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THE GAMBIA

June 2025

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, MODIFICATIONS OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE GAMBIA

In the context of The Gambia - Third Review Under the Extended Credit Facility Arrangement, Requests for a Waiver of Nonobservance of a Performance Criterion, Modifications of Performance Criteria, and Financing Assurances Review, and Request for an Arrangement Under the Resilience and Sustainability Facility, 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 June 18, 2025, following discussions that ended on April 16, 2025 with the officials of the Gambia on economic developments and policies underpinning the IMF arrangements under the Extended Credit Facility and the Resilience and Sustainability Facility. Based on information available at the time of these discussions, the staff report was completed on June 2, 2025.
- A **Debt Sustainability Analysis** prepared by the staff of the IMF.
- 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.

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International Monetary Fund
Washington, D.C.

The Gambia: IMF Executive Board Approves Resilience and Sustainability Facility Arrangement and Completes the Third Review Under the Extended Credit Facility Arrangement

FOR IMMEDIATE RELEASE

- *The IMF Executive Board approved a new 18-month arrangement under the Resilience and Sustainability Facility (RSF) for The Gambia for an amount equivalent to about US$63.55 million, to help the authorities improve macroeconomic resilience and build policy buffers against climate shocks. The Executive Board also completed the third review under the existing Extended Credit Facility (ECF) arrangement, enabling immediate disbursement of about US$16.95 million.*
- *Despite substantial downside risks, The Gambia's economic outlook remains positive, with growth expected to reach 5.7 percent in 2025 and inflation returning to single digits.*
- *The Gambia has made good progress in implementing their economic reform program despite fiscal policy challenges. Key priorities include increasing domestic revenue and advancing with fiscal consolidation to safeguard debt sustainability while strengthening social and spending.*

Washington, DC – **June 18, 2025:** The Executive Board of the International Monetary Fund (IMF) has approved an 18-month arrangement under the Resilience and Sustainability Facility (RSF) for The Gambia in the amount of SDR 46.65 million (about US$63.55 million), with disbursements to begin when the first review of the arrangement is completed. The RSF arrangement will help the authorities tackle challenges posed by climate change and reinforce the country's long-term resilience by strengthening the legal framework and institutional environment, green public finance management, climate data and transition taxonomy, adaptation and resilience, and the energy transition.

The Executive Board also completed the third review of The Gambia's Extended Credit Facility (ECF) arrangement, approved on January 12, 2024, supporting reforms to address long-standing structural impediments to inclusive growth. The completion of the review allows for the immediate disbursement of SDR 12.44 million (about US$16.95 million), bringing total disbursements under this arrangement to SDR 37.31 million (about US$50.82 million).

The Gambia's economic outlook remains positive, with real GDP estimated to expand by 5.7 percent in 2025, supported by continuous recovery in the tourism sector and good performance in the agricultural and construction sectors. Headline inflation has gradually declined, reaching 8.1 percent by end-April 2025. The outlook is subject to significant downside risks stemming from global uncertainty.

While the authorities remain committed to the objectives set out in the ECF arrangement and revenue collection has been strong, unbudgeted spending pressures including from the National Water and Electricity Corporation (NAWEC) continue to weigh on fiscal balances. Going forward, steadfast implementation of the policy and reform agenda will be essential to safeguard macroeconomic gains and debt sustainability.

The Executive Board approved the authorities' request for waivers of nonobservance of the performance criterion on the end-June 2024 floor on the domestic primary balance and the end-December 2024 ceiling on net domestic borrowing, based on corrective actions taken.

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

"The Gambia's economic momentum remains robust, with resilient growth and gradually declining inflation. Program implementation has been mixed, showing satisfactory adherence to quantitative performance criteria and indicative targets but delays in meeting structural benchmarks. The authorities have reiterated their commitment to their reform agenda despite ongoing global geopolitical uncertainties.

"The authorities plan to offset the carryover of 2024 spending commitments and unbudgeted transfers by restraining non-priority spending in 2025. Adhering to the fiscal consolidation and fiscal targets for 2025 is vital for reducing fiscal risks and ensuring debt sustainability. Enhancing revenue collection to build additional fiscal buffers is also critical. Improving public financial management to prevent domestic arrears and better control multi-year commitments will support fiscal discipline and accountability. Furthermore, it is essential to limit fiscal risks from state-owned enterprises and public-private partnerships.

"The Central Bank of The Gambia's tight and data-dependent monetary policy is appropriate and should ensure that inflation converges to the medium-term target. The foreign exchange market is functioning smoothly following the new foreign exchange policy implementation, and it is crucial to maintain an exchange rate that reflects market forces. The central bank's commitment to cease direct financial support to public entities is a welcome measure to protect its balance sheet. Strengthening its regulatory capacity and risk-based supervision is essential to preserve the financial sector's stability.

"Progress with structural reforms is necessary to enhance governance and improve the business environment, thereby promoting private sector development and job creation. Implementation of recommendations from the recent governance diagnostic and prompt appointment of an anti-corruption commission are essential.

"Steadfast implementation of the authorities' climate agenda under the newly approved Resilience and Sustainability Facility (RSF) arrangement will complement the Extended Credit Facility in bolstering economic resilience and reducing balance of payment risks. The RSF is expected to foster tighter coordination among domestic stakeholders and development partners. It will be important to carefully sequence reforms under both arrangements, supported by targeted capacity development."

INTERNATIONAL MONETARY FUND

THE GAMBIA

June 2, 2025

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, MODIFICATIONS OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

EXECUTIVE SUMMARY

Context. Economic momentum remains strong, and inflation is slowly coming down. Despite strong revenue collection efforts, fiscal performance in 2024 was weaker than anticipated due to unbudgeted spending pressures and faster execution of foreign financed capital projects. The foreign exchange market continues to function smoothly, and foreign reserves remain at a comfortable level. Structural reforms are advancing, albeit slowly. The economic outlook is subject to large downside risks, particularly owing to global geopolitical tensions and uncertainty. Exposure to climate risks is significant, primarily through The Gambia's low elevation and reliance on rain-fed agriculture. The authorities have requested Fund support under the Resilience and Sustainability Facility (RSF) to support their ambitious climate agenda, thereby complementing the ECF in strengthening long-term macroeconomic stability and resilience.

Program performance. Program implementation is mixed. All but one quantitative performance criteria (QPCs) and all indicative targets (ITs) for end-December 2024 were met. The QPC on net domestic borrowing (NDB) was missed by about 0.3 percent of GDP due to spending pressures that accumulated during the year. The authorities request a waiver of non-observance of the performance criterion based on the corrective measures they are taking, notably a proposed prior action for the third review to adopt by the cabinet adjusted 2025 budget allocations to compensate for new unfunded spending pressures. Of the seven structural benchmarks (SBs), four were met on schedule and three were missed. The authorities are requesting the two missed SBs on the National Audit Office (NAO) Bill and the Gambia Investment and Export Promotion Agency (GIEPA) Act to be rephased to end-September 2025 to finalize the review by cabinet while the third missed SB on arrears stocktaking to be modified and rephased to end-December 2025 to allow more time for a comprehensive exercise.

Policy discussions under the ECF. The authorities remain committed to 2025 fiscal targets despite additional spending pressures and are taking strong steps to adjust budgeted expenditures to compensate for the payment in 2025 of 2024 unpaid commitments and unbudgeted transfers. The central bank will maintain a tight monetary policy stance to ensure that inflation firmly declines. It will also continue close implementation of the foreign exchange policy introduced in 2023 to prevent a recurrence of forex shortages and any wedge with the parallel market. Structural reforms will be pursued and accelerated, particularly on domestic revenue mobilization, public financial management (PFM), SOE management, governance, and the business environment.

New RSF arrangement. At the authorities' request, staff proposes an 18-month arrangement under the RSF with access of 75 percent of quota (SDR 46.65 million) to support ongoing efforts to strengthen long-term balance-of-payments and macroeconomic stability. Reform measures (RMs) under the RSF center on five pillars: the legal framework and enabling institutional environment, green PFM, climate data and transition taxonomy, enhancing adaptation and resilience, and the energy transition.

Staff's views. Staff supports the completion of the third ECF review and the associated financing assurances review; the authorities' requests for the waivers of non-observance of the end-December 2024 QPC on NDB based on the corrective measures taken by the authorities; the modifications of performance criteria; and a new arrangement under the RSF. Completion of the third review will result in a disbursement of the equivalent of SDR 12.44 million (20 percent of quota), bringing the IMF financial support under the arrangement to SDR 37.31 million (about 59.98 percent of quota).

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

The mission took place in Banjul during April 2-16, 2025, and comprised Ms. Jenkner (head), Mr. Al-Sadiq, Ms. Aoyagi, Mr. Stadler (all AFR), and Messrs. Garcia-Huitron (FAD), Han (SPR), Gitton (resident representative), and Mendy (local economist). Mr. Verhagen from the Global Center for Adaptation (GCA) participated in some meetings. The team held discussions with Minister of Finance and Economic Affairs, Seedy Keita; Minister of Public Service, Administrative Reforms and Policy, Baboucarr Bouy; Minister of Justice, Dawda A. Jallow; 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. Mr. Cham (senior advisor, OEDAE) participated in the meetings. Ms. Bouzouita provided research analysis during the preparation of the mission. Ms. Njie (local office manager) helped with the organization of the mission. Mss. Pilouzoue and Derrouis assisted in the preparation of this report.

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Acronyms

BOP	Balance of Payments
CBG	Central Bank of The Gambia
CPI	Consumer Price Index
CRB	Credit Reference Bureau
DSA	Debt Sustainability Analysis
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
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IT	Indicative Target
ITMS	Integrated Tax Management System
MDAs	Ministries, Departments, and Agencies
MEFP	Memorandum of Economic and Financial Policies
MoFEA	Ministry of Finance and Economic Affairs
NAO	National Audit Office
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
OMVG	The Gambia River Development Organization
QPC	Quantitative Performance Criteria
PFM	Public Financial Management
RAM	Risk Assessment Matrix
RSF	Resilience and Sustainability Facility
SB	Structural Benchmark
SOE	State-Owned Enterprise
STA	Statistics Department
TA	Technical Assistance
VAT	Value-Added Tax

CONTEXT

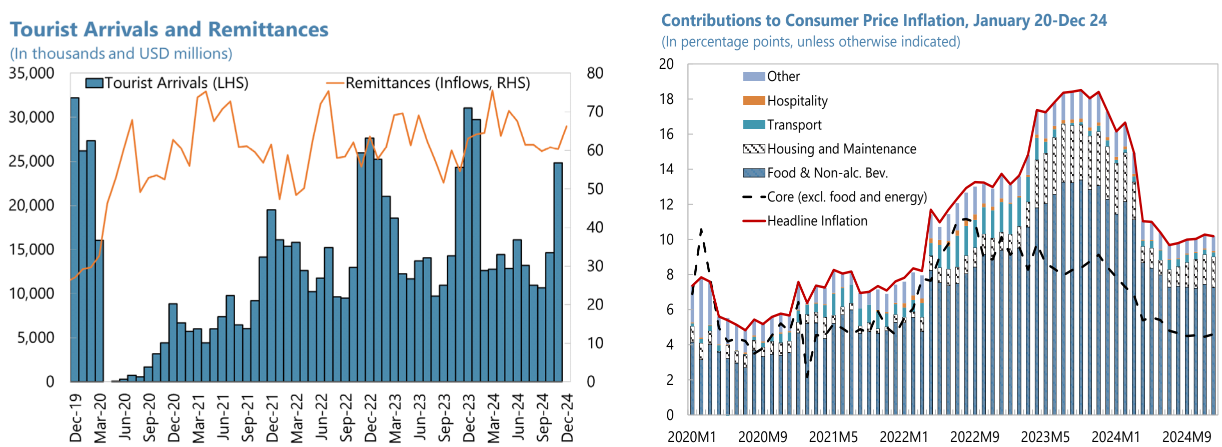
1. The Gambia continues to face many challenges, notably a fragile democratic transition and more frequent and severe climate-related natural disasters. The constitutional reform process, part of broader efforts to enhance governance and democracy in the country, has faced political challenges. Discussion is expected to resume in early summer. Recently, protests erupted following a perceived lack of transparency in the sale of assets belonging to former president Jammeh. The country also remains highly vulnerable to climate-related disruptions, given its low elevation and reliance on rain-fed agriculture.

2. The authorities have requested an RSF to complement the ECF arrangement in strengthening The Gambia's long-term macroeconomic stability and resilience (MEFP ¶3). The RSF would support the authorities' ambitious climate agenda and help address risks associated with longer-term structural challenges posed by climate change. Therefore, it would contribute to The Gambia's prospective balance of payment (BOP) stability. The Gambia has sufficient time remaining under the Extended Credit Facility (ECF) arrangement to implement climate reforms under the RSF, leveraging key diagnostics such as the IMF's Climate-Public Investment Management Assessment (C-PIMA) and the Climate Policy Diagnostic (CPD).

RECENT ECONOMIC DEVELOPMENTS

3. Domestic economic activity remains robust while inflation is slowly coming down (MEFP ¶4 and Text Figure 1). Real GDP is estimated to have expanded by 6 percent in 2024, supported by the construction and tourism sectors. Tourist arrivals continued to recover in 2024, increasing by 3.9 percent relative to 2023. Remittance inflows remained strong. Following a peak of 18.5 percent in September 2023, headline inflation has gradually declined, reaching 10.2 percent (y-o-y) at end-2024 and further falling to 9.1 percent by end-March 2025.

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



Sources: The Gambian authorities and IMF staff calculations. Sources: The Gambian authorities and IMF staff estimates

4. Fiscal performance in 2024 was weaker than anticipated, despite strong revenue collection efforts (MEFP ¶5, Text Table 1, and Tables 2a-b). Revenue collection in 2024 outperformed the government's original targets despite remaining slightly below the projection at the time of the second review. However, current spending exceeded plans as transfers of third-party revenues had not been reflected in the budget and pressures from unbudgeted support to the National Water and Electricity Corporation (NAWEC) and the Organization of Islamic Countries (OIC) summit could not be contained. Foreign-financed capital projects continued at a high pace. As a result, the overall deficit is estimated to have exceeded projections by 1.1 percentage points, reaching 3.8 percent of GDP, and the NDB target was missed. In addition, sizable unpaid commitments were carried over to 2025. At the same time, a large statistical discrepancy emerged, which seems structural and the authorities are in the process of resolving ahead of the fourth review through a thorough analysis of the coverage of fiscal accounts and data sources with the help of IMF Statistics Department (STA) technical assistance (TA). There are multiple dimensions of weaknesses in The Gambia's fiscal accounting, including the use of multiple data sources from different systems rather than relying on a more advanced unified system.

