212.7	230.2	259.8	290.3	324.5	346.4	369.8
Services imports	-135.5	-160.4	-163.4	-174.5	-173.6	-182.8	-194.5	-206.0	-218.5	-231.8
B. Income (net)	-31.1	-31.2	-30.9	-32.4	-32.0	-33.1	-34.3	-35.5	-36.9	-38.2
Income credits	13.5	13.1	13.4	13.6	13.8	14.3	14.8	15.4	15.9	16.5
Income debits	-44.6	-44.4	-44.3	-46.0	-45.8	-47.4	-49.1	-50.9	-52.8	-54.8
C. Current transfers	503.0	611.4	567.0	634.8	634.8	663.8	712.1	741.0	781.9	824.5
Official transfers	40.0	64.8	64.8	50.0	50.0	50.1	50.2	30.0	30.0	30.0
Remittances	462.0	532.4	488.0	570.2	570.2	598.7	646.6	695.3	735.8	778.0
Other transfers	1.0	14.2	14.2	14.6	14.6	14.9	15.3	15.7	16.1	16.5
Current account (excl. official transfers)	-129.9	-171.1	-268.5	-208.1	-169.4	-138.9	-123.0	-89.1	-80.1	-70.8
Current account (incl. prospective official transfers)	-89.9	-106.3	-203.7	-158.1	-119.4	-88.8	-72.8	-59.1	-50.1	-40.8
2. Capital and financial account										
A. Capital account	82.7	120.9	159.9	141.6	139.3	142.5	144.6	144.4	145.1	145.9
B. Financial account	-102.2	-58.2	0.2	13.6	-45.7	-58.1	-84.5	-46.1	-35.1	-79.9
Foreign direct investment	99.7	102.4	102.4	106.5	106.5	110.5	114.6	119.0	124.5	130.2
Portfolio investment	4.1	4.5	4.5	5.2	5.1	5.7	6.1	6.5	6.9	7.4
Other investment	-206.0	-165.2	-106.7	-98.2	-157.3	-174.3	-205.3	-171.5	-166.5	-217.5
Capital and financial account	-19.5	62.7	160.1	155.1	93.5	84.4	60.1	98.4	110.0	66.0
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance[1]	-149.3	-108.4	-108.4	-52.9	-75.8	-54.5	-62.9	9.3	29.9	-4.8
Financing	149.3	108.5	108.5	52.9	75.8	54.5	62.9	-9.3	-29.9	4.8
Net international reserves (increase -)	108.3	43.7	43.7	2.9	25.8	4.4	12.7	-39.3	-59.9	-25.2
Change in gross international reserves	75.7	42.4	42.4	-25.1	-2.3	-22.0	-7.9	-20.5	-37.3	-2.0
Use of IMF resources (net)	32.6	1.3	1.3	28.1	28.1	26.4	20.6	-18.8	-22.6	-23.2
Exceptional financing	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : CCRT debt relief[2]	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which : DSSI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prospective donor financing	40.0	64.8	64.8	50.0	50.0	50.1	50.2	30.0	30.0	30.0
Budget support grants	40.0	64.8	64.8	50.0	50.0	50.1	50.2	30.0	30.0	30.0
Project support grants	…	…	…	…	…	…	…	…	…	…
Memorandum items:										
Gross international reserves										
US$ millions	454.7	412.3	474.3	437.5	476.6	498.6	506.5	527.0	564.3	566.3
Months of next year's imports of goods and services	5.1	4.2	4.9	4.3	4.7	4.6	4.4	4.3	4.3	4.0
Net international reserves										
US$ millions	325.9	280.0	344.9	281.5	309.1	253.7	241.0	280.3	329.2	447.0
Months of next year's imports of goods and services	3.6	2.9	3.6	2.8	3.1	2.3	2.1	2.3	2.5	3.2
Net international reserves (w/o SDR allocation)	240.9	195.0	259.9	196.5	224.1	168.7	156.0	195.3	244.2	362.0
Months of next year's imports of goods and services	2.7	2.0	2.7	1.9	2.2	1.5	1.3	1.6	1.8	2.6
Exports of goods and services	267.7	338.5	338.6	413.8	436.2	496.3	559.2	629.3	692.4	760.1
Imports of goods and services	-829.5	-1025.0	-1078.4	-1174.3	-1158.4	-1215.7	-1309.8	-1393.9	-1487.5	-1587.1
GMD per U.S. dollar, period average	56.7	…	…	…	…	…	…	…	…	…
External Debt service	76.6	71.3	71.2	54.8	56.4	79.1	91.5	108.0	110.4	111.3
NIR/External Debt Service (ratio)	4.2	3.9	4.8	5.1	5.6	4.0	3.3	3.1	3.6	3.8

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

[1] Overall balance does not include prospective budget support and project grants.

[2] The grant for debt service falling due through April 13, 2022 is available under the CCRT.

Table 6b. The Gambia: Balance of Payments, 2022–29
(Percent of GDP)

	2022	2023		2024		2025	2026	2027	2028	2029
	Act.	Prog.	Prel.	Prog.	Proj.	Projections				
1. Current account										
A. Goods and services	-26.0	-28.7	-31.3	-27.7	-26.8	-23.9	-23.3	-22.4	-22.0	-21.3
Goods (net)	-29.7	-32.0	-34.6	-32.0	-32.1	-29.8	-29.8	-29.7	-29.7	-29.3
Exports, f.o.b.	2.4	4.1	4.2	4.3	4.5	4.6	4.8	5.1	5.4	5.6
Imports, f.o.b.	-32.1	-36.2	-38.8	-36.4	-36.6	-34.4	-34.6	-34.8	-35.1	-34.9
Services (net)	3.7	3.3	3.2	4.4	5.3	5.8	6.5	7.3	7.7	8.0
Services exports	10.0	10.0	10.2	10.7	11.7	11.9	12.5	13.4	13.8	14.0
Of which: Travel income	7.1	7.3	7.4	7.7	8.6	8.6	9.0	9.5	9.6	9.5
Services imports	-6.3	-6.7	-6.9	-6.3	-6.4	-6.1	-6.0	-6.0	-6.1	-6.0
B. Income (net)	-1.4	-1.3	-1.3	-1.2	-1.2	-1.1	-1.1	-1.0	-1.0	-1.0
Income credits	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4
Income debits	-2.1	-1.9	-1.9	-1.7	-1.7	-1.6	-1.5	-1.5	-1.5	-1.4
Of which: Interest on government debt	0.5	0.4	0.4	0.5	0.6	0.4	0.4	0.4	0.3	0.3
C. Current transfers	23.3	25.6	24.0	23.1	23.6	22.1	22.1	21.7	21.6	21.2
Official transfers	1.9	2.7	2.7	1.8	1.9	1.7	1.6	0.9	0.8	0.8
Remittances	21.4	22.3	20.7	20.7	21.2	19.9	20.0	20.4	20.4	20.0
Other transfers	0.0	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4
Current account (excl. official transfers)	-6.0	-7.2	-11.4	-7.6	-6.3	-4.6	-3.8	-2.6	-2.2	-1.8
Current account (incl. prospective official transfers)	-4.2	-4.4	-8.6	-5.8	-4.4	-3.0	-2.3	-1.7	-1.4	-1.0
2. Capital and financial account										
A. Capital account	3.8	5.1	6.8	5.2	5.2	4.7	4.5	4.2	4.0	3.8
B. Financial account	-4.7	-2.4	0.0	0.5	-1.7	-1.9	-2.6	-1.4	-1.0	-2.1
Foreign direct investment	4.6	4.3	4.3	3.9	4.0	3.7	3.6	3.5	3.4	3.3
Portfolio investment	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other investment	-9.5	-6.9	-4.5	-3.6	-5.8	-5.8	-6.4	-5.0	-4.6	-5.6
Capital and financial account	-0.9	2.6	6.8	5.6	3.5	2.8	1.9	2.9	3.0	1.7
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance[1]	-6.9	-4.5	-4.6	-1.9	-2.8	-1.8	-1.9	0.3	0.8	-0.1

Sources: The Gambian authorities; and IMF staff estimates and projections.
[1] Overall balance does not include prospective budget support and project grants.

Table 7. The Gambia: External Financing Needs, 2024–27
(Millions of U.S. dollars)

	2024	2025	2026	2027
1. Total financing requirement	-212.0	-227.6	-210.3	-205.6
Current account deficit (excl. official transfers)	-169.4	-138.9	-123.0	-89.1
Public debt amortization	-35.1	-59.8	-66.6	-77.2
Repayment to the IMF	-5.2	-6.9	-12.7	-18.8
Change in official reserves	-2.3	-22.0	-7.9	-20.5
Arrears repayment	…	…	…	…
2. Total financing sources	128.6	144.2	126.7	175.6
Capital transfers	139.3	142.5	144.6	144.4
Foreign direct investment (net)	106.5	110.5	114.6	119.0
Portfolio investment (net)	5.1	5.7	6.1	6.5
Public sector debt financing	25.3	38.0	43.1	52.8
Public sector	25.3	38.0	43.1	52.8
Non-Public sector	-3.9	-2.9	0.0	0.0
Short-term debt				
Other net capital inflows[1]	-147.5	-152.4	-181.7	-147.1
Exceptional financing (CCRT debt relief)	0	0	0	0
Errors and Omissions	0.0	0.0	0.0	0.0
3. Total financing needs	83.3	83.4	83.5	30.0
Budget support (grants)	50.0	50.1	50.2	30.0
Other current transfers	…	…	…	…
IMF disbursements	33.3	33.3	33.3	0.0
Of which : ECF augmentation				
Exceptional financing	0.0	0.0	0.0	0.0
Of which : CCRT debt relief	0.0	0.0	0.0	0.0
DSSI	0.0	0.0	0.0	0.0
4. Financing needs	0.0	0.0	0.0	0.0

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

[1] Includes changes in commercial bank NFA, private trade financing and SDR allocation.

Table 8. The Gambia: Decomposition of Public Debt and Debt Service by Creditor, 2023-2025[1]

	Debt Stock (end of period)			Debt Service					
	2023			2023	2024	2025	2023	2024	2025
	(In US$ millions)	*(Percent total debt)*	*(Percent GDP)*	*(In US$ millions)*			*(Percent GDP)*		
Total	1,728.2	100.0	75.2	165.4	174.8	191.9	7.2	6.5	6.4
External	1,120.1	64.8	48.8	71.2	63.3	79.1	3.1	2.3	2.6
Multilateral creditors	753.0	43.6	32.8	55.8	43.1	50.3	2.4	1.6	1.7
IMF	131.3	7.6	5.7						
World Bank	127.7	7.4	5.6						
ADB/AfDB/IADB	51.8	3.0	2.3						
Other Multilaterals	442.2	25.6	19.2						
o/w: IsDB and OFID	234.2	13.6	10.2						
Bilateral Creditors	343.6	19.9	15.0	12.0	16.1	25.5	0.5	0.6	0.8
Paris Club	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w: ING Bank N.V. and Govt. of Belgium	0.4	0.0	0.0						
Non-Paris Club	343.2	19.9	14.9	12.0	16.1	25.5	0.5	0.6	0.8
o/w: Saudi and Kuwait Fund	202.9	11.7	8.8						
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	23.5	1.4	1.0	3.4	4.1	3.2	0.1	0.2	0.1
o/w: M.A. Kharafi and Sons	23.5	1.4	1.0	3.4	4.1	3.2			
Other international creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
o/w:	0.0	0.0	0.0						
Domestic	608.1	35.2	26.5	94.2	111.5	112.8	4.1	4.1	3.8
Held by residents, total[4]	608.1	35.2	26.5	94.2	111.5	112.8	4.1	4.1	3.8
Held by non-residents, total[4]	-	0	0.0	0	0	0	0.0	0.0	0.0
T-Bills	303.9	17.6	13.2	20.9	22.4	-	0.9	0.8	0.0
Bonds	304.1	17.6	13.2	73.3	89.1	112.8	3.2	3.3	3.8
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo items:									
Collateralized debt[2,4]	n/a								
Contingent liabilities[3,4]	n/a								
Nominal GDP	2,297.3								

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

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

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

[4] Capacity constraints limit data availability. Plans to address these limitations, including via capacity development support, will be discussed as part of the next review.

Table 9. The Gambia: Financial Soundness Indicators for the Banking Sector, 2016–23

	2016	2017	2018	2019	2020	2021	2022	2023			
	December							Mar.	June	Sep.	Dec.
	(Percent, unless otherwise indicated)										
Capital Adequacy Ratios											
Risk Weighted Assets Adjusted Capital Adequacy ratio	38.2	33.6	31.7	31.4	32.6	29.0	24.8	24.4	24.7	25.7	28.3
Regulatory Capital (i.e. T1+T2)	39.8	35.1	33.0	32.7	33.8	30.6	26.0	25.9	25.8	27.0	29.4
Primary Capital ratio (i.e. T1)	35.9	31.9	30.3	30.1	30.1	27.3	23.5	23.3	23.4	24.3	27.0
Non-performing Loans (NPLs) to Primary Capital	9.8	6.8	3.4	5.8	7.8	4.7	8.6	7.5	6.3	4.8	5.8
Assets Quality Ratios											
Non-Performing Loans Ratio	9.3	7.2	3.3	4.5	6.8	5.1	4.6	4.4	3.5	3.0	3.3
Aggregate Provision Level	79.1	99.1	100.2	73.4	80.1	81.0	317.8	104.0	99.6	132.0	101.8
Loan Loss Reserve Ratio	6.8	6.6	2.9	2.5	4.0	3.0	12.1	4.0	3.2	2.8	2.3
Earnings Ratios											
Return on Assets (ROA)	0.7	1.6	1.6	1.9	1.9	1.8	2.1	2.8	2.6	2.6	2.5
Return on Equity (ROE)	4.2	11.0	11.3	15.4	15.3	16.4	20.6	25.3	23.1	23.2	21.7
Net Interest margin	1.9	8.1	5.9	6.5	6.5	5.4	4.9	5.5	6.1	6.7	7.2
Non-interest Income Ratio	27.6	31.7	10.9	40.2	38.3	42.4	48.8	45.5	43.0	52.5	37.9
Liquidity Ratios											
Liquid Assets to Short-term Liabilities to Gambian Public	101.3	92.9	94.8	92.0	93.5	92.0	63.7	70.9	70.0	78.6	82.3
Dalasi Liquid Assets to Dalasi Deposits	97.5	89.0	93.5	94.7	93.2	97.4	63.8	69.7	67.1	76.0	78.0
Time Deposits to Total Deposits	17.3	14.3	12.9	11.2	11.7	9.0	9.2	7.7	8.3	7.4	8.0
Sectoral Distribution of credit											
Agriculture and Fishing	6.5	8.5	1.7	2.0	3.8	0.3	13.3	11.9	10.4	7.4	9.1
Manufacturing & Industries	0.7	0.7	0.4	1.2	1.0	1.0	3.4	3.8	5.3	4.0	6.0
Building & Construction	9.9	13.7	19.7	27.3	27.6	32.8	21.0	21.6	15.8	18.1	15.1
Transport & Communication	9.0	8.1	7.7	7.6	7.6	3.0	2.8	2.6	3.2	2.4	2.8
Commerce	31.2	31.1	31.2	22.9	23.4	20.9	15.5	14.9	15.2	17.7	15.8
Tourism	2.4	5.2	10.8	5.6	5.6	3.4	2.6	2.9	2.7	2.7	2.3
Financial Institutions & Enterprise services	2.1	3.0	3.2	1.2	2.6	2.8	1.9	1.9	2.3	2.3	2.9
Other activities combined	38.1	29.6	25.3	32.2	28.4	35.7	39.5	40.3	45.1	45.4	46.0

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

Table 10. The Gambia: Indicators of Capacity to Repay the Fund, 2024–36

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Fund obligations based on existing credit													
Principal (millions of SDRs)	3.89	5.17	9.44	13.94	16.72	18.05	16.82	11.77	7.27	2.16	0.83	0.00	0.00
Charges and interest (millions of SDRs)	1.49	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Fund obligations, existing and prospective credit													
Principal (millions of SDRs)	3.89	5.17	9.44	13.94	16.72	18.05	21.38	21.30	21.37	15.43	13.27	8.71	3.73
Of which: RCF	3.89	4.67	5.44	5.44	3.11	3.11	1.56	0.00	0.00	0.00	0.00	0.00	0.00
Of which: ECF	0.00	0.50	4.00	8.50	13.61	14.94	19.83	21.30	21.37	15.43	13.27	8.71	3.73
Charges and interest (millions of SDRs)	1.49	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Total obligations, existing and prospective credit													
In millions of SDRs	5.38	6.69	10.97	15.47	18.24	19.57	22.91	22.83	22.89	16.95	14.79	10.23	5.26
In millions of US$	7.20	8.97	14.75	20.83	24.64	26.41	30.85	30.76	30.86	22.86	19.94	13.79	7.09
In percent of Gross International Reserves	1.51	1.80	2.91	3.95	4.37	4.66	5.05	4.32	3.49	1.97	1.30	0.67	0.26
In percent of exports of goods and services	2.05	2.26	3.31	4.19	4.56	4.51	4.74	4.23	3.78	2.48	1.91	1.16	0.52
In percent of debt service	16.33	12.04	16.86	20.46	24.03	24.61	27.52	26.26	26.70	21.06	18.47	15.95	9.66
In percent of GDP	0.27	0.30	0.46	0.61	0.68	0.68	0.73	0.67	0.62	0.42	0.34	0.22	0.10
In percent of quota	8.65	10.75	17.63	24.86	29.33	31.46	36.82	36.70	36.80	27.25	23.78	16.45	8.45
In percent of revenues net of grants	2.04	2.32	3.48	4.53	4.98	4.59	4.97	4.56	4.27	3.00	2.41	1.53	0.72
Outstanding Fund credit													
In millions of SDRs	118.75	138.46	153.91	139.97	123.25	105.20	83.81	62.51	41.14	25.71	12.44	3.73	0.00
In millions of US$	158.78	185.79	206.98	188.55	166.44	141.97	112.88	84.25	55.47	34.68	16.78	5.03	0.00
In percent of Gross International Reserves	33.31	37.26	40.87	35.78	29.50	25.07	18.50	11.84	6.27	2.99	1.09	0.24	0.00
In percent of debt service	360.34	249.24	236.67	185.16	162.36	132.28	100.71	71.90	48.00	31.95	15.54	5.82	0.00
In percent of GDP	5.90	6.18	6.41	5.53	4.61	3.65	2.67	1.84	1.11	0.64	0.28	0.08	0.00
In percent of quota	190.9	222.6	247.4	225.0	198.1	169.1	134.7	100.5	66.1	41.3	20.0	6.0	0.0
In percent of revenues net of grants	45.08	48.08	48.81	40.97	33.67	24.68	18.17	12.49	7.68	4.55	2.02	0.56	0.00
Net use of Fund credit (millions of SDRs)	20.98	19.72	15.45	-13.94	-16.72	-18.05	-21.38	-21.30	-21.37	-15.43	-13.27	-8.71	-3.73
Disbursements	24.87	24.88	24.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which: RCF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which: ECF	24.87	24.88	24.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments and Repurchases	3.89	5.17	9.44	13.94	16.72	18.05	21.38	21.30	21.37	15.43	13.27	8.71	3.73
Of which: RCF	3.89	4.67	5.44	5.44	3.11	3.11	1.56	0.00	0.00	0.00	0.00	0.00	0.00
Of which: ECF	0.00	0.50	4.00	8.50	13.61	14.94	19.83	21.30	21.37	15.43	13.27	8.71	3.73
CCR Trust debt relief	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Memorandum items:													
Nominal GDP (millions of US$)	2,691.58	3,006.52	3,226.65	3,409.21	3,611.82	3,887.07	4,223.96	4,590.04	4,987.85	5,420.14	5,889.90	6,400.37	6,955.08
Exports of goods and services (millions of US$)	350.80	397.51	445.19	497.70	540.42	586.24	651.30	727.12	815.94	920.56	1,044.42	1,191.80	1,368.01
Gross International Reserves (millions of US$)	476.61	498.56	506.48	526.97	564.28	566.29	610.25	711.54	884.88	1,158.76	1,538.40	2,069.60	2,775.89
Debt service (millions of US$)	44.06	74.54	87.45	101.83	102.52	107.32	112.08	117.17	115.57	108.55	107.97	86.47	73.34
Quota (millions of SDRs)	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2
Revenues net of grants (millions of US$)	352.2	386.4	424.1	460.2	494.4	575.2	621.3	674.7	722.1	762.8	829.1	901.1	979.4

Source: IMF staff calculations.