Text Table 1. The Gambia: Fiscal Performance in 2024
(Percent of GDP)

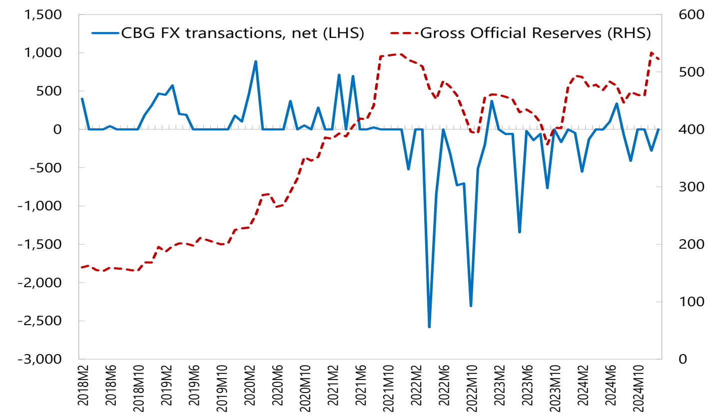
	2024 2nd Review Proj.	2024 Prel.
Revenue	**20.2**	**20.0**
Domestic revenue	13.2	13.2
Taxes	10.3	10.2
Non-tax	2.9	2.9
Grants	7.0	6.8
o/w. Budget support	1.9	1.9
Expenditures	**22.9**	**23.7**
Expenses	13.6	14.1
Net acquisition of nonfinancial assets	9.3	9.6
Foreign financed	7.6	8.1
Gambia local fund	1.7	1.5
Net lending (+)/borrowing (–)	**-2.7**	**-3.8**
Financing	**2.7**	**4.2**
Net incurrence of liabilities	2.7	4.2
Domestic	1.7	2.6
Foreign	1.0	1.7
Statistical discrepancy	0.0	-0.5
Memorandum item		
Domestic primary balance	0.7	0.4

Sources: The Gambian authorities; and IMF staff estimates.

5. The monetary policy stance remains tight. 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 increase since March 2022. The decision to maintain the policy rate despite the moderation in inflation was based on heightened global uncertainties, the presence of short-term commodity price pressures, and the need to sustain the declining inflation trend. This has put the real interest rate in positive territory.

6. The foreign exchange (forex) market is functioning smoothly (MEFP ¶6 and Text Figure 2). The exchange rate vis-à-vis the US dollar depreciated by about 9.7 percent during 2024. The forex policy introduced in 2023 continues to bear fruit. The wedge between the official and parallel exchange rates hovered around 1-2 percent in recent months, compared to a peak of above 10 percent in mid-2022.[1] These developments, combined with the increase of tourist arrivals, private remittances inflows, and high donor support have helped to stabilize the foreign currency supply and to alleviate the severe forex shortages experienced by the country in recent past. Foreign reserves outperformed targets at end-2024. Staff estimates that The Gambia's external position in 2024 is moderately weaker than the level implied by medium-term fundamentals, attributable to an elevated current account deficit and high public expenditures.

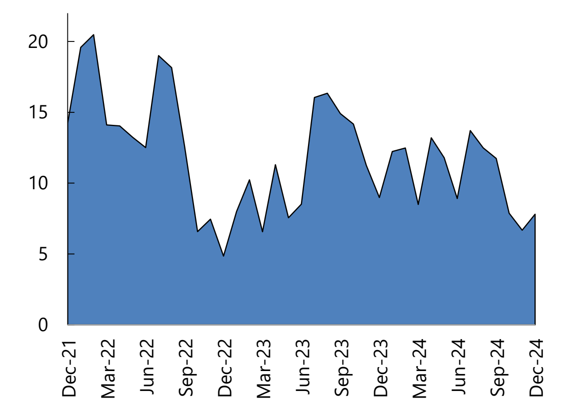
Text Figure 2. The Gambia: Central Bank Net Forex Purchases and Gross Foreign Reserves, 2018-January 2025



Sources: The Gambian authorities and IMF staff estimates.

7. The banking sector remains resilient despite some recent challenges (MEFP ¶7). Banks' capital adequacy and liquidity ratios are well above the regulatory minimum, standing at 28.5 and 76.5 percent, respectively, at end-2024. Banks' non-performing loans (NPLs) increased significantly to 15.8 percent at end-September 2024, from 3 percent at end-2023 due to exposure to one major player in the manufacturing sector. The facility has since been restructured and is back to performance after engagements with the concerned borrower. Consequently, NPLs declined to 14.6 percent by end-December 2024. System-wide provisioning levels were 122 percent at end-2024. Credit to the private sector remained robust at 24 percent (y-o-y) at end-2024. Banks' excess reserves declined to about 7.8 percent of reserve money at end-2024.

Text Figure 3. The Gambia: Excess Liquidity in the Banking System, Dec 2021–Dec 2024
(In percent of reserve money)



Sources: The Gambian Authorities, and IMF Staff calculations

[1] The parallel exchange rate is illegal under The Gambia's law.

PROGRAM PERFORMANCE

8. Program performance has been mixed (MEFP ¶8, Tables 14–15):

- Six out of seven quantitative performance criteria (QPCs) and all four indicative targets (ITs) for end-December 2024 were met. The adjusted ceiling on net domestic borrowing (NDB) was missed by GMD 564 million (0.3 percent of GDP) due to the spending pressures that accumulated during the year described in ¶4.

- Four out of the seven structural benchmarks (SBs) for end-December 2024 were met. The other SBs, with test dates for end-December 2024 and end-March 2025, related to the adoption by cabinet of the National Audit Office (NAO) Bill and the GIEPA Act as well as the completion and publication of a report of the central government's domestic arrears and unsettled commitments at end-2024, were missed. The GIEPA Act and NAO Bill have been finalized and their approval is proposed to be rephased to end-September 2025 to complete review by cabinet. A report on arrears was prepared by end-March but is assessed to be incomplete and the SB is proposed to be modified and rephased to end-December 2025 to allow more time for a comprehensive exercise.

OUTLOOK AND RISKS

9. The medium-term macroeconomic outlook remains broadly in line with the second ECF review (MEFP ¶9). Slightly tempered by the general backdrop of greater global economic uncertainty, real GDP is projected to expand by 5.7 percent in 2025, supported by continuous recovery in the tourism sector and good performance of the agricultural and construction sectors. Over the medium term, growth is expected to stabilize around 5 percent. Inflation is projected to converge towards the CBG's target of 5 percent by 2026, reflecting the impact of tight domestic monetary policy and the expected decline in food and energy prices. The authorities target a fiscal deficit of 0.4 percent of GDP over the medium term, accompanied by a steady decline in public debt.

10. The balance of risks is tilted to the downside (Annex I). Risks of intensification of global geopolitical and trade tensions, commodity price volatility, and a possible global slowdown induced by heightened uncertainty could affect tourist arrivals and remittance inflows and subsequently reduce growth and increase inflationary, exchange rate, and forex pressures. On the domestic front, persistently high prices could lead to socio-political tensions and fiscal pressures, which would be exacerbated by elections scheduled for 2026. More frequent natural disasters and shifts in rainfall patterns could damage infrastructure and livelihoods and adversely affect inflation, growth, and external balances. While the direct impact on The Gambia of changes in US tariffs is estimated to be minor given that exports to the US in 2024 were less than 1 percent of total exports, the compact program with the Millennium Challenge Corporation (MCC) that had been expected for late 2025 is unlikely to materialize.

POLICY DISCUSSIONS

Policy discussions focused on (i) the recent fiscal performance and steps to redesign the 2025 fiscal strategy to take corrective measures and meet agreed targets to reduce debt vulnerabilities; (ii) fostering price stability and a well-functioning forex market; (iii) strengthening financial stability; (iv) advancing structural reforms, including on SOEs and governance, to support strong and inclusive growth; and (v) building resilience to climate change.

A. Strengthening the Fiscal Policy Framework

11. The 2025 fiscal strategy is being re-designed to address slippages and incorporate corrective measures (MEFP ¶11, Text Table 2, Tables 2a and 2b). The authorities are taking a number of significant steps to align 2025 fiscal targets with the agreed program, including addressing new spending pressures from pending 2024 spending commitments, providing additional support to NAWEC, and accounting for transfers of earmarked revenue not previously included in the budget. The overall fiscal deficit projection was revised down by 0.4 percent of GDP given the recent receipt of the 2023 CBG dividend (¶9) and slightly lower expected foreign capital spending after last year's acceleration. As a prior action for completing the review, the cabinet will approve expenditure reductions to compensate for new unfunded spending pressures: namely the carry-over of 2024 unpaid commitments and unbudgeted transfers of earmarked revenues (**prior action**; Text Table 4). To further correct for the slippages, the authorities will develop a strategy to institutionalize the arrear reporting and clearing framework and adopt measures to address the shortcomings that led to the accumulation of unpaid commitment (**modified SB for end-June 2025**; ¶16). Following the expiration of external debt service deferrals and ensuing negative external net financing flows, domestic T-bill placements are expected to continue playing an important role in financing the deficit.

Text Table 2. The Gambia: Fiscal Estimates for 2025

(Percent of GDP)

	2025 2nd Review Proj.	2025 Proj.
Revenue	**22.7**	**23.7**
Domestic revenue	14.7	15.1
Taxes	10.7	10.7
Non-tax	4.0	4.3
Grants	7.9	8.6
o/w. Budget support	1.2	1.9
Expenditures	**24.0**	**24.6**
Expenses	14.8	15.7
Net acquisition of nonfinancial assets	9.2	8.9
Foreign financed	7.7	7.6
Gambia local fund	1.5	1.3
Net lending (+)/borrowing (–)	**-1.3**	**-0.9**
Financing	**1.3**	**0.9**
Net incurrence of liabilities	1.3	0.9
Domestic	2.3	2.0
Foreign	-1.0	-1.1
Statistical discrepancy	0.0	0.0
Memorandum item		
Domestic primary balance	1.4	1.0

Sources: The Gambian authorities; and IMF staff estimates.

- **On the revenue side**, domestic revenue is on track to increase significantly, based on higher tax and non-tax revenue collection:
    - The authorities will continue to take advantage of falling oil prices to keep petrol and diesel prices above full passthrough levels in 2025.
    - Tax policy measures implemented with the 2025 budget and some administrative reforms such as revenue assurance system for mobile network operators and fuel marking will

further bolster revenue collection and support an increase in tax revenue by 0.4 percent of GDP (Text Table 3).

- Non-tax revenue will be boosted significantly by the next tranche of the Africa50's asset recycling program (amounting to 1.8 percent of GDP) and the introduction of social security contributions while the authorities are taking measures to fulfill all triggers in budget support programs of development partners to ensure timely disbursements and compensate for the 2024 shortfall.

Text Table 3. The Gambia: Projected Yield from Selected Revenue Measures in 2025
(Percent of GDP)

Tax Measures	
Expansion of PIT base through wage increa:	0.1
Export levy on scrap metal	0.1
Other tax policy measures[1]	0.1
Impact of administrative improvements[2]	0.1
Non-tax Measures	
Introduction of social security contribution	0.2
Africa 50	1.8

[1] Other tax policy measures include levies on tobacco products and pool betting and excise on alcohol and cigarettes

[2] Key administrative measures are described in paragraph 13 and paragraph 15.

Sources: The Gambian authorities, and IMF staff calculations.

- **On the spending side**, cabinet will approve adjustments to 2025 budgeted expenditures to compensate for the unfunded spending pressures (Text Table 4):
  - To accommodate MDA's 2024 unpaid commitments of about GMD 660 million (0.3 percent of GDP) carried over to 2025, the authorities will adjust their 2025 budget allocations for the same amounts and in the same expenditure categories, principally by tightly controlling spending on goods and services and transfers.

Text Table 4. The Gambia: Expenditure Pressures and Spending Adjustments in 2025
(Percent of GDP)

	Total	Wages and Salaries	Goods and Services	Domestic Capital	Transfers	Net Lending
Unfunded Expenditure Pressures	**1.1**					
MDA's 2024 unpaid commitments	0.3	0.0	0.2	0.0	0.1	-
Unbudgeted transfers	0.8	-	-	-	0.8	-
Emergency Transfer to NAWEC	**0.7**				0.7	
Non-priority spending cuts	**1.1**	-	0.3	0.7	0.1	0.1
Additional WB budget support	**0.7**					

Sources: The Gambian authorities, and IMF staff calculations.

  - To make room for expected budgetary transfers linked to earmarked revenues of about GMD 1.6 billion (0.8 percent of GDP), the authorities will create additional savings by reducing capital expenditures and transfers to public entities. In particular, planned investments in roads and procurement of vehicles for a total of about 0.7 percent of GDP will be postponed to the 2026 budget. In addition, general office operating expenses will be streamlined and planned equity participations and capital contributions to multilateral institutions will be postponed. Poverty-reducing spending, including the envisaged increase in coverage of the Family Strengthening Program, will be protected.
  - An emergency transfer to help NAWEC meet arrears payments to Karpower amounting to about GMD 1.4 billion (0.7 percent of GDP) in May will be financed through budget support from the World Bank and hence deficit-neutral, albeit requiring temporary bridge financing from the CBG to the government in full accordance with the CBG Act until the expected disbursement of additional budget support by year-end.

12. Contingency planning is essential in a world more prone to shocks. Preserving the fiscal adjustment path in the event of unanticipated pressures will require proactive planning. To create much-needed fiscal buffers, the authorities plan to save any revenue overperformance that accrues over the year. Should additional pressures materialize, they will seek to delay non-priority spending, while preserving priority social outlays. The phase-out of Karpower as an electricity supplier to NAWEC, along with efforts to reduce losses and strengthen efficiency, is expected to significantly improve NAWEC's financial outlook and reduce risks to the budget (¶17).

13. Strong revenue measures will support the authorities' medium-term fiscal consolidation strategy (MEFP ¶12). The framework aims at improving the primary balance, increasing revenue mobilization, and addressing large social and developmental needs. To this end, the authorities will further support domestic revenue mobilization through the adoption of the Domestic Revenue Mobilization Strategy (**SB for end-June 2025**) and the revised GIEPA Act by cabinet (**SB for end-December 2024, proposed to be rephased to end-September 2025**). To further expand the tax base and enhance rental tax collection, the authorities are developing a database of rental property **(SB for end-June 2025)**. The authorities have also developed a tax expenditure policy to guide the administration, monitoring and transparent reporting of tax expenditure across MDAs, on which basis they will submit to the cabinet a tax expenditure statement (**SB for end-December 2025**), which will be later sent to the National Assembly. Considering the large VAT policy and compliance gap, the authorities will undertake a thorough review of the VAT with a view to modernizing its design and operation and improving its revenue productivity (**proposed new SB for end-June 2026**).

14. Enhanced public financial management (PFM) will be critical to reinforce fiscal discipline (MEFP ¶13). To complement the measures targeting domestic arrears, the authorities are implementing several reforms to strengthen budget procedures and accountability, enhance the efficiency of public spending, and reinforce governance and transparency in public sector institutions and processes. Reforms will aim to:

- Update and modernize the PFM Act in line with agreed IMF's TA recommendations **(SB for ed-December 2025)** which, among others, will provide an opportunity to improve budget credibility and enhance the budget process by institutionalizing the elaboration of fiscal risk assessments, providing clear rules around virements and public investment management, including climate resilience criteria.