Table 11. The Gambia: Disbursements Under the ECF Arrangement, 2024–26

Availability	Disbursement In Millions of SDR	Disbursement In percent of Quota	Condition for Disbursement [1]	Status
January 12, 2024	8.29	13.33	Approval of the Arrangement	Disbursed
March 31, 2024	8.29	13.33	Board completion of the first review based on observance of performance criteria for December 31, 2023.	Review Pending
September 30, 2024	8.29	13.33	Board completion of the second review based on observance of performance criteria for June 30, 2024.	Review not started
March 31, 2025	12.44	20.00	Board completion of the third review based on observance of performance criteria for December 31, 2024.	Review not started
September 30, 2025	12.44	20.00	Board completion of the fourth review based on observance of performance criteria for June 30, 2025.	Review not started
March 31, 2026	12.44	20.00	Board completion of the fifth review based on observance of performance criteria for December 31, 2025.	Review not started
September 30, 2026	12.45	20.01	Board completion of the sixth review based on observance of performance criteria for June 30, 2026.	Review not started
Total Disbursements	74.64	120.0		

Source: IMF staff estimates.

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

Table 12. The Gambia: Quantitative Performance Criteria and Indicative Targets, 2023-2025

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

	2023			2024				2025	
	Dec.			Mar.	Jun.	Sep.	Dec.	Mar.	Jun
	Prog.	**Act.**	**Status**	**Prog.**	**Prog.**	**Prog.**	**Prog.**	**Prog.**	**Prog.**
Performance criteria[1]									
1. Net domestic borrowing of the central government (ceiling)	2,300	901	**Met**	1,300	2,600	2,800	2,700	1,300	1,900
2. Domestic primary balance (cumulative floor)	-1,150	-316	**Met**	-160	-100	1,100	1,040	80	740
3. Stock of net usable international reserves of the central bank (floor, US$ million)	280	346	**Met**	277	280	282	309	298	283
4. New external payment arrears of the central government (ceiling, US$ million)[2]	0.0	0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0
5. New nonconcessional external debt contracted or guaranteed by central government (ceiling, US$ million)[2]	0.0	0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0
6. Outstanding stock of external public debt with original maturity of one year or less (ceiling, US$ million)[2]	0.0	0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0
7. New concessional external debt contracted or guaranteed by central government (ceiling, US$ million)[3]	119	32.3	**Met**	90	90	90	90	90	90
Indicative targets[1]									
8. Total tax revenue (floor)	13,800	13,915	**Met**	4,400	8,900	13,100	17,200	5,200	10,400
9. Monthly ceiling on central bank credit to the government at non-market terms (GMD millions)[4]	0	0	**Met**	0	0	0	0	0	0
10. Stock of net domestic assets of the central bank (ceiling)	10,904	7,584	**Met**	11,365	11,825	12,285	12,745	13,216	13,687
11. Poverty-reducing expenditure (floor)	10,000	10,680	**Met**	2,500	5,000	7,500	11,000	2,725	5,450
Memorandum Items:									
Budget Support (grants, US$ millions)	64.8	64.8	...	8.9	8.7	23.1	50.0	10.0	20.0
Base Money (stock, GMD millions)	21,234	23,887	...	21,577	21,919	22,261	22,603	22,787	22,971
IMF disbursements (SDR millions)	5.0	5.0	...	11.2	16.6	16.6	24.9	12.4	12.4

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

[2] These criteria apply on a continuous basis.

[3] The debt limit is formulated in nominal terms due to authorities' limited capacity to monitor and observe conditionality on aggregate debt levels (including in PV terms).

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

Table 13. The Gambia: External Borrowing Plan, 2024-26[1]
(US$ millions)

	2024	2025	2026	2024–26
	Prog	Proj.	Proj.	Prog.
Source of debt financing [2]				
Total debt contracted	90	90	90	270
Concessional debt	90	90	90	270
Multilateral debt	60	60	60	180
Of which : Port expansion	0	0	0	0
Bilateral debt	30	30	30	90
Nonconcessional debt	0	0	0	0
Use of debt financing				
Infrastructure	90	90	90	270
Of which : Port Expansion	0	0	0	0
Other (including budget support)	0	0	0	0

1/ Any borrowing space unused in the previous year will be carried forward to the following year.

2/ External public debt contracted or guaranteed.

Table 14. The Gambia: First ECF Review Structural Benchmarks, 2024

Measures	Macro Rationale	Timing	Status
Domestic revenue mobilization (GRA and MOFEA)			
Set up a platform and command center for a single window of customs administration.	Enhance revenue collection.	End-February 2024	Met
Governance, Financial Sector and SOE reforms (MOFEA and CBG)			
Sign performance contracts with four additional SOEs.	Improve operational and financial situation of SOEs and reduce fiscal risks.	End-February 2024	Met
Prepare a revised draft law on AML/CFT aligned with the international AML/CFT standards as set up by the Financial Action Task Force.	Fight financial crimes	End-March 2024	Met
Transmit the Ombudsman reports for 2021 and 2022 to the National Assembly and publish on the website.	Strengthen accountability and prevent misuse of public resources	End-March 2024	Met
Publish the governance diagnostic report and finalize a plan for the implementation of its recommendations.	Strengthen governance in key macro-critical areas.	End-April 2024	Not Met (proposed to be rephased to end-August 2024)

Table 15. The Gambia: Structural Benchmarks, 2024-25			
Measures	**Macro Rationale**	**Timing**	**Status**
Domestic revenue mobilization (GRA/MOFEA)			
Adopt by the Cabinet a revised GIEPA act with streamlined tax incentives.	Ensure cost-benefit balance between revenue losses and economic contributions of beneficiaries of tax incentives.	End-June 2024 (Proposed to be postponed to End-September 2024)	
Adopt a domestic revenue mobilization strategy.	Enhance revenue collection.	End-September 2024	
Undertake, by the Gambia Revenue Authority, 10 comprehensive audits of Large Taxpayers, including in the telecom sector.	Improve revenue collection in fast-growing niche sectors.	End-September 2024	
Create a database of rental property for taxation purposes.	Expand the tax base and prevent avoidance.	(New) End-June 2025	
Public financial management (MOFEA and Cabinet)			
Ensure all MDAs submit yearly cash plans through the IFMIS module.	Contain spending within available resources.	(New) End-September 2024	
Ensure Cabinet approval of the roadmap for implementation of program-based budgeting and initiate roll-out in preparing 2025 draft budget for pilot ministries.	Improve the effectiveness of the budget in reaching the expected outcome.	End-December 2024	
Prepare a study on rationalizing and consolidating subvented agencies with MDAs.	Improve efficiency of institutions and reduce burdens on the budget.	End-December 2024	
Extend the use of IFMIS to all new donor- and government-funded projects.	Strengthen the management of investment projects.	(New) End-June 2025	
Governance and SOE reforms (MOFEA)			
Adopt by the Cabinet a revised National Audit Office Act.	Strengthen the independence and effectiveness of the National Audit Office.	(New) End-October 2024	
Finalize and enact regulations of the recently passed public procurement and SOEs Acts.	Ensure effective impact of reforms on procurement and SOEs.	(New) End-December 2024	
Complete the expansion of the social registry to Banjul and Kombo areas.	Improve the targeting of social programs to the most vulnerable population.	End-December 2024	
Set up a digital platform for business registration.	Facilitate business creation and increase formal sector employment.	End-December 2024	
Complete partial or full privatization of GAMCEL.	Turn SOEs from fiscal burdens to revenue-generating assets.	End-March 2025	
Adopt by the Cabinet a draft land policy.	Facilitate access to land and finance and improve business creation.	(New) End-September 2025	
Financial Sector (CBG and MoFEA)			
Require the augmentation of banks' capital by GMD100 million.	Strengthen the resilience of banking sector to future potential shocks.	(New) End-September 2025	

Annex I. Risk Assessment Matrix[1]

Sources of risks	Relative Likelihood	Impact if Realized	Policy Response
External: Intensification of regional conflict(s).	**High** Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, payment systems, and increase refugee flows.	**High** Income in destinations of exports and origins of tourists will be hindered. The Gambia's exports would dwindle, and tourist arrivals and remittances would decline. Growth would slow down, and foreign exchange pressures would reemerge.	• Diversify economic activities as well as exports destinations and tourists origins to reduce vulnerabilities to shocks in a few sectors and dependence on limited groups of countries. • Resolve regional trade disruptions to reduce dependence on global trade.
External: Commodity price volatility.	**High** A succession of supply disruptions (e.g., due to conflicts, export restrictions, and OPEC+ decisions) and demand fluctuations causes recurrent commodity price volatility, external and fiscal pressures in EMDEs, cross-border spillovers, and social and economic instability.	**High** Dependence on imported commodities leads to higher volatility in import bill and volume. Higher exchange rate and domestic price volatility will cause social and economic instability. Unpredictable trade values and production costs slow investment and growth.	• Provide targeted support to vulnerable households using the expanded social registry. • Strengthen the fiscal oversight of NAWEC. • Accelerate implementation of national energy roadmap with World Bank support, including use of alternative energy production methods.
External: Abrupt global slowdown or recession.	**Medium** Global and idiosyncratic risk factors cause a synchronized sharp growth downturn, with recessions in some countries, adverse spillovers through trade and financial channels, and market fragmentation triggering sudden stops in EMDEs.	**High** Exports markets would shrink. Domestic economic activity would be severely impaired. The tax base would shrink, and spending may soar to support the economy and society, resulting into risk of debt distress and widening external imbalances.	• Build adequate fiscal and foreign exchange buffers. • Roll-out targeted social programs to support the vulnerable population. • Develop the domestic market to reduce dependence on global demand.