- Ensure that domestic arrears reporting is comprehensive. It will be aligned with the IMF's forthcoming TA recommendations and include both the participation of the NAO and MoFEA's Internal Audit (**SB for end-March 2025, proposed to be modified and rephased to end-December 2025**). Also, based on the ongoing TA, the authorities will develop a timebound strategy to institutionalize the arrears reporting and clearing framework and adopt measures to address the shortcomings in the PFM systems that led to the accumulation of pending bills and other arrears. The strategy will include, among others, a clear definition of expenditure arrears, an arrears reporting framework, criteria for clearing validated arrears, and potential consequences for public officers that fail to report arrears (**modified SB for end-June 2025**).

Once this strategy is in place, the authorities will start implementing the recommendations, potentially supported by additional TA. Finally, after the rephased arrears stocktaking is completed in December, an arrears clearance strategy will be published, which will include provisions about how to manage arrears clearance starting with the 2027 budget **(proposed new SB for end-March 2026)**.

- Improve the expenditure administration and align spending with available resources. All MDAs will be required to present quarterly updates to their cash plans through Integrated Financial Management Information System (IFMIS) and implement a 'maximum deviation' rule, subject to spending pressures emanating from essential expenditure (**SB for end-December 2025**), which should contribute to align cash availability with needs. Moreover, the use of IFMIS will be extended to four multilateral-donor projects and to all government-fund projects implemented after January 1, 2025 (**SB for end-September 2025**) to strengthen the management of investment projects.

- Ensure budget planning is aligned with best practices and avoid misclassification errors. The authorities will ensure that the Chart of Accounts is entirely aligned with GFS 2014, while developing the Chart of Accounts manual and publish the Chart of Accounts and its manual on MoFEA's website (**SB for end-September 2025**). In addition, they will initiate timely preparation of a fully costed 2026 budget envelope that includes all transfers linked to earmarked revenues.

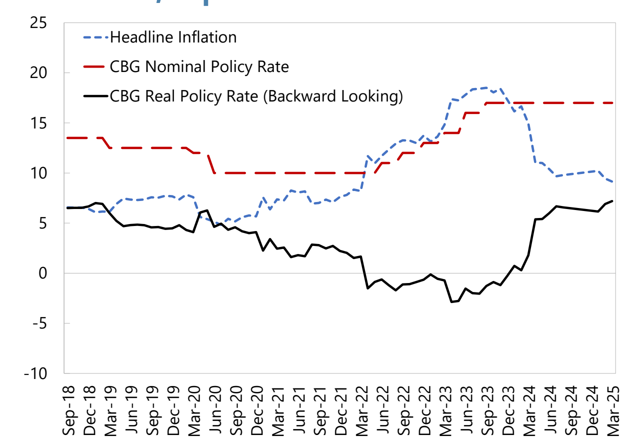
15. The authorities are stepping up their efforts to improve oversight and performance of SOEs (MEFP ¶14). As of April 2025, the authorities have signed eight performance contracts and recently completed the negotiation of a new performance contract with NAWEC, which includes ambitious key performance indicators (KPI) along multiple dimensions. This has improved the financial performance of most SOEs, which will help reduce their reliance on budget subsidies. Moreover, the authorities are planning to assign a high relative weight to a KPI in performance contracts with SOEs that have not published audited financial accounts do so. NAWEC's financial sustainability has been weakened by a combination of high generation costs, high losses, and tariffs set below cost-recovery levels. To improve its financial footing, NAWEC's Board recently announced that the contract with Karpower will not be extended, and its production capacity will be substituted by increased domestic generation and higher imports, thereby reducing the cost of electricity and the need for budgetary tariff compensation. Additionally, NAWEC will hire a private company to operate its thermal plants to increase efficiency in its operations, and has started to reduce transmission and distribution losses in line with its performance contract. Following the recent approval by the cabinet, the partial or full privatization of GAMCEL is expected to be completed by end-March 2026 (**SB for end-March 2026**).

16. The Gambia's public debt is deemed sustainable over the medium term, but risks of external and overall debt distress remain high (MEFP ¶15, DSA Tables 1–4). While heightened domestic debt vulnerabilities contribute to a breach of the PV of total public debt, the DSA update shows that the PV of total public debt is projected to decline below its benchmark of 55 percent of GDP in 2026, and the debt reduction path remains broadly in line with previous projections. Also, the external debt service-to-revenue ratio breaches its threshold over the medium term, underscoring heightened external debt liquidity. 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, closely monitor and strictly adhere to the agreed limits on external borrowing, and carefully mitigate potential fiscal risks and contingent liabilities stemming from SOE and PPPs. Strong external buffers are needed to meet debt service payments after the expiration of debt service deferrals in 2024.

B. Fostering Price Stability and a Well-Functioning Forex Market

17. The current monetary policy stance is appropriately tight and should be maintained (MEFP ¶16). The CBG has appropriately maintained its tight policy stance despite the recent moderation of headline inflation to single digits, given the global uncertainty and potential risks to domestic inflation. The CBG is encouraged to keep its tight policy to counter persistent inflation, based on a data-dependent decision-making process, and incorporate forward-looking analysis to bring inflation back down to the CBG's medium-term target of 5 percent. Remaining 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.

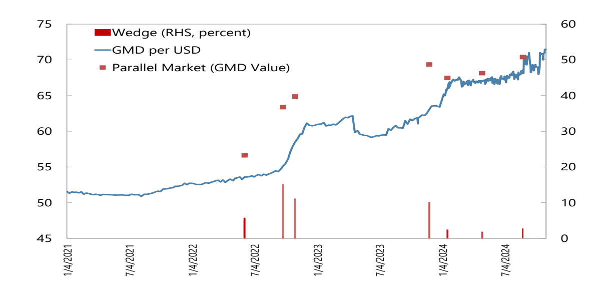
Text Figure 4. The Gambia: Inflation and Policy Rates, September 2018–March 2025



Sources: The Gambian authorities, and IMF staff calculations.

18. Staff welcomes the CBG's commitment to pursuing an exchange rate that fully reflects market forces (MEFP ¶17). Staff encourages the CBG to continue implementing the forex policy introduced in 2023 to prevent a reoccurrence of shortages and wedges with the parallel market. It is critical to finalize and approve the forex intervention policy by June 2025 and limit forex market interventions to only alleviating excess market volatility and addressing disorderly market conditions resulting from temporary shocks. The Gambia's use of a two-day lagged official exchange rate and simple average formula gives rise to a multiple currency practice (MCP)

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).

that pre-dates the current ECF arrangement.[2] The CBG is expected to eliminate this practice in the near future by finalizing a new electronic FX data collection system.[3]

C. Strengthening Financial Stability

19. The CBG remains vigilant to vulnerabilities in the financial system while advancing regulatory and supervisory reforms (MEFP ¶18). While the financial system remains resilient, staff welcomes the CBG's efforts to resolve the recent increase in banks' NPLs including by putting the affected banks under enhanced supervision. Going forward, the CBG should focus on measures to further enhance the resilience of the banking sector, including by strengthening the application of risk-based supervision through capacity building, close monitoring of concentration risks, early intervention as necessary, and establishment of a robust credit reference bureau by end-2025. The sector's significant direct sovereign exposure also creates a vulnerability. The adoption of the Basel Capital Frameworks to improve the assessment of capital requirement for banks, with the initial focus on the implementation of Pillar 1 of Basel II will support the CBG's efforts. 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-December 2025 (**SB for end-December 2025**) and by another GMD100 million each year thereafter to reach a total level of capital of GMD500 million by end-2027.

20. The authorities are committed to preserving the strength of the CBG's financial position (MEFP ¶19). Staff welcomes the CBG's efforts to cease to provide financial support to public entities. To this end, the CBG Board will approve amendments to the CBG Act in line with the IMF safeguards recommendations, followed by cabinet approval and submission to the National Assembly. All existing loans extended by the CBG to general government entities are guaranteed by the central government. The CBG will provide lending to government entities only for cash flow purposes, at market terms, and not beyond 10 percent of the previous year's tax revenue as per law.

D. Advancing Governance Reforms and Supporting Inclusive Growth

21. The authorities are taking steps to strengthen governance and anti-corruption frameworks (MEFP ¶20). Staff commends the authorities' publication of a plan to implement the recommendations from the recent governance diagnostic. To further enhance governance and anti-corruption frameworks, the authorities will submit to the National Assembly a shortlist of anti-corruption commissioners that were selected through a transparent and merit-based process led by a vetting committee comprising representatives of the Personnel Management Office, the Gambia

[2] As a result, the official exchange rate is not derived from transactions representative of the forex market, and it is the official action that gives a rise to MCP. To be representative of the forex market, it requires the official exchange rate to be calculated as a weighted average of all transactions in the business day immediately preceding the day the official exchange rate is to be used, under the MCP policy (IMF 2023, paragraph 8). Since January 2024, an impermissible spread was observed only on September 2, 2024.

[3] The electronic FX data collection system will allow the authorities to calculate official exchange rates in a timelier manner. In addition, it allows the authorities to collect more granular/transaction level data such as the transaction exchange rate and daily high and low exchange rates.

Bar, the Financial Intelligence Unit, the Chamber of Commerce and Industry, and the Civil Society Organizations, as specified in the Anti-Corruption Act (**proposed new SB for end-June 2025**). A revised draft law on AML/CFT has been submitted to the cabinet to align with the international AML/CFT standards as set up by the Financial Action Task Force. The authorities remain committed to implementing further areas of reforms identified by the governance diagnostic report, including improved public service delivery via digitalization and enhanced transparency and access to information. Contingent on external support, the Ministry of Justice will compile and publish the Laws of The Gambia in hard copy and online formats through end-2024 by end-2025, and Law Reports to follow by 2026. Other key identified governance weaknesses to address include the lack of merit-based recruitment and promotion, regulations which are not always up to date with legislation, the need to strengthen anti-corruption legal frameworks, and a vulnerable judicial system.

22. Steadfast implementation of structural reforms remains key to improving the business environment and fostering private investment (MEFP ¶22). High debt vulnerabilities and limited fiscal space underscore the critical role of the private sector in addressing development challenges and creating opportunities for The Gambia's young population. To foster business creation and formal sector employment, the authorities will set up a digital platform for business registration (**SB for end-June 2025**) and the cabinet will adopt a land policy which will facilitate and secure access to land and finance (**SB for end-September 2025**). The credit refence bureau that is being established should enhance access to finance. In line with the National Financial Inclusion Strategy, the authorities aim 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.

E. Building Resilience to Climate Change

23. The Gambia is a fossil fuel-based economy highly vulnerable to climate-related natural disasters and the gradual impact of climate change, which poses significant risks to its economy and BOP (Annex III and 2023 Selected Issues Paper). The Gambia completely relies on fossil fuel imports for domestic consumption (12.5 percent of GDP in 2024) and imports about 75 percent of its electricity from Senegal. The country faces increasing threats from climate-related events such as droughts and floods, with both their severity and frequency expected to escalate due to climate change. For instance, a 2022 drought is estimated to have cost around 3.8 percent of GDP while food imports increased to compensate for lost output. Key sectors, including agriculture, tourism, and fishing are particularly vulnerable, jeopardizing the livelihoods of many Gambians, particularly women due to their heavy reliance on agriculture, and the long-term macroeconomic stability of The Gambian economy.

24. Due to its low elevation, The Gambia ranks among the top ten countries most exposed to sea level rise globally. Rising sea levels exacerbate the salinization of the Gambia River, which negatively impacts agricultural productivity, increases food insecurity, intensifies deforestation, and threatens water security. As climate change progresses, water stress is anticipated to worsen, driven by droughts and competing demands for water resources. These climate risks carry severe macroeconomic implications, threatening stability through multiple channels, including decreased productivity and economic growth, increased reliance on food imports, and heightened budgetary pressures in response to natural disasters.

25. Building resilience across sectors is a key priority for The Gambian authorities. With support from development partners, the authorities have made important progress in the creation of intersectoral climate change governing bodies, improved disaster risk management, and financing and strengthening of the social safety net. With support from Africa Risk Capacity, the government is currently piloting an index-based insurance scheme covering three thousand small farmers. On energy transition, although significant challenges prevail in the power sector, progress has been made on incorporating renewable energy. The Gambia is part of the Gambia River Development Organization (OMVG) regional energy project which is supplying electricity from a dam upriver, and a 23MW solar plant in Jambur is already operational. New solar capacity of 50MW and dual fuel capacity of 30MW is expected to be contracted by late 2026. The government is also working to operationalize a monitoring, reporting and verification system to better monitor emissions and better evaluate emission reduction and conservation programs in the forestry and waste sectors.

26. Despite progress, adaptation and mitigation needs are far greater than available resources. The 2021 Nationally Determined Contribution (NDC) estimates that US$316 million is required to fulfill the country's mitigation and adaptation objectives. TA from the IMF through a CPD and C-PIMA has shown several key areas in which more progress needs to be made, including by effectively incorporating climate change-related aspects into the project selection and appraisal process, reducing dependency on fossil fuels, improving coastal resilience, promoting sustainable water consumption, increasing the portfolio of instruments available to vulnerable farmers, and improving waste management.

27. The RSF arrangement aims to support the authorities' efforts to build climate and macroeconomic resilience while reducing prospective balance of payments risks (Annex IV, MEFP ¶24-28). To address key challenges, staff's proposed reforms measures (RMs) evolve around the following five main pillars (Table 17). These proposed RMs take due account of capacity constraints, fiscal space limitations, financing challenges, political economy considerations, and are strongly supported by TA from the IMF and other development partners to address capacity development needs. To ensure that authorities receive appropriate support to implement RSF RMs, Staff has worked with authorities on a detailed calendar to ensure timely TA support. Moreover, the most technically challenging reform measures have been backloaded while TA will be provided early on (such as on electricity tariff reform).

- **Pillar 1. Legal framework and enabling institutional environment**. The Gambia has made progress in establishing institutional bodies with mandates to incorporate climate change into policy design and implementation processes considering its intersectoral nature. These include the Inter-Ministerial Climate Change Committee, the Climate Change Secretariat, and the National Climate Change Council. Nonetheless, overlapping mandates and an unclear framework for data sharing hinders the consistent implementation of climate policies. Therefore, reform measure 1 (**RM1**) aims to update the existing legislative framework that governs climate change which dates back to 1994 by drafting the Climate Change Bill and ensuring cabinet adoption. The new Bill will enshrine the authorities' efforts in developing climate strategies and policies by making them binding and provide guidance on how often they should be updated based on changing priorities. Since the implementation of such strategies will require financing, climate finance will be one of the key pillars of the Bill. Additionally, the Bill will include provisions for data collection and sharing; establish linkages between the Climate Change Act and the National Disaster Act, among other climate-relevant acts and regulations; and define mechanisms for effective reporting, monitoring, and evaluation. Better informed and coordinated policy decisions will maximize the impact of climate policies, including other RMs, on reducing prospective BOP risks, by (i) supporting better informed and coordinated policy decisions; (ii) improving management of climate policies; and (iii) reducing budgetary costs and red tape, including by avoiding duplications of roles and providing regulatory certainty.

- **Pillar 2. Green PFM**. The second pillar aims to improve fiscal and external sustainability through multiple channels. By improving preparedness, RMs will reduce fiscal costs and the need for external financing when climate risks materialize. It would also reduce import demand for reconstruction and facilitate a quicker recovery of growth and net exports. The Gambia's PFM framework is yet to incorporate climate criteria into fiscal planning. Therefore, reform measure 2 (**RM2**) aims to develop a methodology for identifying fiscal risks associated with natural disasters, with plans to publish it and its applications beginning with the 2027 Medium-Term Economic and Fiscal Framework to be prepared by June 2026. This will help enhance the credibility of the authorities' budget process by identifying the transmission channels through which natural disasters impact key macro-fiscal variables such as GDP, revenues and expenditures. Reform measure 3 (**RM3**) aims to incorporate climate mitigation and adaptation criteria in the project appraisal and selection processes. These criteria will apply to all projects funded by the national budget and donors. Additionally, the authorities committed to including climate provisions in the ongoing review of the PPP Bill.

- **Pillar 3. Climate data and transition taxonomy**. To better understand how climate risk trickles down into the financial sector, reform measure 4 (**RM4**) seeks to enhance the climate information architecture by having the CBG adopt: i) a transition taxonomy to properly identify and measure climate-related financial sector risks and opportunities; and ii) a climate data repository, which will be made available to the public, including climate-related risk and opportunities information and taxonomy-aligned data along with a collection and dissemination mechanism. The CBG will also issue supervisory guidelines for the banking sector based on the adopted taxonomy to incorporate climate-related risks to their risk management frameworks which should be regularly shared with the CBG, along with timelines for the adoption of guidelines. Ultimately, this would reduce the recapitalization needs of banks in the face of climate change and provide certainty to investors by clarifying climate-related exposure of different portfolios, thereby supporting the BOP. Additionally, the authorities have committed to addressing the gap between available and required resources, and the Ministry of Finance will develop a climate finance strategy aimed at attracting climate-related capital. This strategy will provide an overview of existing climate finance flows into The Gambia, encompassing both international and domestic and public and private sources. The strategy will analyze thoroughly existing instruments and assess their feasibility in the context of The Gambia, including necessary steps to relax existing constraints and to ensure their effective utilization.

- **Pillar 4. Climate adaptation**. Given The Gambia's development level and vulnerability to climate change both in the short and long term, reforms under the adaptation pillar aim to bolster BOP and fiscal resilience to shocks and economic growth by channeling investment to zones that are less climate-exposed, by increasing agricultural productivity (potentially leading to higher agricultural exports), and by reducing food imports, including aftershocks. The RSF will support climate resilience across several dimensions:
    - Considering the size of the agriculture sector in terms of GDP and employment, its current and expected increase in its vulnerability to climate change, the uncertainty it causes on household's income streams and in their investment incentives, and the absence of risk transfer instruments to protect households from climate-related shocks, reform measure 5 (**RM5**) aims at adopting necessary insurance regulations to encourage private sector participation. Such regulations should include a framework that facilitates the development of promising instruments, such as index-based insurance schemes, particularly targeting the agricultural sector and contemplate the possibility of partnerships with development partners to subsidize premium payments.
    - Considering that most of The Gambia's population lives and economic activity centers around the coast and the River Gambia, reform measure 6 (**RM6**) aims to strengthen resilience against key macro critical risks which are already affecting the economy and are expected to worsen over time: coastal erosion and sea level rise. Therefore, RM6 aims for relevant stakeholders to update zoning regulations to ensure that they appropriately consider risks from coastal erosion and sea level rise by considering appropriate adaptation options given the existing and prospective risks, including the creation of setback and no development zones, in line with international good practices. To do so, the authorities will build on existing vulnerability assessments for different coastal zones, carefully considering trade-offs and issues such as mangrove conservation, tourism development and regulation of activities such as sand mining.
    - Changes in the water cycle significantly impact the agricultural sector which is the backbone of the Gambian economy, accounting for a significant share of employment and exports. Currently, about 80 percent of agriculture is rain-fed. Nonetheless, if well managed, groundwater resources can improve productivity and serve as a buffer in times of water stress, decreasing the economic impact of droughts. Reform measure 7 (**RM7**) aims to ensure an adequate and sustainable use of water resources amidst increasingly competing uses and climate-related events, by better controlling access to groundwater resources, regulating groundwater abstraction and impoundment through specific licensing procedures.
- **Pillar 5. Energy transition**. Although The Gambia contributes less than 0.01 percent of global emissions, there are energy transition opportunities aligned with The Gambia's development agenda that will also positively impact fiscal sustainability and help to address BOP imbalances

and challenges such as foreign exchange shortages by reducing the dependence on imported fuels.

- Reform measure 8 (**RM8**) seeks to align the existing fuel excises with the carbon content of each fuel and increase the excise tax by at least US$5 per tonne of CO_2. Preliminary estimates suggest this reform would generate 0.1 percent of GDP in additional revenue. Additionally, it is expected to reduce the relative consumption of more polluting fuels, leading to decreased externalities such as air pollution and health costs, while modestly increasing fiscal revenues. Additionally, to protect fiscal revenues in real terms, the new carbon-based excise will be indexed to inflation. Over the medium term, and in conjunction with other measures, this will help shift incentives away from fuel imports, increase incentives for adopting renewable energy at small scale, and positively impact the trade balance.
- Reform measure 9 (**RM9**) aims to enhance the price signals received by electricity consumers, promote more efficient consumption and alleviate the fiscal burden that the public utility NAWEC currently represents. Preliminary estimates suggest that based on the current mix of electricity supply a 35 percent increase in the tariff would be necessary to achieve cost-recovery, although the required increase could be lower considering that Karpower's contract will not be extended. The financial situation in the electric sector led to emergency funding amounting to 0.8 percent of GDP in 2024 to avoid independent power producers from halting electricity supply into the country. The plan for the gradual revision of tariffs will consider a politically feasible path to ensure cost recovery, considering positive developments in the energy sector, including the expected entry into operation of donor-funded renewable generation projects and hydroelectricity production upriver that would displace expensive, fossil fuel-based electricity generation. Additionally, considering that The Gambia imports around 75 percent of the electricity it consumes, a higher electricity price would incentivize renewable energy adoption at small scale and investments in energy efficiency in the medium term, thereby improving the BOP.
- Both reform measures will leverage on the recent achievement of universal coverage in the social registry to identify vulnerable populations affected by price increases and on advancements in digital payments to effectively deliver support. They will be supported by technical assistance to assess the distributional impact across income categories and by the government's commitment to allocate additional budget resources to compensate households through key social programs, including the Nafa cash transfer program or the Family Strengthening Program.

PROGRAM MODALITIES

28. ECF modalities:

- **Prior action**. The third review includes a prior action on the adoption by cabinet of adjusted 2025 budget allocations to offset new unfunded spending pressures to help achieve the fiscal consolidation envisaged under the ECF arrangement.

- **Waiver request**. The authorities request, and staff supports, waivers for the nonobservance of the end-December 2024 QPC on the NDB on the basis of the corrective measures including policy actions to address spending pressures in 2025 (¶13), modify budget allocations (PA), improve arrears reporting and prevent arrears build-up (¶16), address NAWEC's financing needs (¶17), and efforts to reconcile monetary and fiscal accounts. Staff assesses that despite the nonobservance of the QPC, the program goals remain achievable under prudent fiscal management.

- **Program conditionality**. The authorities and staff reached an understanding to propose updated ECF arrangement conditionality as follows (Tables 14–16).

Quantitative Performance and Indicative Targets:

  - End-June and end-December 2025 QPCs on net domestic borrowing and the domestic primary balance and the end-December QPC floor on net international reserves have been adjusted to reflect the late receipt of the 2023 CBG dividend, temporary financing for NAWEC, and the expected disbursement under the RSF.
  - End-March and end-June 2026 QPCs and ITs have been set for the sixth ECF arrangement review.

Structural Benchmarks:

  - **Modified and postponed**. The SBs on the GIEPA Act and NAO Bill are proposed to be postponed from end-December 2024 to end-September 2025 to complete the review by cabinet. The SB on arrears stocktaking is proposed to be modified and postponed from end-March 2025 to end-December 2025 to allow for a comprehensive exercise aligned with the IMF's forthcoming TA recommendations and including both the participation of the NAO and MoFEA's Internal Audit. Also, the SB on developing a timebound strategy to institutionalize the arrears reporting and clearing framework is proposed to be modified to ensure that arrears reporting is properly institutionalized and to allow a proper auditing of arrears before developing the arrears clearance strategy.
  - **New**. Three new SBs will guide reforms under the ECF program. One SB was added for the *fourth review*, on submitting to the National Assembly a shortlist of candidates for the positions of Anti-Corruption Commissioners by end-June 2025; one SB for the *fifth review* on the publication of a payment schedule for arrears identified in the NAO and Internal Audit's report by end-March 2026, and one SB for the *six review* on undertaking a thorough review of VAT with a view to modernizing its design and operation and improving its revenue productivity by end-June 2026.

29. RSF Modalities:

- **Eligibility**. The Gambia meets the RSF eligibility based on its per capita GNI, as part of Group A for the purpose of interest charges.

- **Proposed access**. Staff proposes access at 75 percent of quota (SDR 46.65 million) (Table 13). This is determined based on staff's assessment that: (i) the proposed package is ambitious in light of the country's starting position and implementation capacity, and (ii) the country authorities have shown strong commitment to implementing a successful RSF.

- **Duration and Phasing**. The duration of the proposed RSF is aligned with the remainder duration of the ECF arrangement and the expectation is that reforms will be deepened beyond the program. RSF disbursements will be used as budget support and substitute more expensive financing, creating policy space for supporting climate-related investments and reforms to enhance longer-term macro-economic resilience to natural disaster shocks. Disbursements will be equally split among the nine RMs expected to be completed over three reviews (Table 13).

30. Program monitoring. Program performance for both the ECF and RSF will be monitored on a semi-annual basis through QPCs, ITs, SBs (Tables 14–16), and reform measures (Tables 17–18).

31. Program risks and mitigation measures. Risks of intensification of regional conflicts and global commodity price volatility could put pressure on the exchange rate and forex, undermine the government's fiscal strategy, and compromise debt sustainability. A potential global slowdown and disruption in trade may hinder tourist arrivals and export receipts. Domestically, limited capacity, high costs of living and the upcoming election in 2026 may constrain reform implementation and introduce resistance to further fiscal consolidation. To mitigate these risks, staff advise bolstering domestic revenue mobilization, embracing spending restraint while targeting resources to the most vulnerable, and strengthening internal and external policy buffers.

32. Capacity to repay. The Gambia's capacity to repay the Fund remains adequate despite high risks (Table 11). With the proposed RSF access, The Gambia's outstanding credit to the IMF would peak at 7.8 percent GDP in 2026. Annual debt service to the Fund would increase from 2025-2030 from 2.1 to 5.6 percent of revenue and from 11.3 to 30.3 percent of debt service. Most Fund exposure metrics are significantly higher than the PRGT comparator group with total debt service to the Fund as percent of revenue above the 75th percentile while total Fund credit outstanding as a percent of gross international reserves would peak at 42.4 percent in 2026 (Figure 6). These risks are mitigated by The Gambia's good track record of timely repayment of Fund obligations; the authorities' commitment to reforms as demonstrated by the strong record of revenue mobilization under the current ECF arrangement and the prior action for this review on reducing expenditures to compensate for unfunded spending; continued donor support and a comfortable level of reserves.

33. Burden sharing and financing assurances. The ECF program is fully financed with firm commitments for the next 12 months and good prospects for the remainder of the program period based on information received from the authorities and development partners (Table 7). The disbursement of SDR 12.44 million following the completion of the third ECF program review will help fill the BOP financing gap, which is in part linked to budget execution; thus, SDR 4.98 million will be on-lent for budget support.

34. External arrears. 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, a virtual meeting was held in August 2024 to discuss the resumption of negotiations for paying the outstanding debt by the Gambian authorities.[4]

35. Safeguards. Progress in implementing the 2024 safeguards assessment recommendations has been slow. This includes areas such as strengthen the CBG's autonomy, governance arrangements and addressing capacity challenges. Legal reforms introduced in 2018 did not address all vulnerabilities previously identified. The CBG has ceased quasi-fiscal activities (an IT under the program) and is winding down legacy ones. Moreover, the authorities have requested Fund TA to assist in drafting amendments to the CBG Act in line with safeguards assessment recommendations, including the provision regarding dividend transfers to the government. Staff continues to engage with the authorities.

36. Capacity development and collaboration with other partners (MEFP ¶29-30). TA from the IMF will continue supporting the ECF program objectives. This mainly pertains to revenue administration, tax policy, spending efficiency, public financial management, macroeconomic statistics production and dissemination, forex and monetary policy operations, financial supervision, oversight of SOEs, and governance. With respect to the RSF, IMF TA will help better integrate climate adaptation and mitigation criteria in the project appraisal guidelines and template and identify the transmission channels through which natural disasters affect key macroeconomic variables. Capacity building would also be provided to help achieve the reform measure on climate data, transition taxonomy and bank supervision, as well as the reforms of insurance regulations, carbon tax and energy pricing. Fund staff will coordinate closely with the World Bank throughout the RSF implementation across all areas, especially in the areas of an enabling institutional environment and coastal resilience. Staff have tapped expertise from the Global Center on Adaptation (GCA) in selected areas such as climate data, green taxonomy and water. Other development partners such as the French Development Agency (AFD) also stand ready to support the reform agenda under the RSF.

STAFF APPRAISAL

37. Economic growth remains resilient, and inflation has started to decline. Growth is supported by good performance of the construction and tourism sectors, while inflation is projected to decline gradually and the forex market continues to function smoothly, supported by the forex policy introduced in 2023. However, the outlook is subject to large downside risks stemming from global geopolitical developments.

[4] 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.

38. Program performance under the ECF arrangement is mixed, reflecting fiscal slippages and slow progress on structural reforms. Six out of seven QPCs and all ITs for end-December were met. The QPC on NDB was missed due to the spending pressures that accumulated during the year. Four out of seven SBs were met: the SBs on the GIEPA Act and the NAO Bill are proposed to be postponed to end-September 2025 while the SB on arrears stocktaking is proposed to be modified and rescheduled for end-December 2025. Staff advised the authorities to move ahead promptly with the critical reform agenda and welcomed their request for technical assistance to improve fiscal reporting as soon as possible, and well ahead of the next review.