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

Sources of risks	Relative Likelihood	Impact if Realized	Policy Response
Domestic: **Social discontent and instability.**	**High** Persistently high inflation is eroding households' real income, increasing inequality and intensifying wage increase demands, with the potential for heightened social tensions.	**High** Socio-political uncertainty hurts market confidence and private investment, delays economic and policy reforms, and weakens institutions.	• Involve CSOs and other stakeholders in the society in policy decisions. • Further strengthen governance and anti-corruption reforms, including through implementation of recommendations from the recent governance diagnostic.
Domestic: **Higher frequency and severity of natural disasters.**	**Medium** More frequent cycles of erratic flooding, rainfall, windstorms, and droughts cause severe damage to infrastructure and loss of human lives and livelihoods, amplifying supply chain disruptions and inflationary pressures, causing food shortages, and reducing growth.	**Medium** Stock of physical and human capital, and thereby, domestic production would be adversely impacted. The number of internally displaced individuals would increase, leading to increased recovery spending and worsened fiscal situation.	• Strengthen food security and rural feeding programs. • Build up fiscal and reserve buffers. • Build resilience to natural disasters.
Domestic: **New virus outbreaks.**	**Medium** Covid-19 or other infections resume.	**High** Economic activity would be locked down. Broad-based income support would be needed for the population.	• Strengthen preventive health system.

Appendix I. Letter of Intent

Banjul, The Gambia

June 6, 2024

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

Madam Managing Director,

On behalf of the Government and the people of The Gambia, we thank the IMF for its continued support which has been timely and substantial. With the IMF support under the Extended Credit Facility (ECF) arrangement, economic recovery is strengthening while inflation is progressively decelerating. Tourist arrivals are rebounding towards their 2019 levels, remittance inflows remain strong, and public and private construction continue robustly. Our domestic revenue collection is reaching a high milestone. Public debt started to decline and continues to be sustainable. The recently introduced foreign exchange policy has helped address foreign exchange shortages. Our foreign exchange reserves exceeded initial program targets.

The ECF-supported program also helps strengthen the implementation of structural reforms and the governance in our economic and financial institutions. Our multipronged efforts in this area are already yielding results. The anti-corruption bill was passed by the National Assembly, paving the way for a more robust legal framework to fight corruption. The PFM and PPP bills are going through the amendment process. We made progress on reforms in the areas of revenue administration, tax policy, public financial management and SOEs.

The attached Memorandum of Economic and Financial Policies (MEFP), outlines progress we have made under the ECF arrangement since the IMF Executive Board approval in January 2024 and describes our policies going forward. We have maintained our strong commitment to the implementation of the program despite the challenging environment caused by global geopolitical tensions. We have met all 11 end-December 2023 quantitative performance criteria and indicative targets. The four structural benchmarks (SBs) for end-February and end-March were timely completed. Although the fifth SB at end-April on the publication of the governance diagnostic report was missed, it was discussed extensively at the Cabinet and we are currently preparing an action plan for the implementation of its recommendations. We intend to finalize this action plan by end-August 2024, including the consultation with the relevant stakeholders, and request postponement of this SB to that date. Our near- and medium-term key policies include close monitoring of inflation developments and adjustment of monetary policy stance as needed; maintaining an exchange rate that fully reflects market forces and continue implementing the forex policy to prevent reoccurrence of forex shortages and wedges with the parallel market; keeping the

2024 fiscal framework anchored on the approved 2024 budget; and aiming at firmly reducing debt vulnerabilities.

Considering the commitment that 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 first review of our ECF-supported program and the associated financing assurances review. We also request to modify the end-June and end-December 2024 QPC floor on net international reserves (NIR) to allow for higher reserves accumulation. The disbursement of the second tranche of the ECF arrangement (SDR 8.29 million) upon the completion of the first ECF review and its partial on-lending to the budget (SDR 3.32 million) upon the signing of a memorandum of understanding will help meet pressing external and fiscal financing needs.

We believe that the policies and measures set forth in previous MEFP, as supplemented by this MEFP, are adequate to achieve the program objectives. Nonetheless, the Government will take any additional measures that may become appropriate for this purpose. 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 in accordance with the Fund's policies on such consultation. We will continue to provide IMF staff with all information needed to monitor our implementation of the economic and financial policies geared towards achieving the program objectives.

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

Sincerely yours,

/s/	/s/
Seedy Keita	Buah Saidy
Minister of Finance and Economic Affairs	Governor, Central Bank of The Gambia

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

Attachment I. Memorandum of Economic and Financial Policies

This Memorandum of Economic and Financial Policies (MEFP) describes recent economic developments as well as the macroeconomic outlook and risks. It provides updates on the policies and structural reforms that we intend to implement under the program supported by the IMF's Extended Credit Facility (ECF).

Background

1. **We continue implementing our reform agenda on democracy, good governance, and economic management.** We successfully completed transparent and peaceful presidential, parliamentarian and local elections in recent years. We voluntarily engaged the IMF to conduct a governance diagnostic to help guide our reforms. We dedicated three sessions of the Cabinet to discuss the report and are currently preparing an action plan for the implementation of its recommendations. We undertook strong reforms on revenue administration, PFM, SOEs and fight against corruption. Following the recommendations from The Truth, Reconciliation and Reparations Commission (TRRC), we are developing a training module for the security sector on gender based violence and human rights; moreover, the victims' act was ratified by the National Assembly which led to the establishment of the victims' commission. ; moreover, the National Assembly has recently ratified the special prosecutor's bill which will lead to the establishment of the special prosecutor's office to handle the prosecution of those accused of human rights violation.

2. **We have hosted the tri-annual summit of the Organization of the Islamic Cooperation (OIC).** It is the second largest inter-governmental organization, with 57 member states. The summit has been a top national priority. We expect substantial benefits from the summit, including from the related infrastructure projects (particularly roads), the potential impacts in terms of strengthened international cooperation, and the visibility of our country to potential investors. The Gambia will chair the OIC for the coming three years.

3. **Building on the successful 2020-23 ECF arrangement, we have started implementing a successor three-year ECF arrangement.** Under the 2020-23 ECF arrangement, The Gambia weathered more effectively than peer countries the impacts of multiple large exogenous shocks, including the COVID-19 pandemic and Russia's war in Ukraine. The 2023-26 arrangement focuses on supporting economic recovery, tackling inflation, addressing foreign exchange pressures, reducing debt vulnerabilities, advancing structural reforms, and fostering strong and inclusive growth.

Recent Economic Developments

4. **Strong growth momentum continues while elevated inflation pressures have started to ease.** Real GDP growth is estimated at 5.3 percent in 2023, supported by agriculture, services, telecom and construction sectors. Tourist arrivals in 2023 and early 2024 are recovering closer to the pre-pandemic peak level of 2019. Remittance inflows also increased from US$712.5 million in 2022

to US$746.8 million in 2023 and continue to be robust in the beginning of 2024. Inflation peaked at 18.5 percent (y-o-y) in September 2023, and declined to 14.9 percent (y-o-y) in March 2024, reflecting the impact of the moderated global commodity prices and domestic policy actions.

5. We made domestic fiscal efforts but the rapid execution of donor-funded projects, particularly related to the OIC, put pressure on the fiscal balance in 2023. Our domestic revenue collection in 2023 slightly exceeded projections, while domestically financed spending was lower than anticipated. As a result, we met with large margins the targets on net domestic borrowing (NDB) and domestic primary balance. On the other hand, an acceleration of the execution of donor-financed projects and a significant frontloading of the related external loan disbursements relative to previous plans resulted in higher overall fiscal deficit and public debt than expected in 2023. These projects are mostly related to the OIC summit, the completion of a university, and a solar energy. In Q1-2024, revenue collection outperformed targets and reached a major milestone. Nevertheless, spending pressures—including from IPC payments—led to a small deviation from the fiscal targets.

6. Pressures on the foreign exchange market have eased following the introduction of a robust foreign exchange policy. Forex supply conditions have improved. The wedge between the official and parallel exchange rates has virtually closed. The increase in tourist arrivals, private remittances inflows, and grants from partners helped ease foreign currency supply conditions towards the end of 2023 and beginning of 2024. Gross reserves are at a comfortable level at 4.9 months of prospective import at end-2023 and outperformed targets.

7. We continue implementing strong structural reforms, including on governance and SOE reforms. The anticorruption bill was passed by the National assembly, which paves the way for a more robust legal framework to combat corruption in the country. Performance contracts were recently signed with four additional SOEs to improve the operational and financial situation of SOEs. The Cabinet approved a partial privatization of the public mobile operator, GAMCEL.

Macroeconomic Outlook

8. The outlook continues to be clouded by significant downside risks. Real GDP growth is projected to increase to 5.8 percent in 2024, supported by tourism, telecom, construction, and agricultural sectors, before stabilizing around 5 percent in the medium term. Inflation is expected to ease due to the restrictive monetary policy and decline in global key commodity prices and will converge to the CBG’s medium-term target of 5 percent by the end of 2026. Forex reserves are projected to remain at a comfortable level, above 4 months of prospective imports in the medium term. Fiscal deficit in 2024 is expected to decline to 2.7 percent of GDP and further decline to 0.5 percent of GDP in the medium term, accompanied by steady decline in public debt-to-GDP ratio. However, the outlook is highly uncertain with risks of intensification of regional conflicts, global commodity price volatility, and an abrupt global slowdown, which, if materialized, could slow growth, increase inflationary and forex pressures, and resume large fuel revenue losses. On the upside, we expect to benefit from a Compact with the Millennium Challenge Corporation in the medium term.