39. Given The Gambia's debt vulnerabilities and heightened uncertainties, staff welcomes the authorities' commitment to 2025 fiscal targets. The authorities are planning to compensate for the carry-over of 2024 spending commitments and unbudgeted transfers by restraining non-priority budgetary spending. This will help keep fiscal consolidation on track. It will be important to further strengthen revenue collection to build additional fiscal buffers. To further reduce debt vulnerabilities, it is crucial to maintain consolidation efforts and limit fiscal risks from SOEs and PPPs. In this regard, recent steps to strengthen NAWEC's financial sustainability are welcome and should be pursued vigorously. Vulnerable populations should be protected through the expansion and better targeting of social programs.

40. Strengthening PFM will support fiscal discipline and accountability. Stronger PFM is key to underpin fiscal discipline, including stepped-up efforts to prevent domestic arrears accumulation and to gain better control of multi-year commitments. Staff welcomes the authorities' ongoing efforts to improve the budgeting process, expenditure controls, cash management, and the efficiency of public spending.

41. It is necessary to maintain a tight monetary policy and pursue a market-determined exchange rate. Given the uncertain global outlook, a tight monetary policy stance is appropriate and the CBG is encouraged to remain vigilant to ensure that inflation converges to the CBG's medium-term target. It is critical to pursue an exchange rate that fully reflects market forces and to ensure smooth functioning of the forex market by swiftly approving and transparently applying the new forex intervention policy. A recurrence of wedges between the official and parallel exchange rates may lead to a resurgence of forex shortages.

42. The CBG needs to closely monitor vulnerabilities in the financial system while strengthening its regulatory capacity and financial position. The system appears resilient but the recent increase in banks' NPLs warrants close monitoring. It will be important to strengthen the application of risk-based supervision, closely monitor of concentration risks, intervene early, and establish a robust credit reference bureau. To prevent financial risks to its balance sheet, staff welcomes the CBG's commitment to cease direct financial support to public entities and to amend the CBG Act in line with agreed IMF safeguards recommendations.

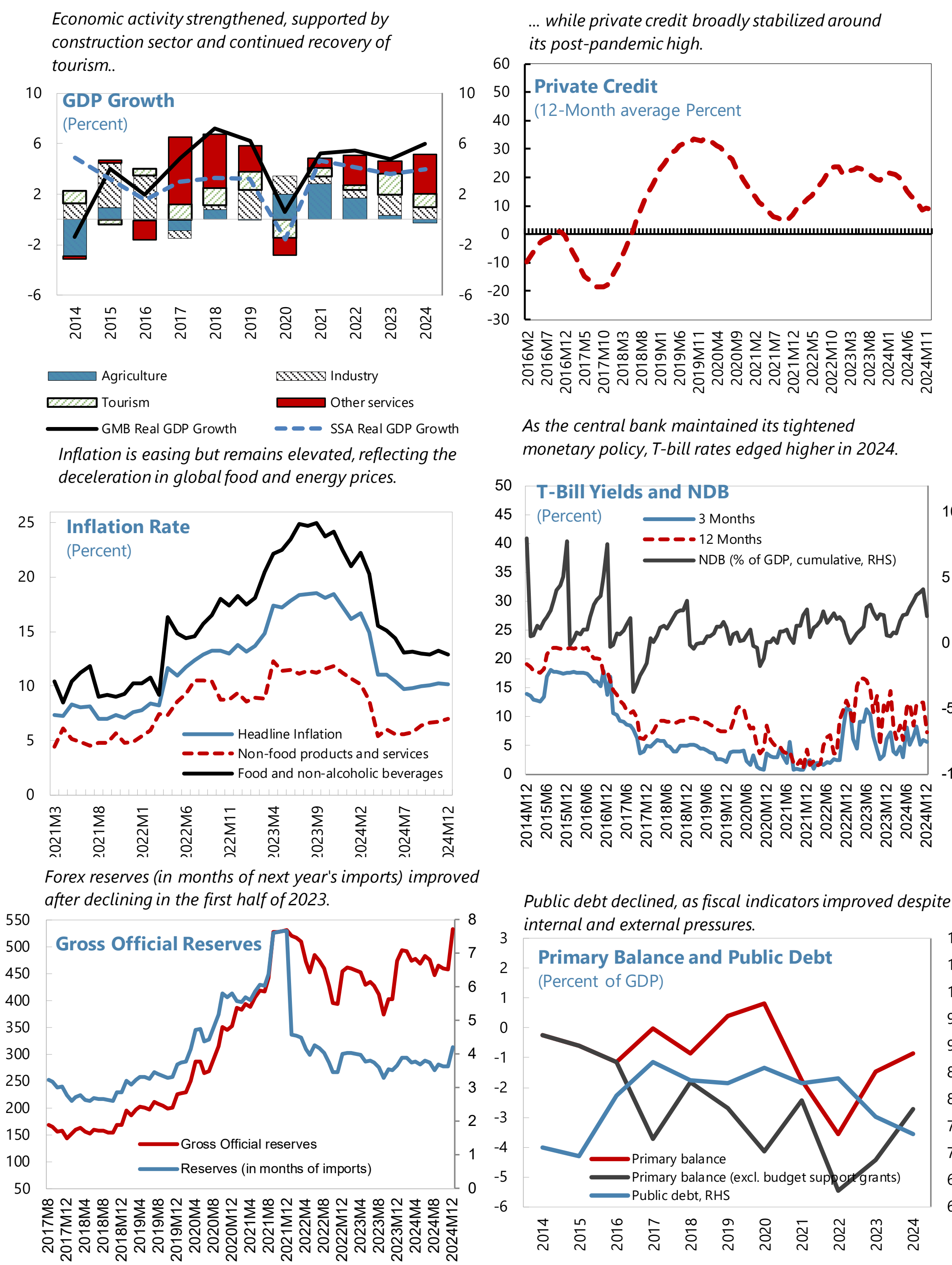
43. Structural reforms and improved governance are key to promoting much-needed private sector development and job creation. Limited fiscal space underscores the critical role of the private sector in addressing development challenges. It will be paramount to promote business creation and formal sector employment, including by facilitating and securing access to land and finance and enhancing public sector governance, efficiency and transparency.

44. Climate change presents major risks to The Gambia's long-term macroeconomic stability. The Gambia's high vulnerability to climate-related natural disasters constitutes a major threat to lives and livelihoods. Climate change is expected to lead to significant economic losses, a worsened fiscal position, and BOP pressures.

45. These effects can be mitigated by the effective implementation of the authorities' climate agenda supported by the RSF. Reform measures aim at enhancing the economy's resilience by strengthening the legal and institutional environment, green PFM, climate data and transition taxonomy, adaptation and resilience, and the energy transition. To achieve its ambitious commitments, The Gambia will need substantial financial resources and extensive capacity development support. The RSF is expected to foster tighter coordination among domestic stakeholders and development partners.

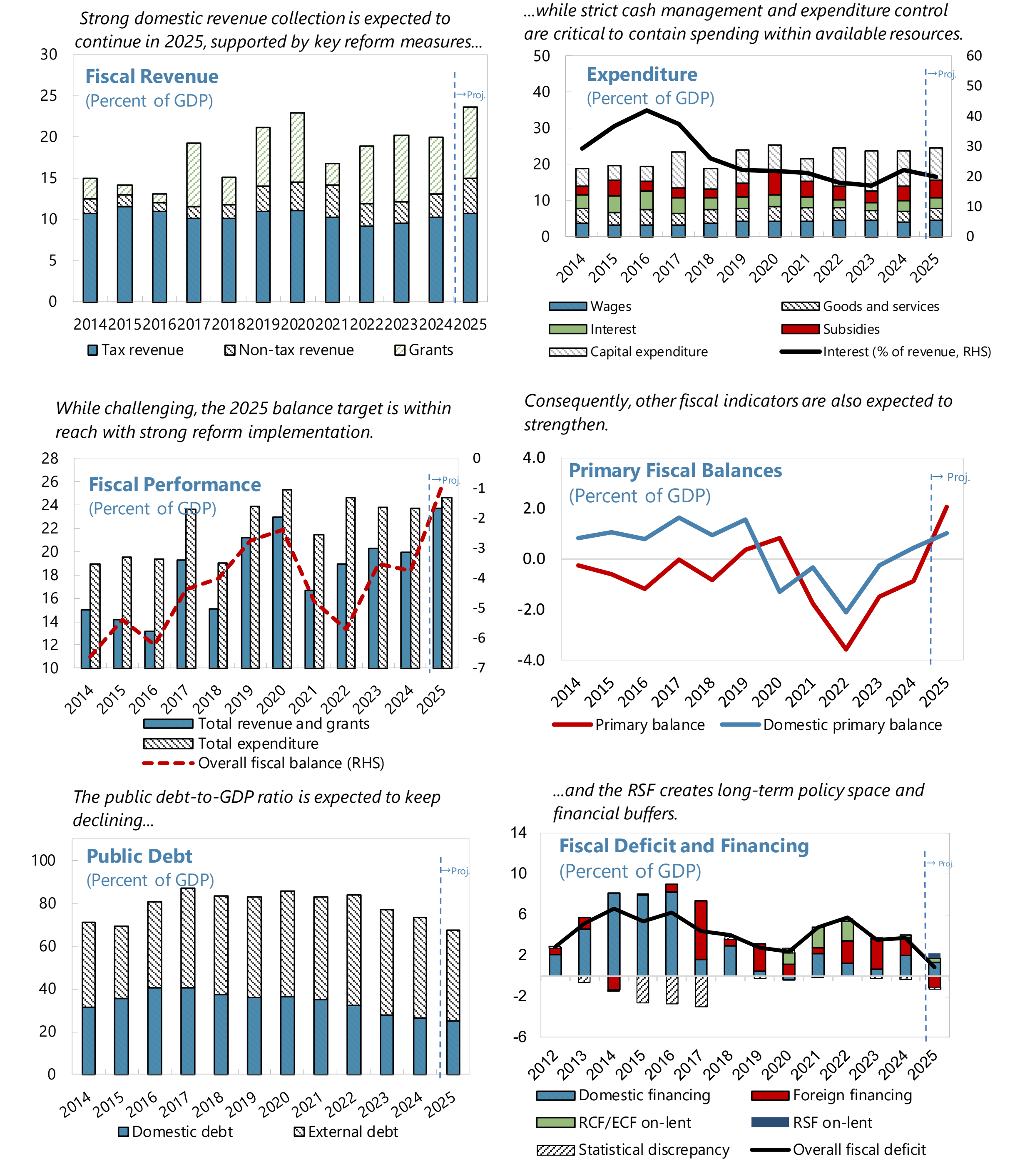
46. Staff supports the completion of the third review under the ECF arrangement and the associated financing assurances review. Based on the policy and reform commitments under the MEFP and the planned corrective actions, staff supports the authorities' request for the waiver of non-observance of the end-December NDB QPC; the proposed modifications of performance criteria; and for a new 18-month arrangement under the RSF.

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



Sources: The Gambian authorities, and IMF staff calculations.

Figure 2. The Gambia: Fiscal Sector Developments, 2014–25

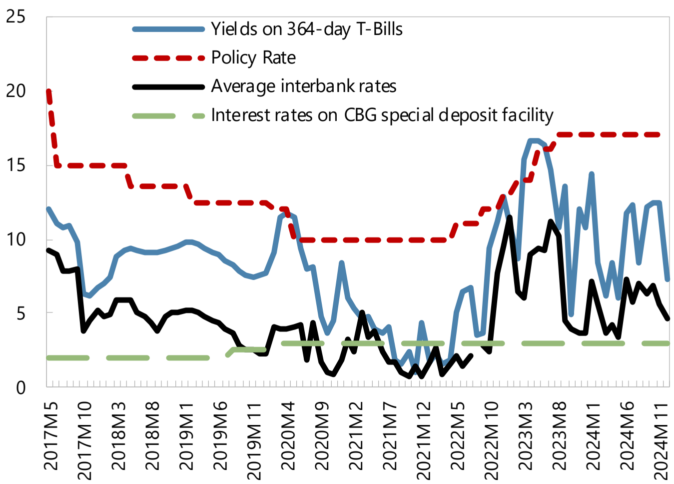


Sources: The Gambian authorities, and IMF staff calculations.
Note: 2025 data are IMF staff estimates.

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

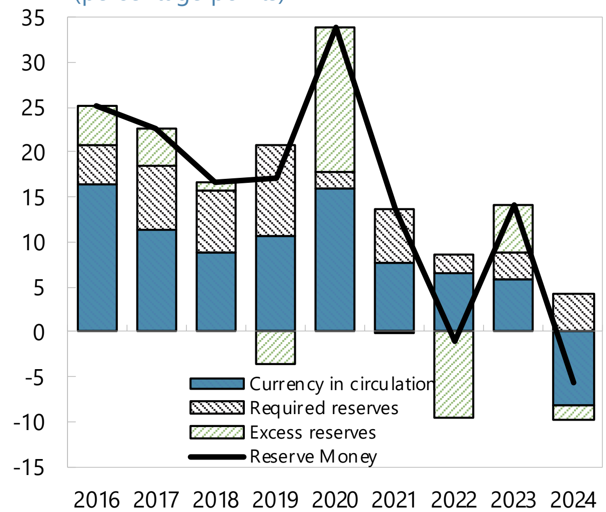
The CBG has maintained a tight monetary policy stance to support the disinflation process.

Monetary Policy and Interest Rates
(Percent)



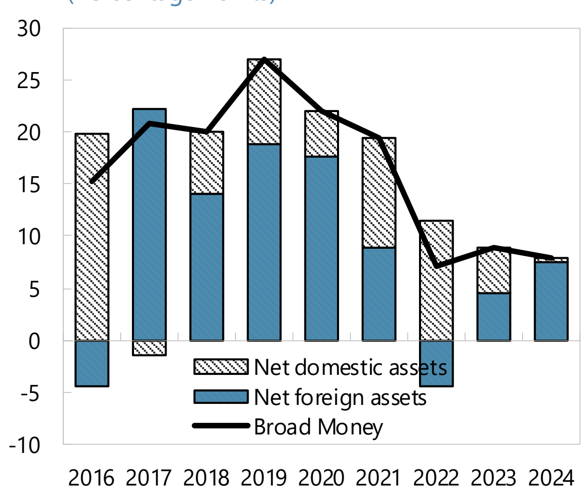
Banks' excess reserves remained high in 2024.

Components of Reserve Money Growth
(percentage points)



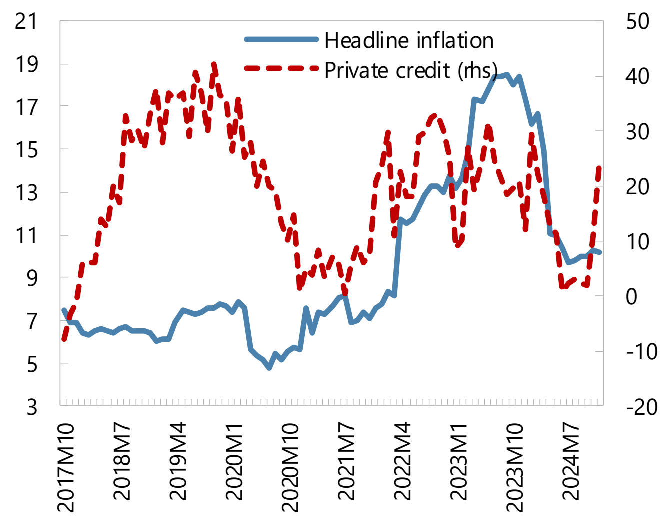
Broad money growth remained at last year's level, driven by increased net foreign assets.

Sources of Broad Money Growth
(Percentage Points)



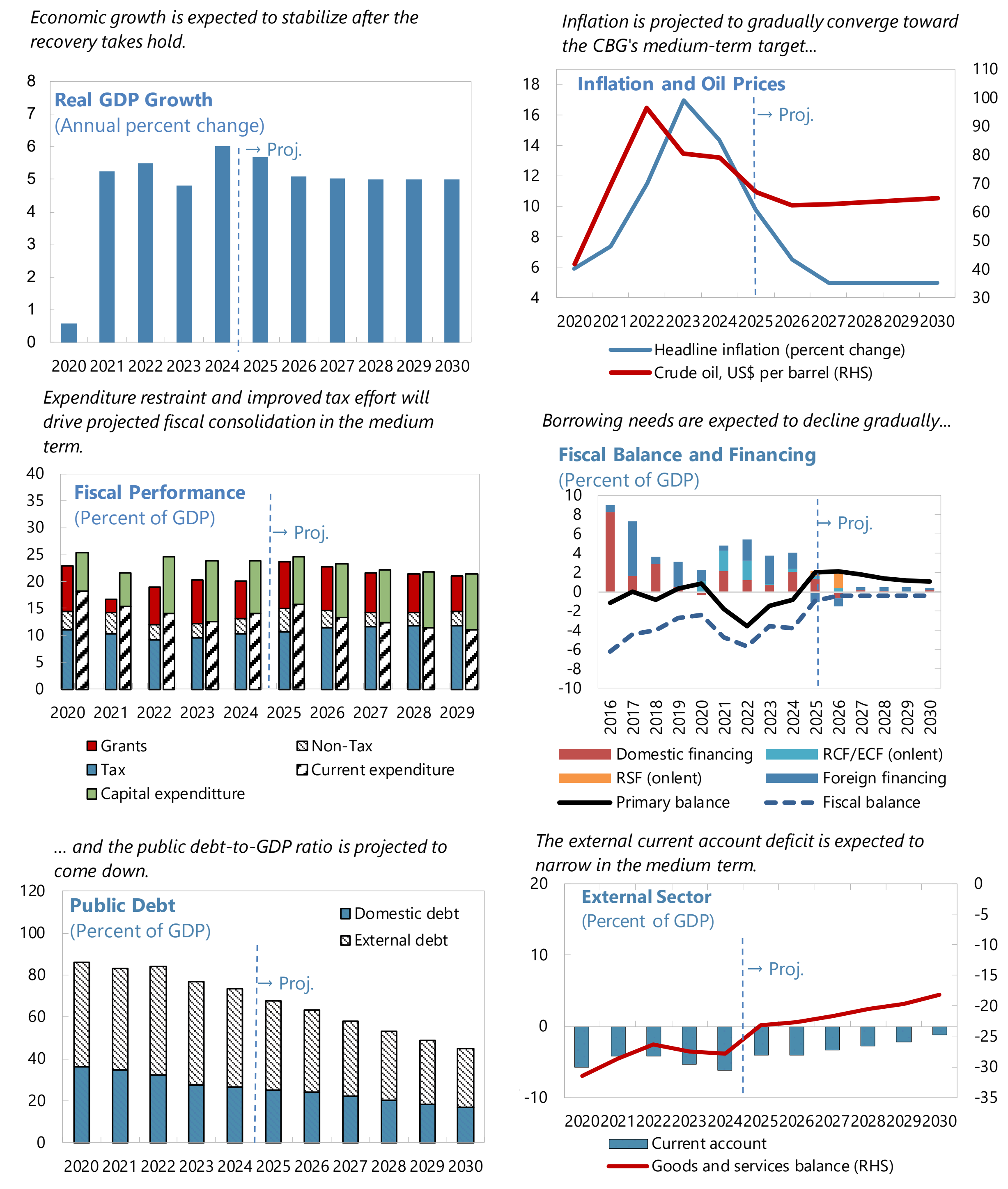
The stabilization in inflation coincided with a decline in private sector credit growth.

Inflation and Private Credit
(12-month percent change)



Sources: The Gambian authorities, and IMF staff calculations.

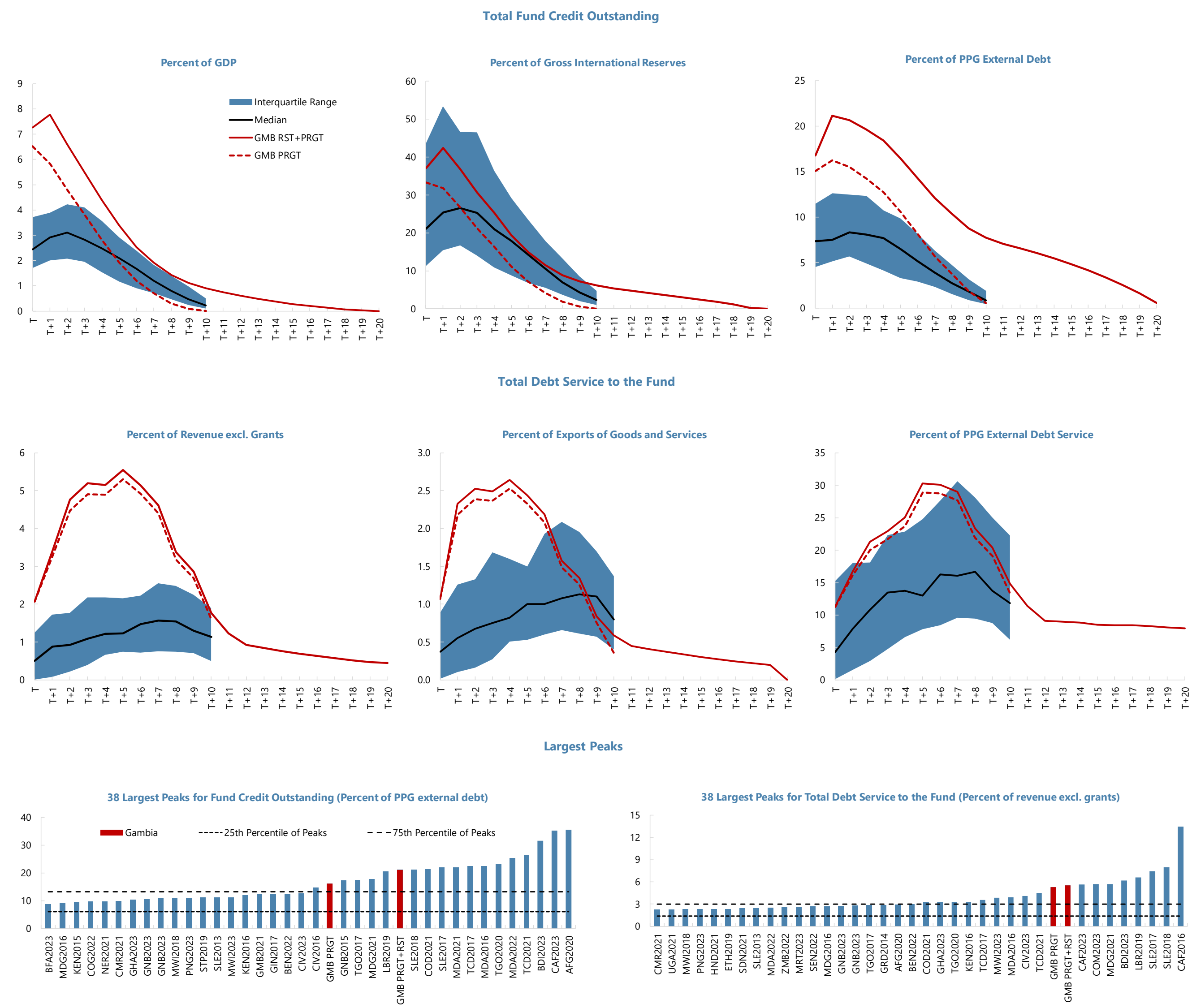
Figure 4. The Gambia: Medium-Term Outlook, 2020–30



Sources: The Gambian authorities, and IMF staff calculations.

Figure 5. The Gambia: Capacity to Repay Indicators Compared to UCT Arrangements for PRGT Countries

(In percent of the total indicated variable)



Notes:

1) T = date of arrangement approval. PPG = public and publicly guaranteed.

2) Red lines/bars indicate the CtR indicator for the arrangement of interest.

3) The median, interquartile range, and comparator bars reflect all UCT arrangements (including blends) approved for PRGT countries between 2013 and 2023.

4) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.

5) Comparator series is for PRGT arrangements only and runs up to T+10.

6) Debt service obligations to the Fund reflect prospective payments, including for the current year.

7) In the case of blenders, the red lines/ bars refer to PRGT+GRA. In the case of RST, the red lines/ bars refer to PRGT+GRA+RST.

8) International reserves are proxied by imputed reserves as measured by net foreign assets or by the currency union's total reserves for LICs that are part of currency unions.

Table 1. The Gambia: Selected Economic Indicators, 2022–30
(In percent of GDP, unless otherwise indicated)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
	Act.	Prel.	2nd Review	Prel.	2nd Review	Proj.	Projections				
			(Percent change; unless otherwise indicated)								
National account and prices											
GDP at constant prices	5.5	4.8	5.8	6.0	5.9	5.7	5.1	5.0	5.0	5.0	5.0
GDP deflator	8.8	14.3	13.0	13.0	7.7	7.7	3.5	4.0	4.6	4.0	3.7
Consumer prices (average)	11.5	17.0	13.9	11.6	9.7	9.3	6.7	5.0	5.0	5.0	5.0
Consumer prices (end of period)	13.7	17.3	10.6	10.2	8.8	8.4	5.0	5.0	5.0	5.0	5.0
External sector											
Exports, f.o.b (US$ values)	59.5	535.5	-5.3	10.7	1.9	1.6	3.7	4.3	5.4	5.9	7.3
Imports, f.o.b (US$ values)	14.3	74.7	3.5	14.5	3.9	-2.6	4.6	4.7	5.2	5.6	5.4
Terms of trade (deterioration = -)	-0.9	-3.3	-5.0	-2.2	-2.5	-0.2	-2.1	-0.9	-0.1	1.4	-1.2
			(Contributions to broad money growth; percent)								
Money and credit											
Broad money	7.1	8.8	9.2	7.9	7.0	6.8	4.7	3.6	2.9	3.1	0.5
Net foreign assets	-4.5	4.4	-0.1	7.5	1.2	3.1	1.9	2.3	0.8	3.5	0.2
Net domestic assets	11.6	4.4	9.3	0.4	5.9	3.7	2.8	1.4	2.1	-0.3	0.3
Of which:											
Credit to central government (net)	7.5	-2.5	6.0	6.7	5.0	3.4	-0.2	-1.6	-1.1	0.0	0.6
Credit to the private sector (net)	3.8	2.1	0.5	4.3	0.9	0.3	1.8	1.8	1.9	1.3	1.3
Velocity (GDP/broad money)	1.8	2.0	2.2	2.2	2.2	2.2	2.4	2.6	2.8	2.9	3.2
			(Percent of GDP; unless otherwise indicated)								
Central government finances											
Domestic revenue (taxes and other revenues)	12.0	12.1	13.2	13.2	14.7	15.1	14.6	14.2	14.3	14.4	14.4
Of which: Tax Revenue	9.2	9.5	10.3	10.2	10.7	10.7	11.4	11.6	11.7	11.8	11.8
Grants	6.9	8.1	7.0	6.8	7.9	8.6	8.2	7.4	7.0	6.6	6.2
Total expenditures	24.6	23.8	22.9	23.7	24.0	24.6	23.2	22.1	21.8	21.4	21.0
Of which: Interest (percent of government revenue)	18.0	17.0	20.9	22.1	20.2	19.8	17.6	16.0	12.8	11.5	10.3
Net lending (+)/borrowing (–)	-5.7	-3.5	-2.7	-3.8	-1.3	-0.9	-0.4	-0.4	-0.4	-0.4	-0.4
Fiscal financing	5.5	3.7	2.7	4.4	1.3	0.9	0.4	0.4	0.4	0.4	0.4
Foreign	2.2	3.0	1.0	1.7	-1.0	-1.1	-0.9	0.3	0.4	0.4	0.2
Domestic	3.4	0.8	1.7	2.8	2.3	2.0	1.3	0.2	0.1	0.0	0.2
Primary balance	-3.6	-1.5	0.1	-0.9	1.6	2.1	2.1	1.8	1.4	1.2	1.1
Public debt	83.9	76.8	71.8	73.5	65.6	68.0	61.9	56.8	52.2	47.5	44.4
Domestic public debt	32.2	27.7	24.1	26.5	22.6	25.0	20.0	19.1	18.4	17.4	17.4
External public debt	51.7	49.1	47.8	47.0	43.0	43.0	41.9	37.7	33.8	30.2	27.0
External public debt (millions of US$)	1029.3	1,120.1	1,186.8	1,168.4	1,205.4	1,183.9	1,227.8	1,180.3	1,136.5	1,088.7	1,049.9
External current account balance											
Excluding official transfers	-6.1	-8.2	-7.6	-8.1	-6.5	-5.9	-5.6	-4.6	-4.0	-3.4	-2.3
Including official transfers	-4.2	-5.4	-5.8	-6.2	-5.3	-4.1	-4.0	-3.4	-2.8	-2.3	-1.3
Gross official reserves (millions of US$)	454.7	474.3	483.6	533.5	505.6	575.7	601.9	616.0	631.5	674.4	730.5
(months of next year's imports of goods and services)	4.0	3.7	4.0	4.2	4.0	4.4	4.3	4.2	4.1	4.2	4.1
Savings and investment											
Gross investment	24.9	24.5	22.3	23.2	22.1	22.1	23.5	23.4	24.0	23.5	22.5
Of which : Central government	10.6	11.2	9.3	9.6	9.2	8.9	9.9	9.8	10.4	10.4	10.2
Gross savings	20.6	19.1	16.5	16.9	16.7	18.1	19.5	20.0	21.2	21.3	21.2
Memorandum items:											
Nominal GDP (billions of dalasi)	121.1	146.7	173.4	173.7	197.7	197.7	215.0	234.9	257.9	283.7	312.1
GDP per capita (US$)	831.8	886.9	949.7	940.9	1003.1	988.4	1,021.6	1,061.0	1,105.9	1,153.2	1,207.5
Use of Fund resources (millions of SDRs)											
Disbursements	26.4	5.0	25	24.9	24.9	24.9	24.9	0.0	0.0	0.0	0.0
Of which : ECF Augmentation	15.6	…	…	…	…	…	…	…	…	…	…
Repayments	-2.0	-4.1	-3.9	-3.9	-5.2	-5.2	-10.1	-15.1	-17.8	-18.3	-16.2
CCRT debt relief [1]	0.8	…	…	…	…	…	…	…	…	…	…
PV of overall debt-to-GDP ratio	73.4	65.1	61.5	62.3	56.5	58.4	52.8	48.9	45.2	41.5	39.3