Macroeconomic Policies and Structural Reforms

A. Inflation and Foreign Exchange Policy

9. The CBG is committed to fighting inflationary pressures and maintaining current tight policy bias for as long as needed. While recent easing of inflation is encouraging, headline inflation remains well above the CBG's medium-term target of 5 percent. The MPC will closely monitor inflation developments and stand ready to further tighten policy stance, if needed. The CBG also stands ready to deploy a combination of any adequate policy tools, including the issuance of CBG bills, the use of the deposit window and the reserve requirement ratio, to ensure inflation steadily declines to the CBG's target.

10. The CBG has taken measures to ensure a market-determined exchange rate and a smooth functioning of the foreign exchange market. In December 2023, the CBG published a new foreign exchange policy and revised the foreign exchange bureau guidelines to ensure transparency and the smooth functioning of the market. The CBG is committed to maintaining an exchange rate that fully reflects market forces and continue implementing the forex policy to prevent reoccurrence of shortages and wedges with the parallel market. The CBG will finalize and approve a forex intervention policy and limit any forex market interventions to only alleviate excess market volatility.

11. We are committed to preserving the strength of the CBG's financial position. Due to socio-economic emergencies, the CBG provided loans to two public entities. All existing loans provided by the CBG to general government entities outside the central government have been and will be guaranteed by the central government to prevent financial risks to the CBG. The central bank may under very limited circumstances grant temporary advances to the Government. The total amount of such advances outstanding shall not at any time exceed ten percent of the previous year's tax revenue. Such advances shall be repaid as soon as possible and in any event by the end of the financial year in which they are granted, and in such form as the central bank may determine, provided that a repayment shall not take the form of a promissory note or such other promise to pay at a future date, or securitization by way of issuance of treasury bills, bonds, certificates, or other forms of security which is required to be underwritten by the central bank. If such advances remain unpaid at the end of the year, the central bank shall not grant further advances in any subsequent year unless the outstanding advances have been repaid. The central bank shall charge the market rate of interest on such advances granted. To safeguard the strength of the banking sector and improve its resilience to future shocks, the CBG will require the augmentation of commercial banks' capital by GMD100 million by end-September 2025 **(new structural benchmark for end-September 2025)**, and by another GMD100 million each year to reach a total level of capital of GMD500 million by end-2027.

B. Fiscal Policy

12. Our 2024 fiscal framework remains in line with the approved 2024 budget. Revenue collection during Q1-2024 exceeded the target by GMD400 million (or 0.2 percent of GDP). We are reprioritizing spending to accommodate any unanticipated spending arising from the hosting of the OIC summit. Following the decline of fuel subsidies in Q1-2024 relative to the same period in 2023, we aim to continue reducing the subsidies going forward. We are committed to not reduce domestic pump prices in case of any decline in global prices so that we can recover previous revenue losses. We will strengthen social safety net programs, by expanding coverage and improving targeting, to support vulnerable households. The Family Strengthening Program (FSP) implemented by the Department of Social Welfare under the Ministry of Gender, Children and Social Welfare is a testament of Government's commitment to increasing social assistance programs. The Government has channeled the funding of this program through the national budget for the first time ever as a cash transfer. At this stage, the FSP includes monthly cash transfers of GMD 1,000 to 2,000 beneficiaries. The ministry has given GMD 30 million so far. Such programs will allow making efforts to adjust domestic fuel prices in line with global prices. We will strictly align expenditure with available resources, strengthen expenditure control, and enforce cash management by asking MDAs to submit by September 2024 through the IFMIS module their yearly cash needs projections **(new structural benchmark for end-September 2024)**. Accordingly, we keep anchoring our 2024 fiscal deficit at 2.7 percent of GDP as approved by the National Assembly.

13. We are committed to maintaining our near- and medium-term fiscal strategy as previously envisaged. We will achieve the related fiscal targets through the following measures.

- **On the revenue side:**

Several measures have started implementation. The single window platform is ready and operational. The ship manifests, ship scheduling and delivery operations are all being handled through the system. To prevent diversion of transit trucks into the country, we commenced the e-tracking of transit trucks from the borders, fuel trucks from fuel depots to the exit borders, and goods for warehousing from the seaport to the designated warehouses, and from the warehouses to the borders. The work on a digital weigh bridge has recently been completed at the seaport. The digital weigh is helping in weighing bulk cargo that pays excise duties based on weight. We also strengthened the post clearance section of customs by hiring additional staff. The implementation of the Digital Tracing System (DTS) commenced in early 2024. Early indications show positive impact from the project implementation. The implementation of the rental tax compliance system has commenced. The creation of a specialized rental income tax office in 2023 has helped to significantly improve the collection of this tax. All the 12 commercial banks have been audited from the Q4-2023 to Q1-2024; we plan to audit all the GSM operators during 2024 (which will allow fulfilling the **structural benchmark for end-September 2024).**

We are planning additional measures. The process to procure an Integrated Tax Administration System (ITAS) through World Bank funding is on-going. Discussions are ongoing with the service provider to formally sign the contract and kickstart implementation. The PPP contract has been signed to implement an IT system for excisable goods, revenue assurance system for mobile network operators and fuel marking. The development, approval, and implementation of standard procedural manual for the in-land border posts ensures harmonization of procedures at all border posts. To further enhance rental tax collection, we will create a database of rental property for taxation purposes **(new structural benchmark for end-June 2025)**. With our reform, system properties registered for rental platform services can be identified and if they are not registered as structured real estate agencies where rent received is considered as business income, they would be required to pay rental income taxes. We are working on plans to fully digitalize the collection of VAT with the introduction of smart invoice technology. Once fully implemented all VAT registrants will be connected to GRA servers in real time when making sales.

On tax exemptions, the Cabinet will adopt a revised GIEPA act with more limited tax incentives **(structural benchmark for end-September 2024)**. The revision of the Act will include streamlining the list of priority sectors, eliminating the possibility to extend SICs based on expansion and re-investment, cancelling SICs that do not perform in line with the expected deliverables, excluding fuel from the list of tax exempted goods, and requiring all SIC holders to be compliant with their local tax obligations. We will apply tax withholding on contractors for all donor-funded projects and consult with development partners. We have also developed a tax expenditure policy to guide the systematic administration, monitoring and transparent reporting of tax expenditures across MDAs.

Furthermore, the GRA started the process of developing its next Corporate Strategic Plan that will cover the period 2025 – 2029. The Authority increased its audit capacity and coverage. We will complete the automation of GRA's internal audit strengthen governance and internal control and support revenue collection. We are determined to bolster the collection of some other non-tax revenue, including administrative fees that have not been adjusted for several years.

- **On the spending side:**

The acceleration of donor-funded projects and the frontloading of external loan disbursements in 2023 will translate into lower disbursements and lower fiscal deficit in the medium term, relative to previous fiscal plans. The signed and forthcoming contracts with key SOEs are expected to improve their operational and financial performances, and hence allow rationalizing subsidies, including to NFSPMC (GGC), NAWEC and subvented agencies. We will prepare a study on rationalizing and consolidating subvented agencies with MDAs **(structural benchmark for end-December 2024)**. We will continue to tighten overseas travels, and we will execute infrastructure projects within available resources. As in current practice, we will continue to share with Fund staff information on external loan disbursement plans related to foreign financed infrastructure projects.

14. Our medium-term fiscal framework will aim to firmly reduce public debt, while addressing the large development needs. Our public debt continues to be sustainable, but the risks of overall and external debt distress remain high. We plan to improve the domestic primary fiscal balance—the fiscal parameter under the direct control of our government—by about 2 percentage points of GDP during the ECF program period. While the proposed fiscal consolidation is, at this stage, planned to be based broadly equally on efforts in domestic revenue and domestically financed spending, we intend to forcefully intensify domestic resource mobilization to address our debt-development trade-off. We will develop a domestic revenue mobilization strategy **(structural benchmark for end-September 2024)**, which will underpin a medium-term revenue strategy. We intend to utilize innovative options to finance infrastructure projects without worsening debt vulnerabilities. Such options include an Asset Recycling Program, promoted by Africa50, which is an entity supported by the African Development Bank. We will ensure that such innovative financing options conform with the fiscal and debt objectives under our ECF-supported program and do not create additional fiscal risks. Similarly, we will ensure that SOEs and PPPs do not give rise to fiscal risks and contingent liabilities. Additionally, we will strengthen external buffers to prepare for the expiration of debt deferrals. We will avoid contracting non-concessional borrowing and will adhere to the agreed concessional borrowing plan under the ECF-supported program.

C. PFM, Governance and SOE Sector

15. We will continue implementing reforms on public financial management to support our near- and medium-term fiscal frameworks. We are working to ensure Cabinet approval of the roadmap for the implementation of program-based budgeting and initiate roll-out in preparing the 2025 draft budget for pilot ministries **(new structural benchmark for end-December 2024)**. We will extend the use of IFMIS to all new donor and government-funded projects **(new structural benchmark for end-June 2025)**. We will prioritize investment decisions by developing a pipeline of appraised investment projects based on the Gambia Strategic Review Board (GSRB) prioritization tool. We will collaborate closely with the National Assembly to accelerate the adoption of the PFM Act and PPP bill to, respectively, strengthen budget processes and accountability and contain fiscal risks. We will ensure transparency, accountability, performance, and results orientations in meeting the goals of inclusiveness and equality in the budget process by piloting gender-based budgeting.