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, 2022–30
(Millions of local currency)

	2022	2023	2024		2025		2026		2027	2028	2029	2030
	Act.	Act.	2nd Review	Prel.	2nd Review	Proj.	2nd Review	Proj.	Projections			
Revenue	22,910	29,738	35,022	34,738	44,805	46,863	48,430	48,923	50,899	55,020	59,575	64,425
Domestic revenue	14,501	17,818	22,920	22,859	29,106	29,764	31,102	31,395	33,404	36,935	40,855	44,937
Taxes	11,164	13,981	17,852	17,761	21,200	21,197	24,061	24,422	27,150	30,278	33,359	36,673
Taxes on income, profits, and capital gains	3,901	4,377	6,200	5,868	7,046	6,941	7,894	8,026	8,933	9,995	10,994	12,092
Domestic taxes on goods and services	4,667	6,145	7,418	7,611	9,391	9,402	10,909	11,031	12,312	13,748	15,151	16,663
Taxes on international trade and transactions	2,596	3,459	4,233	4,282	4,763	4,854	5,258	5,366	5,904	6,535	7,214	7,917
Non-tax	3,337	3,837	5,067	5,098	7,907	8,568	7,041	6,973	6,254	6,657	7,496	8,264
Grants	8,409	11,920	12,102	11,879	15,699	17,099	17,328	17,528	17,495	18,084	18,720	19,488
Budget support	2,300	4,332	3,212	3,234	2,333	3,751	3,384	3,423	2,975	3,043	3,116	3,178
Of which : CCRT[1]	59	...	...	...	...	...		...	...	...	...	...
Project grants	6,109	7,589	8,890	8,645	13,366	13,348	13,944	14,105	14,520	15,042	15,604	16,311
Expenditures	29,831	34,925	39,695	41,260	47,434	48,661	49,272	49,885	51,938	56,172	60,806	65,611
Expenses	17,034	18,520	23,616	24,517	29,262	31,115	28,200	28,595	28,928	29,472	31,391	33,893
Compensation of employees[2]	5,627	6,805	7,165	7,005	8,900	8,860	9,958	9,683	10,332	10,849	11,391	12,439
Use of goods and services[2]	4,057	3,902	5,103	5,098	7,688	6,874	6,741	6,391	5,795	5,727	6,299	6,929
Interest	2,617	3,023	4,798	5,044	5,877	5,883	5,588	5,515	5,355	4,724	4,712	4,638
External	553	678	747	770	1,321	1,328	1,091	1,101	1,082	1,065	1,033	1,031
Domestic	2,064	2,346	4,051	4,274	4,555	4,555	4,496	4,414	4,273	3,659	3,679	3,607
Subsidies and transfers[2]	4,733	4,790	6,550	7,371	6,797	9,497	5,913	7,006	7,446	8,173	8,989	9,888
Net acquisition of nonfinancial assets	12,798	16,405	16,079	16,743	18,173	17,546	21,072	21,290	23,010	26,701	29,415	31,718
Acquisitions of nonfinancial assets	12,798	16,405	16,079	16,743	18,173	17,546	21,072	21,290	23,010	26,701	29,415	31,718
Foreign financed[3]	10,178	13,744	13,169	14,129	15,164	15,000	17,371	17,385	19,277	21,052	22,215	22,618
Gambia local fund[2]	2,619	2,661	2,910	2,614	3,009	2,546	3,701	3,905	3,734	5,648	7,200	9,100
Net lending (+)/borrowing (–)	-6,922	-5,187	-4,674	-6,522	-2,629	-1,798	-843	-962	-1,040	-1,153	-1,231	-1,185
Financing[5]	6,694	5,455	4,674	7,382	2,629	1,798	843	962	1,040	1,153	1,231	1,185
Net acquisition of financial assets[4]	165	0	0	0	0	0	0	0	0	0	0	0
Net incurrence of liabilities	6,529	5,455	4,674	7,382	2,629	1,798	843	962	1,040	1,153	1,231	1,185
Domestic	3,904	1,125	2,982	4,486	4,581	3,960	2,503	2,837	367	153	-35	563
Net borrowing	885	901	2,571	3,545	3,963	2,696	1,728	-1,479	367	153	-35	562
Bank	625	452	2,571	2,646	3,963	2,696	1,728	-1,479	367	153	-35	562
Central Bank of The Gambia	-421	-1,055	0	-2,122	0	0	0	0	0	0	0	0
Net treasury position	...	-976	...	-1,670	...	546	...	359	359	359	359	359
Treasury Bills and Bonds	...	-79	...	-452	...	-546	...	-359	-359	-359	-359	-359
Commercial	1,046	1,507	2,571	4,768	3,963	2,696	1,728	-1,479	367	153	-35	562
Nonbank	260	450	0	899	0	0	0	0	0	0	0	0
RCF/ECF (onlent) or SDR use	2,377	125	610	581	618	661	775	784	0	...	...	...
RSF (onlent)	...	...	...	...	...	981	...	3532	...	...	...	...
Other domestic financing[6]	...	...	...	378	...	-378	...	...	...	...	...	...
Foreign	2,625	4,330	1,692	2,896	-1,952	-2,162	-1,660	-1,875	673	999	1,266	623
Borrowing	4,070	6,155	4,279	5,484	2,463	2,317	4,077	3,938	5,601	7,050	7,856	7,762
Amortization	-1,445	-1,825	-2,588	-2,588	-4,415	-4,480	-5,737	-5,813	-4,928	-6,051	-6,590	-7,139
Statistical discrepancy	228	-268	0	-860	0	0	0	0	0	0	0	0
Memorandum items:												
Primary balance	-4,305	-2,164	124	-1,479	3,247	4,085	4,745	4,553	4,315	3,571	3,481	3,452
Domestic financing without RSF	...	...	...	...	...	2,979	...	-695	...	...	...	...
Domestic primary balance	-2,536	-340	1,191	771	2,712	1,987	4,788	4,410	6,097	6,539	6,976	6,582
Total debt	101,552	112,716	124,578	127,679	129,671	134,512	134,010	133,168	133,390	134,657	134,825	138,505
of which: Domestic public debt	38,952	40,694	41,759	46,021	44,620	49,387	46,794	43,053	44,905	47,460	49,257	54,216
Interest payments as a percent of govt. revenue	18.0	17.0	20.9	22.1	20.2	19.8	18.0	17.6	16.0	12.8	11.5	10.3

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] Includes 1.9 billion dalasi paydowns of reconciled arrears and payment floats in the following 2025 budget lines: GMD 850 million (goods and services); GMD 250 million (subsidies and transfers); GMD 800 million (domestic capital expenditure). Reflects GMD 636 million in additional 2025 arrears payments and matching reductions in 2025 non-priority expenditures to be agreed.

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

[4] Includes the agreed annual contribution of 180 million dalasi per year during 2019-23 to increase the CBG's capital to the statutory level.

[5] Excluding the float in Financing.

[6] Relates to the May 2024 operation described in para. 9.

Table 2b. The Gambia: Statement of Central Government Operations, 2022–30
(Percent of GDP)

	2022	2023	2024		2025		2026		2027	2028	2029	2030
	Act.	Prel.	2nd Review	Prel.	2nd Review	Proj.	2nd Review	Proj.	Projections			
Revenue	18.9	20.3	20.2	20.0	22.7	23.7	22.5	22.8	21.7	21.3	21.0	20.6
Domestic revenues	12.0	12.1	13.2	13.2	14.7	15.1	14.5	14.6	14.2	14.3	14.4	14.4
Taxes	9.2	9.5	10.3	10.2	10.7	10.7	11.2	11.4	11.6	11.7	11.8	11.8
Taxes on income, profits, and capital gains	3.2	3.0	3.6	3.4	3.6	3.5	3.7	3.7	3.8	3.9	3.9	3.9
Domestic taxes on goods and services	3.9	4.2	4.3	4.4	4.7	4.8	5.1	5.1	5.2	5.3	5.3	5.3
Taxes on international trade and transactions	2.1	2.4	2.4	2.5	2.4	2.5	2.4	2.5	2.5	2.5	2.5	2.5
Non-tax	2.8	2.6	2.9	2.9	4.0	4.3	3.3	3.2	2.7	2.6	2.6	2.6
Grants	6.9	8.1	7.0	6.8	7.9	8.6	8.1	8.2	7.4	7.0	6.6	6.2
Budget support	1.9	3.0	1.9	1.9	1.2	1.9	1.6	1.6	1.3	1.2	1.1	1.0
Of which : CCRT[1]	0.0	...	...	...	...	...		...	...	...	...	...
Project support	5.0	5.2	5.1	5.0	6.8	6.8	6.5	6.6	6.2	5.8	5.5	5.2
Expenditures	24.6	23.8	22.9	23.7	24.0	24.6	22.9	23.2	22.1	21.8	21.4	21.0
Expenses	14.1	12.6	13.6	14.1	14.8	15.7	13.1	13.3	12.3	11.4	11.1	10.9
Compensation of employees[2]	4.6	4.6	4.1	4.0	4.5	4.5	4.6	4.5	4.4	4.2	4.0	4.0
Use of goods and services[2]	3.4	2.7	2.9	2.9	3.9	3.5	3.1	3.0	2.5	2.2	2.2	2.2
Interest	2.2	2.1	2.8	2.9	3.0	3.0	2.6	2.6	2.3	1.8	1.7	1.5
External	0.5	0.5	0.4	0.4	0.7	0.7	0.5	0.5	0.5	0.4	0.4	0.3
Domestic	1.7	1.6	2.3	2.5	2.3	2.3	2.1	2.1	1.8	1.4	1.3	1.2
Subsidies and transfers[2]	3.9	3.3	3.8	4.2	3.4	4.8	2.7	3.3	3.2	3.2	3.2	3.2
Net acquisition of nonfinancial assets	10.6	11.2	9.3	9.6	9.2	8.9	9.8	9.9	9.8	10.4	10.4	10.2
Acquisitions of nonfinancial assets	10.6	11.2	9.3	9.6	9.2	8.9	9.8	9.9	9.8	10.4	10.4	10.2
Foreign financed[3]	8.4	9.4	7.6	8.1	7.7	7.6	8.1	8.1	8.2	8.2	7.8	7.2
Gambia local fund[2]	2.2	1.8	1.7	1.5	1.5	1.3	1.7	1.8	1.6	2.2	2.5	2.9
Net lending (+)/borrowing (–)	-5.7	-3.5	-2.7	-3.8	-1.3	-0.9	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Financing[5]	5.5	3.7	2.7	4.2	1.3	0.9	0.4	0.4	0.4	0.4	0.4	0.4
Net acquisition of financial assets[4]	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	5.4	3.7	2.7	4.2	1.3	0.9	0.4	0.4	0.4	0.4	0.4	0.4
Domestic	3.2	0.8	1.7	2.6	2.3	2.0	1.2	1.3	0.2	0.1	0.0	0.2
Net borrowing	0.7	0.6	1.5	2.0	2.0	1.4	0.8	-0.7	0.2	0.1	0.0	0.2
Bank	0.5	0.3	1.5	1.5	2.0	1.4	0.8	-0.7	0.2	0.1	0.0	0.2
Central Bank of The Gambia	-0.3	-0.7	0.0	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net treasury position	...	-0.7	...	-1.0	...	0.3	...	0.2	0.2	0.1	0.1	0.1
Treasury Bills and Bonds	...	-0.1	...	-0.3	...	-0.3	...	-0.2	-0.2	-0.1	-0.1	-0.1
Commercial	0.9	1.0	1.5	2.7	2.0	1.4	0.8	-0.7	0.2	0.1	0.0	0.2
Nonbank	0.2	0.3	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RCF/ECF (onlent) or SDR use	2.0	0.1	0.4	0.3	0.3	0.3	0.4	0.4	...	...	...	...
RSF (onlent)	...	...	...	...	...	0.5	...	1.6	...	...	...	...
Other domestic financing[6]	...	...	...	0.2	...	-0.2	...	...	...	...	...	...
Foreign	2.2	3.0	1.0	1.7	-1.0	-1.1	-0.8	-0.9	0.3	0.4	0.4	0.2
Borrowing	3.4	4.2	2.5	3.2	1.2	1.2	1.9	1.8	2.4	2.7	2.8	2.5
Amortization	-1.2	-1.2	-1.5	-1.5	-2.2	-2.3	-2.7	-2.7	-2.1	-2.3	-2.3	-2.3
Statistical discrepancy	0.2	-0.2	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Primary balance	-3.6	-1.5	0.1	-0.9	1.6	2.1	2.2	2.1	1.8	1.4	1.2	1.1
Domestic financing without RSF	...	...	...	...	...	1.5	...	-0.3	...	...	...	...
Domestic primary balance	-2.1	-0.2	0.7	0.4	1.4	1.0	2.2	2.1	2.6	2.5	2.5	2.1
Total debt	83.9	76.8	71.8	73.5	65.6	68.0	62.3	61.9	56.8	52.2	47.5	44.4
of which: Domestic public debt	32.2	27.7	24.1	26.5	22.6	25.0	21.8	20.0	19.1	18.4	17.4	17.4
Interest payments as a percent of govt. revenue	18.0	17.0	20.9	22.1	20.2	19.8	18.0	17.6	16.0	12.8	11.5	10.3

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] Includes 1.9 billion dalasi paydowns of reconciled arrears and payment floats in the following 2025 budget lines: GMD 850 million (goods and services); GMD 250 million (subsidies and transfers); GMD 800 million (domestic capital expenditure). Reflects GMD 636 million in additional 2025 arrears payments and matching reductions in 2025 non-priority expenditures to be agreed.

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

[4] Includes the agreed annual contribution of 180 million dalasi per year during 2019-23 to increase the CBG's capital to the statutory level.

[5] Excluding the float in Financing.

[6] Relates to the May 2024 operation described in para. 9.