16. Our ambitious reform agenda aims to transform the SOE sector from fiscal burdens to revenue sources. We will improve the governance and the operational and financial performance of the SOEs. We will publish the audited financial accounts, up to 2023, of all SOEs on their websites, including the cost of services undertaken at the government's request to ensure transparency and good governance. We will finalize and enact regulations of the recently passed SOEs Act, together with the regulations on the GPPA procurement act **(new structural for benchmark end-December 2024**). We will complete partial or full privatization of GAMCEL **(structural benchmark for end-March 2025**).

17. The anticorruption bill was passed by the National assembly and the Cabinet is preparing an action plan based on the governance diagnostic report. We finalized a plan for the implementation of the recommendations in the report to address governance weaknesses and corruption vulnerabilities. Other progress on governance reforms includes completion of a revised draft law on AML/CFT aligned with the international AML/CFT standards as set up by the Financial Action Task Force, and transmission of the Ombudsman reports for 2021 and 2022 to the National Assembly and publication on the website. To strengthen the independence and effectiveness of the

National Audit Office, the Cabinet will adopt a revised National Audit Office Act (**new structural benchmark for end-October 2024).** Among other objectives, the revised Act will bind auditees to respond to NAO in a timely manner and provide the requested information. It will also enhance the enforcement of NAO's audit recommendations. We are committed to implementing further areas of reforms identified by the governance diagnostic report, including digitalization and automation of administrative processes, contract enforcement, and limits on discretion in public decisions.

D. Business Environment, Climate Change, and Inclusive Growth

18. To support strong recovery and inclusive growth, we are improving the business environment while protecting the most vulnerable population. To foster business creation and formal sector employment, we will set up a digital platform for business registration **(structural benchmark for end-December 2024)** and the Cabinet will adopt a land policy **(new structural benchmark for end-September 2025)**. We are taking measures to protect the most vulnerable population, including by completing the expansion of the social registry to the Banjul and Kombo areas to improve the targeting of social programs **(structural benchmark for end-December 2024)**. We will map out all social protection programs within the Budget and report on them on a quarterly basis. To enhance and strengthen access to finance, we will select a developer for the replacement of the Credit Reference Bureau. We will continue to widen the coverage of the national switch (GamSwitch) to enhance its resilience and revenue generation potential. This will be achieved through the implementation of robust software (Powercard) pursuant to interoperability within the financial system. GamSwitch's main role is to facilitate connectivity to a central platform for retail payments, which enhances financial inclusion through digital retail payments by banks and fintech firms.

19. We aim to build resilience to climate change shocks and reduce vulnerability to natural disasters with proper policy and financing mix. The Gambia is vulnerable to climate change-induced extreme weather events, such as floods, storms, drought, and coastal erosion. The country has large adaptation investment needs to mitigate negative impact of such disasters. Given the high risk of debt distress and large development needs of the country, the financing of resilient infrastructure investment will require support from external partners. We aim to fulfill any remaining financing gap through DRM, spending rationalization, and enhancement of public investment efficiency. We will also continue structural reforms to improve business environment to mobilize private climate investment. We will strengthen our climate strategy through IMF technical assistance on Climate Policy Diagnostics and Climate-PIMA. We have requested such technical assistance and the related missions are tentatively planned for Q2-Q3 2024. Additionally, we are working with the World Bank to start CCDR preparation in summer of 2024.

Capacity Development

20. Technical assistance and training from the IMF will play a critical role in helping us strengthen the institutional capacity needed to implement reforms under the ECF-supported program. We appreciate the IMF's availability to deliver high quality TA upon request to strengthen areas including revenue administration, public financial management, macroeconomic statistics production and dissemination, tax policy, fuel pricing, forex policy, SOEs, and governance diagnostic. We are working together with technical assistance to advance the project on GDP rebasing. We value the provision of technical assistance, including through resident experts, Afritac West 2, and IMF-HQ.

Program Monitoring

21. We will take all measures needed to meet quantitative targets and observe structural benchmarks under the program. The program will be subject to semiannual reviews, based on performance criteria, indicative targets and structural benchmarks as set out in Tables 1 and 2 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 second program review will be based on end-June 2024 targets and is expected to be completed on or after September 30, 2024. The third program review will be based on the end December 2024 targets and is expected to be completed on or after March 31, 2025. The Fourth program review will be based on end-June 2025 targets and is expected to be completed on or after September 30, 2025.

Table 1. The Gambia: Quantitative Performance Criteria and Indicative Targets for 2023-2025

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

	2023			2024				2025	
	Dec.			Mar.	Jun.	Sep.	Dec.	Mar.	Jun
	Prog.	**Act.**	**Status**	**Prog.**	**Prog.**	**Prog.**	**Prog.**	**Prog.**	**Prog.**
Performance criteria[1]									
1. Net domestic borrowing of the central government (ceiling)	2,300	901	**Met**	1,300	2,600	2,800	2,700	1,300	1,900
2. Domestic primary balance (cumulative floor)	-1,150	-316	**Met**	-160	-100	1,100	1,040	80	740
3. Stock of net usable international reserves of the central bank (floor, US$ million)	280	346	**Met**	277	280	282	309	298	283
4. New external payment arrears of the central government (ceiling, US$ million)[2]	0.0	0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0
5. New nonconcessional external debt contracted or guaranteed by central government (ceiling, US$ million)[2]	0.0	0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0
6. Outstanding stock of external public debt with original maturity of one year or less (ceiling, US$ million)[2]	0.0	0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0
7. New concessional external debt contracted or guaranteed by central government (ceiling, US$ million)[3]	119	32.3	**Met**	90	90	90	90	90	90
Indicative targets[1]									
8. Total tax revenue (floor)	13,800	13,915	**Met**	4,400	8,900	13,100	17,200	5,200	10,400
9. Monthly ceiling on central bank credit to the government at non-market terms (GMD millions)[4]	0	0	**Met**	0	0	0	0	0	0
10. Stock of net domestic assets of the central bank (ceiling)	10,904	7,584	**Met**	11,365	11,825	12,285	12,745	13,216	13,687
11. Poverty-reducing expenditure (floor)	10,000	10,680	**Met**	2,500	5,000	7,500	11,000	2,725	5,450
Memorandum Items:									
Budget Support (grants, US$ millions)	64.8	64.8	...	8.9	8.7	23.1	50.0	10.0	20.0
Base Money (stock, GMD millions)	21,234	23,887	...	21,577	21,919	22,261	22,603	22,787	22,971
IMF disbursements (SDR millions)	5.0	5.0	...	11.2	16.6	16.6	24.9	12.4	12.4

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

[2] These criteria apply on a continuous basis.

[3] The debt limit is formulated in nominal terms due to authorities' limited capacity to monitor and observe conditionality on aggregate debt levels (including in PV terms).

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

Table 2. The Gambia: First ECF Review Structural Benchmarks, 2024			
Measures	**Macro Rationale**	**Timing**	**Status**
Domestic revenue mobilization (GRA and MOFEA)			
Set up a platform and command center for a single window of customs administration.	Enhance revenue collection.	End-February 2024	Met
Governance, Financial Sector and SOE reforms (MOFEA and CBG)			
Sign performance contracts with four additional SOEs.	Improve operational and financial situation of SOEs and reduce fiscal risks.	End-February 2024	Met
Prepare a revised draft law on AML/CFT aligned with the international AML/CFT standards as set up by the Financial Action Task Force.	Fight financial crimes	End-March 2024	Met
Transmit the Ombudsman reports for 2021 and 2022 to the National Assembly and publish on the website.	Strengthen accountability and prevent misuse of public resources	End-March 2024	Met
Publish the governance diagnostic report and finalize a plan for the implementation of its recommendations.	Strengthen governance in key macro-critical areas.	End-April 2024	Not Met (proposed to be rephased to End-August 2024)

Table 3. The Gambia: Structural Benchmarks, 2024-25			
Measures	**Macro Rationale**	**Timing**	**Status**
Domestic revenue mobilization (GRA/MOFEA)			
Adopt by the Cabinet a revised GIEPA act with streamlined tax incentives.	Ensure cost-benefit balance between revenue losses and economic contributions of beneficiaries of tax incentives.	End-June 2024 (Proposed to be postponed to End-September 2024)	
Adopt a domestic revenue mobilization strategy.	Enhance revenue collection.	End-September 2024	
Undertake, by the Gambia Revenue Authority, 10 comprehensive audits of Large Taxpayers, including in the telecom sector.	Improve revenue collection in fast-growing niche sectors.	End-September 2024	
Create a database of rental property for taxation purposes.	Expand the tax base and prevent avoidance.	(New) End-June 2025	
Public financial management (MOFEA and Cabinet)			
Ensure all MDAs submit yearly cash plans through the IFMIS module.	Contain spending within available resources.	(New) End-September 2024	
Ensure Cabinet approval of the roadmap for implementation of program-based budgeting and initiate roll-out in preparing 2025 draft budget for pilot ministries.	Improve the effectiveness of the budget in reaching the expected outcome.	End-December 2024	
Prepare a study on rationalizing and consolidating subvented agencies with MDAs.	Improve efficiency of institutions and reduce burdens on the budget.	End-December 2024	
Extend the use of IFMIS to all new donor- and government-funded projects.	Strengthen the management of investment projects.	(New) End-June 2025	
Governance and SOE reforms (MOFEA)			
Adopt by the Cabinet a revised National Audit Office Act.	Strengthen the independence and effectiveness of the National Audit Office.	(New) End-October 2024	
Finalize and enact regulations of the recently passed public procurement and SOEs Acts.	Ensure effective impact of reforms on procurement and SOEs.	(New) End-December 2024	
Complete the expansion of the social registry to Banjul and Kombo areas.	Improve the targeting of social programs to the most vulnerable population.	End-December 2024	
Set up a digital platform for business registration.	Facilitate business creation and increase formal sector employment.	End-December 2024	
Complete partial or full privatization of GAMCEL.	Turn SOEs from fiscal burdens to revenue-generating assets.	End-March 2025	
Adopt by the Cabinet a draft land policy.	Facilitate access to land and finance and improve business creation.	(New) End-September 2025	
Financial Sector (CBG and MoFEA)			
Require the augmentation of banks' capital by GMD100 million.	Strengthen the resilience of the banking sector to future potential shocks.	(New) End-September 2025	

Attachment II. Technical Memorandum of Understanding

Introduction

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

Quantitative Targets

A. Cumulative Floor on the Central Government Domestic Primary Balance

1. Definitions: The central government for the purposes of the program consists of the set of institutions currently covered under the state budget. The central government includes the central administration, public institutions and other entities that are financed through the budget. Central Government includes Ministries, Departments, and Agencies and excludes local and regional governments and public enterprises.

2. Definitions: The domestic primary balance of the Central government is measured above the-line and defined in accordance with the monthly consolidated Central Government budget report on budget execution (Statement of Government Operations) for the month and cumulatively from the beginning of the year. Domestic primary balance is calculated by subtracting expenses (except interest payment) and domestically financed capital expenditures from domestic revenue. Domestic revenue is recorded on a cash basis and includes tax revenues and non-tax revenues. Revenues exclude any type of financial transfers from the Central Bank (except dividends payments), interest income from intra-public sector holding of securities and debt obligations, proceeds from the sale of financial assets, and special drawing rights (SDRs) allocated by the Fund or received bilaterally from other IMF members.

3. Adjuster: The cumulative floor on the central government domestic primary balance targets will be adjusted upward/downward by the excess/shortfall of the dalasi equivalent of the total budget support grants received in that period relative to the program forecasts specified in the table below.

4. Supporting material: Reporting on the domestic primary fiscal balance will form part of the consolidated budget report described in ¶37 below.

B. Net Domestic Borrowing of the Central Government

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

6. Adjuster: The NDB targets will be adjusted downward/upward by the excess/shortfall of the dalasi equivalent of the total budget support grants received in that period relative to the program forecasts specified in the table below. The upward adjustment of the NDB targets to compensate for the shortfall in the disbursements of budget support may not exceed GMD 1 billion at each quarter of 2024. The NDB targets will also be adjusted to account for any potential delay in disbursements under the ECF-supported program.

Program Forecasts of External Budget Support Grants in 2024-2025 (Cumulative flow in millions of US dollars)					
March 2024	June 2024	September 2024	December 2024	March 2025	June 2025
8.9	8.7	23.1	50.0	10.0	20.0

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

C. Net Domestic Assets of the Central Bank

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

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

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

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

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

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

13. Adjuster: The quarterly NIR targets for each quarter will be adjusted downward/upward by the US dollar equivalent of the shortfall/excess of total budget support grants received in that quarter relative to the program forecasts for the quarter as specified in the table above. The downward adjustment to the NIR targets to compensate for the shortfall in budget support will be capped at US$40 million. The NIR targets will also be adjusted to account for any potential delay in disbursements under the ECF-supported program.

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

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

E. New External Debt Payment Arrears of the Central Government

16. Definition: External debt is defined as the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future denominated in any currency other than the Gambian dalasi. External debt payment arrears are defined as external debt obligations of the central government that have not been paid when due in accordance with the relevant contractual terms (taking into account any contractual grace periods).

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

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

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

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

20. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD LIBOR is 2.42 percent and will remain fixed for the duration of the program. The spread of six-month EURIBOR over six-month USD LIBOR is -250 basis points. The spread of six-month JPY LIBOR over six-month USD LIBOR is -250 basis points. The spread of six-month GBP LIBOR over six-month USD LIBOR is -150 basis points. For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97). Given the anticipated global transition away from LIBOR, this TMU can be updated to reflect the relevant benchmark replacements (U.S. Secured Overnight Financing Rate (SOFR); U.K. Sterling Overnight Index Average (SONIA); EURIBOR; and Tokyo Overnight Average Rate (TONAR)) prior to the complete phase out, once operationally feasible.

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

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

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

23. Definition: This target, which is a ceiling, refers to new concessional external debt contracted or guaranteed by the Central Government denominated in any currency other than the Gambian dalasi. It applies to debt as defined in ¶16. Concessionality of debt is as defined in ¶20.

24. 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.

25. Supporting material and data provision: A comprehensive record, including a loan-by-loan accounting of all new 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.

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

26. Definition: This target refers to the stock of outstanding external public debt with original maturity of one year or less, owed or guaranteed by the public sector.[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. This performance criterion will be assessed on a continuous basis.

27. Supporting material: 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. In addition, any nonobservance of this performance criteria must be reported immediately.

I. Tax Revenue

28. Definition: This indicative target refers to taxes and duties collected by the Domestic Taxes Department and Customs and Excises Department of the Gambia Revenue Authority (GRA). Tax revenue is the sum of revenues collected against all the tax codes outlined below (Text Table 1). Nontax revenue, such as licensing fees, fines, and levies collected by the GRA are excluded from this target. Levies collected by the GRA on behalf of other organizations are also excluded (National Education & Technology Training Levy, AU Levy, ECOWAS Levy).

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

Text Table 1. 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		

[1] The term “debt” has the meaning set forth in ¶8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 15688-(14/107), adopted December 5, 2014, as amended. “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.

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

30. Definition: This target refers to the consolidated balance on the Treasury Main Account, the Consolidated Revenue Fund, other revenue accounts, and the special security proceeds accounts. It also covers all gross claims on the 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 Government securities held by the central bank. It excludes RCF on-lending and the 30-year bond held by CBG.

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

32. Supporting material: Reporting on new central bank credit to the government at nonmarket terms will form part of the monetary sector data described in ¶39 and ¶40 below.

K. Poverty-Reducing Expenditures

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

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

Other Data Requirements and Reporting Standards

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

L. Prices

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

M. Government Accounts Data

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

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

N. Monetary Sector Data

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

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

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

N. Treasury Bill Market and Interbank Money Market

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

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

O. External Sector Data

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

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

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

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

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

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

P. Public Enterprises' Data

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

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

Statement by Mr. Willie Nakunyada, Executive Director for The Gambia and Mr. Tamsir Cham, Senior Advisor on The Gambia
July 9, 2024

Introduction

1. Our Gambian authorities thank IMF staff for the constructive engagement and broadly agree with staff's assessment and policy priorities.

2. The Gambia is experiencing a robust growth recovery despite headwinds from multiple shocks including the lagged effects of the pandemic, and conflict spillovers. Despite the challenging domestic and external conditions, the authorities are pressing ahead with reform efforts and continue to consolidate the gains made under the 2020-2023 Extended Credit Facility (ECF) arrangement. Importantly, they have kept the current ECF arrangement firmly on track, by directing reform efforts towards restoring macroeconomic stability. Specifically, they are focusing on supporting the economic recovery, tackling inflationary pressures, refining the foreign exchange market operations, reducing debt vulnerabilities, and advancing structural reforms to ensure a strong and inclusive growth. As such, the authorities view the Fund support under the ECF arrangement as instrumental in bolstering the country's resilience to exogenous shocks and realize the objectives of the Recovery-Focused National Development Plan (RF-NDP).

Program Performance

3. All quantitative performance criteria (QPCs) for end-December 2023 were met including net domestic borrowing (NDB) of the central government; domestic primary balance; floor on stock of net usable international reserves (NIR); ceiling on new external payment arrears of the central government; new non-concessional external debt contracted or guaranteed by central government; ceiling on outstanding stock of external public debt with original maturity of one year or less; ceiling on new concessional external debt contracted or guaranteed by central government. At the same time, all indicative targets (ITs) were met including the floor on total tax revenue; ceiling on stock of net domestic assets of the central bank; monthly ceiling on central bank credit to the central government at non-market terms; and floor on poverty-reducing expenditure.

4. Four out five of the structural benchmarks (SBs) were met including on setting-up a platform and command center for a single window of customs administration; signing performance contracts with four additional SOEs; prepared a revised draft law on AML/CFT aligned with the international AML/CFT standards; transmit the Ombudsman reports for 2021 and 2022 to the National Assembly and published on the website. However, the SB on the publication of the governance diagnostic report and the plan to implement the recommendations was missed for the end April 2024 target. Nevertheless, the authorities are taking corrective actions and have tabled the report before Cabinet. As such, they have made notable progress in preparing the action plan for the implementation of its recommendations. Once the action plan is finalized, the SB will be rephased to end-August 2024. Given the satisfactory program performance and strong commitment, **the authorities seek Executive Directors' support in completing the first review under the ECF arrangement and the request for modification of a performance criterion**.

Recent Economic Developments and Outlook

5. Economic activity rebounded in 2023 and early 2024 benefitting from improved tourist arrivals that are approaching pre-pandemic peak levels. Accordingly, real GDP growth is expected to increase from 5.3 percent in 2023 to 5.8 percent in 2024 also underpinned by expansion of activity in telecommunication, construction, and agriculture sectors. In the medium term, growth is expected to stabilize around 5 percent reflecting government reforms including land development, switching to high yield crop varieties, and support from development partners. On the upside, the Compact with the Millennium Challenge Corporation is expected to confer growth benefits in the medium term. Nevertheless, the outlook remains subject to downside risks from regional conflicts, volatility in global commodity prices, sudden global slowdown, inflationary and forex supply pressures, as well as shocks from natural disasters. Meanwhile, inflation which peaked at 18.5 percent in September 2023 has since decelerated to 11 percent at end-April 2024, reflecting moderate global commodity prices alongside effective disinflation policy actions.

6. The current account deficit is expected to narrow in 2024 and in the medium term despite the increased absorption of imports to support private and public construction projects. That said, inflows from the increased tourist arrivals, private remittances and grants from development partners eased foreign currency conditions towards end-2023 and early 2024. This notwithstanding, international reserves remained ample at 4.9 months of import cover in 2023.

Fiscal Policy and Debt Sustainability

7. Our Gambian authorities are committed to the 2024 fiscal framework and will remain within the approved 2024 budget to ensure fiscal sustainability. In this vein, they are taking measures to strengthen revenue collection while rationalizing spending. Consequently, revenue collection by the Gambia Revenue Authority (GRA) for the first quarter of 2024 exceeded the target by a large margin. Further, they are committed to adjusting domestic fuel pump prices in the event of a decline in global prices to recover previous revenue losses.

8. Despite the significant spending pressure attributed to the hosting of the Organization of Islamic Cooperation (OIC) Summit, the authorities reprioritized spending to accommodate unanticipated spending arising from this event. They will strictly align expenditure with available resources, strengthen expenditure controls, and enforce cash management through the Integrated Financial Management Information System (IFMIS) to anchor the 2024 fiscal deficit at 2.7 percent of GDP as approved by the National Assembly. At the same time, the authorities continue to implement measures to reduce subsidies despite the decline of fuel subsidies in 2024Q1 relative to the corresponding period in 2023. Furthermore, the authorities plan to rationalize and consolidate subvented agencies with Ministries, Departments, and Agencies (MDAs). They will continue to tighten overseas travels and execute infrastructure projects within available resources. To curtail spending, the authorities will continue to accelerate donor-funded projects and the frontloading of external loan disbursements in 2023 to translate into lower disbursements and modest fiscal deficits in the medium term compared to previous fiscal plans. That said, the authorities continue to strengthen the social safety net programs, expanding coverage, and improve targeting to support vulnerable households.

9. Our authorities continue to implement reform measures geared to strengthen revenue collections. Accordingly, they are operationalizing the single window platform; commenced the e-tracking of transit trucks from the borders to prevent diversion of transit trucks into the country, and completed the digital weigh bridge at the seaport to help improve efficiency in weighing bulk cargo that pay weight-based duty. At the same time, they signed a PPP contract to implement an IT system for excisable goods, revenue assurance system for mobile network operators and fuel marking; and commenced the implementation of the Digital Tracking System (DTS) in early 2024. Further, the authorities developed a standard procedural manual for in-land border posts to ensure harmonization of procedures at all border posts; and commenced implementation of the rental tax compliance system through an IT based solution and created a specialized rental income tax office in 2023. They also plan to create a database of rental property for taxation purposes.

10. Going forward, the authorities plan to implement additional revenue enhancing measures. In this context, they are in the process to procure an Integrated Tax Administration System (ITAS); and to fully digitalize the collection of VAT with the introduction of smart invoice technology. This is expected to allow all VAT registrants to be connected to GRA servers in real time when making sales. Furthermore, the authorities are developing the next Corporate Strategic Plan for the period 2025–2029 and have boosted its audit capacity and coverage to enable auditing of all the GSM operators during 2024. Concurrently, they plan to adopt the revised Gambia Investment and Export Promotion Agency (GIEPA) act with more limited tax incentives including restricting the coverage to priority sectors, eliminating the possibility to extend Special Investment Certificate (SICs) based on expansion and re-investment, cancelling SICs that do not perform to expectations, excluding fuel from the list of tax exempted goods, and requiring all SIC holders to comply with their local tax obligations. Further, the authorities plan to complete automation of the internal audit and strengthen governance and internal controls, while supporting revenue collection. They plan to apply tax withholding on contractors for all donor-funded projects and consult with development partners while committing to bolstering non-tax revenue collection, including administrative fees.

11. The authorities are making concerted efforts to place public debt on a downward trajectory in the context of high overall and external debt distress. In this connection, they are implementing their medium-term fiscal framework designed to reduce public debt while addressing the country's large development needs. At the same time, they plan to utilize innovative options to finance infrastructure projects including the Asset Recycling Program, promoted by Africa50 (an African Development Bank owned entity) without worsening debt dynamics. Furthermore, the authorities will work towards mitigating fiscal risks from the contingent liabilities of SOEs and PPPs; strengthening external buffers to prepare for the expiration of debt deferrals; avoid contracting non-concessional borrowing and adhere to the agreed concessional borrowing plan under the ECF-supported program.

Monetary, Exchange Rate, and Financial Sector Policies

12. The Central Bank of The Gambia (CBG) is committed to fighting inflation by maintaining a tight monetary policy stance to further entrench price stability. As such, the Monetary Policy Committee (MPC) will closely monitor inflation developments and stand ready to

further tighten monetary conditions, as warranted. At the same time, the CBG stands ready to deploy a combination of appropriate policy tools, including the monetary policy rate, the issuance of CBG bills, the use of the standing deposit facility window, and the change in the reserve requirement ratio, to ensure inflation steadily declines to the CBG's medium-term target of 5 percent.

13. The Central Bank has taken measures to ensure a market-determined exchange rate and smoothen the interplay of market forces in the foreign exchange market. In December 2023, the CBG published a new foreign exchange policy and revised the foreign exchange bureau guidelines to ensure transparency. They are committed to maintaining an exchange rate that fully reflects market fundamentals and continue applying the forex policy to prevent reoccurrence of shortages and resurgence of the parallel market. Meanwhile, the authorities will finalize and approve a forex intervention policy, limit any interventions to alleviating excess market volatility and build foreign exchange reserves.

14. While the financial sector remains sound with ample liquidity, and low non-performing loans (NPLs), the authorities remain vigilant to potential vulnerabilities. In this context, while the CBG provided loans to two public entities due to socio-economic emergencies, the authorities are strengthening central bank independence and are committed to preserving the strength of the CBG's financial position. Within this context, all existing loans provided by the CBG to general government entities outside the central government will be guaranteed by the central government to mitigate associated financial risks. Relatedly, the CBG will not provide lending to general government entities at non-market terms and that exceeds 10 percent of the previous year's tax revenues. At the same time, they are implementing the National Financial Inclusion Strategy leveraging on a new payment system and new capital market, expansion of mobile money and fintech, and the expansion of women enterprise and youth development funds; and strengthening the financial sector's supervisory and regulatory framework. To safeguard the banking sector and strengthen its resilience to shocks, the authorities require commercial banks to augment paid-up capital with three tranches of GMD100 million each year from December 2024 to December 2026.

Structural Reforms

15. Our authorities are implementing measures to enhance the business environment as articulated in the Recovery-Focused National Development Plan (RF-NDP). The RF-NDP which has been finalized, is designed to support the recovery, promote private sector led-inclusive growth while providing support to the vulnerable population. The authorities are, therefore, setting-up a digital platform for business registration and are expanding the social registry to better target social programs to cushion vulnerable households. Further, the authorities are revamping the Credit Reference Bureau to enhance and strengthen access to finance and are developing a program for the digital registration of land.

16. The strengthening of the public financial management (PFM) system in line with the medium-term fiscal frameworks continue to rank high on the authorities' reform agenda. Presently, they are working on a roadmap for the implementation of program-based budgeting and begin rolling-out in pilot ministries for the 2025 draft budget; and extend the use of IFMIS to all new donor and government-funded projects. Simultaneously, they are prioritizing investment decisions by developing a pipeline of appraised investment

projects based on the Gambia Strategic Review Board (GSRB) prioritization tool. Relatedly, they are working on expediting the adoption of the PFM Act and the PPP bill to strengthen budget processes and accountability while containing fiscal risks. Regarding their efforts towards piloting gender-based budgeting, the authorities are strengthening transparency, accountability, performance, and results orientation in conformity with the goals of inclusiveness and equality in the budget process.

17. The authorities are transforming the SOEs to enhance the revenue generating capabilities and mitigate fiscal risks. To this end, they signed performance contracts with four additional SOEs to strengthen their governance, as well as operational and financial performance. Further, they plan to publish the audited financial accounts, up to 2023, for all SOEs on their websites, including the cost of services undertaken at the government's request to ensure transparency and good governance. The authorities are also finalizing and enacting regulations of the recently passed SOEs Act, together with the regulations on the GPPA procurement act and initiated the privatization of the public mobile phone operator, GAMCEL. Meanwhile, they are rationalizing subsidies to the National Food Security, Processing, and Marketing Corporation (NFSPMC) and National Water and Electricity Corporation (NAWEC).

18. To strengthen governance and intensify the fight against corruption, the authorities have passed the anti-corruption bill. Concurrently, they are finalizing the recommendations of the governance diagnostics report to address governance and corruption vulnerabilities including by digitalization and automation of administrative processes, contract enforcement, and limits on discretion in public decisions. Additionally, the authorities completed the draft law on AML/CFT aligned with the international AML/CFT standards as set up by the Financial Action Task Force; and transmission of the Ombudsman reports for 2021 and 2022 to the National Assembly and publication on the website. Furthermore, Cabinet will adopt a revised National Audit Office (NAO) Act to strengthen the effectiveness and independence of the NAO and enhance the enforcement of NAO's recommendations.

19. Considering the country's susceptibility to climate related risks, the authorities are building climate resilience to mitigate the adverse effects of natural disasters including floods, storms, droughts, and coastal erosion. Nevertheless, recognizing the country's large adaptation investment needs to mitigate the negative impact of such disasters, support from development partners would be critically important to support financing of investments in climate resilient infrastructure. In the meantime, the authorities plan to meet the remaining financing gap through domestic resource mobilization, rationalization of spending, and enhancing public investment efficiency. Relatedly, the authorities are strengthening their climate strategy benefitting from IMF technical assistance on Climate Policy Diagnostics and Climate-PIMA. They are also working closely with the World Bank to initiate a Country Climate and Development Report (CCDR) preparations in summer of 2024.

Conclusion

20. The Gambian authorities are on track in reform implementation notwithstanding challenging circumstances heightened by the multiple shocks. They re-affirm their commitment to the ECF arrangement, to preserve and consolidate the hard-won gains

made under the previous ECF program. The Fund's support continues to play an instrumental role to anchor reforms aimed to restore macroeconomic stability. To sustain the reform agenda formulated in their RF-NDP, the authorities request Executive Directors support in completing the first ECF review and associated requests to help catalyze additional donor support and address underlying structural challenges. They look forward to continued Fund support to help realize their growth and development objectives.