Table 3. The Gambia: Statement of Central Government Operations, 2025–26

(Cumulative, millions of local currency)

	2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	10,089	18,981	33,264	46,863	11,346	22,555	35,253	48,923
Domestic revenue	7,440	13,752	23,332	29,764	8,146	16,080	23,848	31,395
Taxes	6,115	11,581	16,612	21,197	6,642	12,942	18,738	24,422
Taxes on income, profits, and capital gains	2,146	3,914	5,581	6,941	2,212	4,251	6,179	8,026
Domestic taxes on goods and services	2,734	5,183	7,357	9,402	3,023	5,903	8,456	11,031
Taxes on international trade and transactions	1,235	2,483	3,674	4,854	1,407	2,788	4,104	5,366
Non-tax	1,325	2,172	6,719	8,568	1,504	3,139	5,110	6,973
Grants	2,650	5,229	9,932	17,099	3,200	6,475	11,405	17,528
Budget support	0	0	900	3,751	400	950	1,861	3,423
Project grants	2,650	5,229	9,032	13,348	2,800	5,525	9,544	14,105
Expenditures	12,994	24,499	36,625	48,661	12,612	24,475	36,879	49,885
Expenses	8,922	17,070	24,008	31,115	8,034	15,203	21,940	28,595
Compensation of employees	2,253	4,520	6,587	8,860	2,462	4,940	7,199	9,683
Use of goods and services	2,233	3,607	4,802	6,874	1,605	3,206	4,588	6,391
Interest	1,659	2,655	4,828	5,883	1,741	2,822	4,579	5,515
External	292	651	956	1,328	267	558	851	1,101
Domestic	1,367	2,004	3,872	4,555	1,475	2,264	3,728	4,414
Subsidies and transfers	2,778	6,288	7,791	9,497	2,226	4,236	5,575	7,006
Net acquisition of nonfinancial assets	4,071	7,430	12,617	17,546	4,579	9,272	14,938	21,290
Acquisitions of nonfinancial assets	4,071	7,430	12,617	17,546	4,579	9,272	14,938	21,290
Foreign financed	2,854	5,522	10,272	15,000	3,638	7,074	11,945	17,385
Gambia local fund	1,217	1,908	2,345	2,546	941	2,198	2,994	3,905
Net lending (+)/borrowing (–)	-2,905	-5,519	-3,361	-1,798	-1,267	-1,919	-1,625	-962
Financing [1]	2,905	5,519	3,361	1,798	1,267	1,919	1,625	962
Net acquisition of financial assets	0	0	0	0	0	0	0	0
Net incurrence of liabilities	2,905	5,519	3,361	1,798	1,267	1,919	1,625	962
Domestic	3,609	7,043	4,849	3,960	1,445	2,438	2,763	2,837
Net borrowing	3,704	7,091	4,991	2,696	1,540	87	507	-1,479
Bank	3,704	7,091	4,991	2,696	1,540	87	507	-1,479
Central bank	0	1,383	1,383	0	0	0	0	0
Commercial banks	3,704	5,708	3,608	2,696	1,540	87	507	-1,479
Nonbank	0	0	0	0	0	0	0	0
RCF/ECF/SDR (onlent)	-95	330	236	661	-95	335	240	784
RSF (onlent)	0	0	0	981	0	2,016	2,016	3,532
Other domestic financing not included in NDB	0	-378	-378	-378				
Foreign	-704	-1,525	-1,487	-2,162	-178	-519	-1,137	-1,875
Borrowing	371	626	1,738	2,317	1,002	1,877	2,893	3,938
Amortization	-1,075	-2,150	-3,226	-4,480	-1,180	-2,396	-4,031	-5,813
Statistical discrepancy	0	0	0	0	0	0	0	0
Memorandum items:								
Primary balance	-1,246	-2,864	1,467	4,085	475	902	2,953	4,553
Domestic primary balance	-1,041	-2,571	1,806	1,987	912	1,501	3,493	4,410

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

[1] Excluding the Float in Financing.

Table 4a. The Gambia: Monetary Accounts, 2022–30[1]
(Millions of local currency, unless otherwise indicated)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
	Act.	Act.	2nd Review	Act.	2nd Review	Proj.	Projections				
I. Monetary Survey											
Net foreign assets	26,146	29,116	29,070	34,566	29,998	36,978	38,580	40,592	41,321	44,570	44,720
(in millions of U.S. dollars)	504	453	417	495	425	514	526	541	539	567	557
Of which: CBG	266	314	299	382	302	413	429	468	513	575	610
Net domestic assets	40,771	43,721	50,471	44,030	55,133	46,975	49,355	50,545	52,436	52,125	52,452
Domestic credit	49,591	51,445	55,756	58,793	60,417	61,738	63,068	63,208	63,869	65,058	66,885
Claims on central government (net)	34,961	33,307	37,271	38,185	41,234	40,881	40,703	39,270	38,223	38,188	38,750
Claims on other public sector[2]	2,868	4,962	4,962	4,274	4,962	4,274	4,274	4,274	4,274	4,274	4,274
Claims on private sector	11,762	13,176	13,522	16,334	14,221	16,583	18,092	19,665	21,372	22,596	23,862
Other items (net)[3]	-8,819	-7,724	-5,284	-14,763	-5,284	-14,763	-13,713	-12,663	-11,433	-12,933	-14,433
Broad money	66,917	72,836	79,542	78,596	85,131	83,953	87,935	91,137	93,757	96,695	97,172
Currency outside banks	12,890	14,107	13,481	12,158	14,428	12,986	13,602	14,098	14,503	14,957	15,031
Deposits	54,027	58,730	66,061	66,438	70,703	70,967	74,333	77,040	79,254	81,738	82,141
II. Central Bank Survey											
Net foreign assets	13,813	16,303	15,481	19,786	15,631	21,421	22,246	24,258	26,593	29,790	31,601
Foreign assets	29,044	32,011	32,658	38,569	34,207	41,603	43,526	44,583	45,772	49,144	53,648
Foreign liabilities	-15,231	-15,708	-17,177	-18,783	-18,576	-20,182	-21,280	-20,325	-19,180	-19,354	-22,047
Net domestic assets	7,115	7,584	10,174	2,770	10,946	5,798	7,107	5,314	4,120	4,127	4,128
Domestic credit	9,779	9,640	11,027	6,494	11,039	6,214	7,523	5,731	4,537	4,543	4,545
Claims on central government (net)	9,618	8,520	9,914	5,221	9,914	4,929	6,229	4,429	3,229	3,229	3,229
Of which: IMF on-lending since 2020	5,638	5,762	5,762	5,762	5,762	5,762	5,762	5,762	5,762	5,762	5,762
Claims on private sector	161	183	176	180	189	193	202	209	215	222	223
Claims on public enterprises	0	0	937	1,092	937	1,092	1,092	1,092	1,092	1,092	1,092
Other items (net)	-2,665	-2,056	-853	-3,724	-94	-416	-416	-416	-416	-416	-416
Reserve money	20,928	23,887	25,655	22,556	26,577	27,219	29,353	29,572	30,713	33,917	35,729
Currency outside banks	12,890	14,107	13,481	12,158	14,428	12,986	13,602	14,098	14,503	14,957	15,031
Commercial bank deposits	8,038	9,780	12,174	10,398	12,149	14,232	15,751	15,475	16,210	18,960	20,698

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, 2022–30[1]

(Percent changes, unless otherwise indicated)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
	Act.	Prel.	2nd Review	Prel.	2nd Review	Proj.	Projections				
					I. Monetary Survey (Percent change; contribution to broad money growth)						
Broad money	7.1	8.8	9.2	7.9	7.0	6.8	4.7	3.6	2.9	3.1	0.5
Net foreign assets	-4.5	4.4	-0.1	7.5	1.2	3.1	1.9	2.3	0.8	3.5	0.2
Net domestic assets	11.6	4.4	9.3	0.4	5.9	3.7	2.8	1.4	2.1	-0.3	0.3
					II. Central Bank Survey (Percent change; contribution to reserve money growth)						
Reserve money	-0.9	14.1	7.4	-5.6	3.6	20.7	7.8	0.7	3.9	10.4	5.3
Net foreign assets	-15.6	11.9	-3.4	14.6	0.6	7.2	3.0	6.9	7.9	10.4	5.3
Net domestic assets	14.7	2.2	10.8	-20.2	3.0	13.4	4.8	-6.1	-4.0	0.0	0.0
					(Percent change; unless otherwise indicated)						
Memorandum Items:											
Credit to the private sector	25.0	12.0	2.9	24.0	5.2	1.5	9.1	8.7	8.7	5.7	5.6
Currency in circulation	12.2	9.4	-4.4	-13.8	7.0	6.8	4.7	3.6	2.9	3.1	0.5
Demand deposits	7.8	14.8	12.5	18.4	7.0	6.8	4.7	3.6	2.9	3.1	0.5
Time and savings deposits	4.3	3.3	12.5	7.9	7.0	6.8	4.7	3.6	2.9	3.1	0.5
Net international reserves (stocks; millions of U.S. dollars)	325.9	344.9	309.1	402.5	253.7	253.7	241.0	280.3	329.2	548.4	576.4
Money velocity (levels)	1.8	2.0	2.2	2.2	2.3	2.4	2.4	2.6	2.8	2.9	3.2
Money multiplier (levels)	3.2	3.0	3.1	3.5	3.2	3.1	3.0	3.1	3.1	2.9	2.7
Broad money (percent of GDP)	55.3	49.6	45.9	45.2	43.1	42.5	40.9	38.8	36.4	34.1	31.1
Credit to the private sector (percent of GDP)	9.7	9.0	7.8	9.4	7.2	8.4	8.4	8.4	8.3	8.0	7.6
Central government financing (flows; millions of dalasi)	7,704	5,082	8,208	13,815	9,601	8,626	4,159	6,005	5,791	5,603	6,200
Net domestic borrowing from the banking system	2,067	-556	2,571	8,177	3,963	2,988	-1,479	367	153	-35	562
Central bank	0	0	0	0	0	0	0	0	0	0	0
Change in claims	0	0	0	0	0	0	0	0	0	0	0
Change in deposits	0	0	0	0	0	0	0	0	0	0	0
Commercial banks	2,067	-556	2,571	8,177	3,963	2,988	-1,479	367	153	-35	562
IMF (onlent since 2020)	5,638	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, 2022–24[1]
(Quarterly stocks, millions of local currency)

	2022	2023				2024			
	Dec	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
I. Monetary Survey									
Net foreign assets	26,146	25,643	21,384	19,229	29,116	28,662	31,398	31,155	34,566
(in millions of U.S. dollars)	505	410	361	376	470	427	466	456	500
Of which : CBG	267	233	202	148	254	244	252	216	273
Net domestic assets	40,771	41,355	45,547	48,367	43,721	44,700	44,796	46,182	44,030
Domestic credit	49,591	49,993	54,034	54,882	51,445	55,486	56,538	60,102	58,793
Claims on central government (net)	34,961	36,137	38,401	38,784	33,307	37,592	39,698	42,541	38,185
Claims on other public sector[2]	2,868	2,597	2,957	2,980	4,962	4,605	4,039	4,119	4,274
Claims on private sector	11,762	11,260	12,676	13,118	13,176	13,288	12,801	13,442	16,334
Other items (net)[3]	-8,819	-8,638	-8,487	-6,515	-7,724	-10,786	-11,742	-13,920	-14,763
Broad money	66,917	66,999	66,931	67,596	72,836	73,362	76,195	77,337	78,596
Currency outside banks	12,890	13,875	14,366	11,977	14,107	14,417	13,634	11,271	12,158
Deposits	54,027	53,124	52,565	55,619	58,730	58,946	62,561	66,066	66,438
II. Central Bank Survey									
Net foreign assets	13,813	14,563	11,975	9,195	16,303	16,403	16,958	14,781	18,915
Foreign assets	29,044	30,127	26,871	24,491	32,011	33,716	34,120	33,372	36,929
Foreign liabilities	-15,231	-15,564	-14,897	-15,296	-15,708	-17,313	-17,161	-18,591	-18,014
Net domestic assets	7,115	7,678	11,197	13,377	7,584	7,726	6,939	7,722	2,770
Domestic credit	9,779	10,688	13,825	13,656	9,640	11,081	10,393	11,011	6,494
Claims on central government (net)	9,618	10,534	13,074	12,462	8,520	10,009	10,250	10,713	5,221
Assets	16,108	15,834	17,334	17,013	16,153	15,947	15,878	16,053	17,592
Liabilities	-6,490	-5,300	-4,260	-4,551	-7,634	-5,938	-5,628	-5,339	-12,370
Claims on deposit corporations	0	0	0	0	0	0	0	0	0
Claims on private sector	161	154	190	187	183	184	187	184	180
Claims on public enterprises	0	0	562	1,007	937	887	865	1,113	1,092
Other items (net, incl. liquidity management operations)	-2,665	-3,010	-2,629	-279	-2,056	-3,354	-3,453	-3,289	-3,724
Reserve money	20,928	22,241	23,171	22,571	23,887	24,129	23,898	22,502	22,556
Currency outside banks	12,890	13,875	14,366	11,977	14,107	14,417	13,634	11,271	12,158
Commercial bank deposits	8,038	8,367	8,806	10,594	9,780	9,713	10,264	11,231	10,398
III. Commerical Banks Balance sheet									
Net foreign assets	12,333	11,080	9,410	10,034	12,813	12,259	14,440	16,374	14,780
Foreign assets	13,831	13,503	11,081	11,223	14,361	13,840	16,955	20,685	17,565
Foreign liabilities	-1,498	-2,422	-1,671	-1,189	-1,549	-1,581	-2,515	-4,311	-2,785
Net domestic assets	41,694	42,044	43,156	45,585	45,917	46,686	48,121	46,187	47,781
Net domestic claims	47,849	47,672	49,014	51,820	51,585	54,118	55,499	59,322	62,697
Claims on central bank	8,038	8,367	8,806	10,594	9,780	9,713	10,264	11,231	10,398
Net claims on government	25,342	25,603	25,327	26,322	24,787	27,583	29,448	31,828	32,964
Claims	25,342	25,603	25,327	26,322	24,787	27,583	29,448	31,828	32,964
Liabilities	0	0	0	0	0	0	0	0	0
Claims on other sectors	14,469	13,702	14,881	14,903	17,018	16,822	15,787	16,263	19,336
Claims on public nonfinancial corporations	2,868	2,597	2,395	1,972	4,025	3,718	3,174	3,006	3,182
Claims on private sector	11,601	11,105	12,486	12,931	12,993	13,104	12,613	13,257	16,154
Other items net	-6,155	-5,628	-5,858	-6,235	-5,668	-7,432	-7,378	-13,136	-14,916
Liabilities	54,027	53,124	52,565	55,619	58,730	58,946	62,561	62,561	62,561
Liabilities to central bank	0	0	0	0	0	0	0	0	0
Deposits incl. in broad money	54,027	53,124	52,565	55,619	58,730	58,946	62,561	62,561	62,561

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, 2022–30
(Millions of U.S. dollars, unless otherwise indicated)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
	Act.	Act.	2nd Review	Prel.	2nd Review	Proj.	Projections				
1. Current account											
A. Goods and services	-562.1	-643.8	-667.3	-710.8	-678.9	-640.2	-670.4	-684.1	-697.8	-714.9	-713.3
Goods (net)	-642.4	-884.7	-944.9	-1025.0	-988.4	-983.0	-1030.9	-1081.3	-1136.1	-1199.0	-1255.9
Exports, f.o.b.	51.6	328.1	310.5	363.3	316.3	369.0	382.6	399.1	420.6	445.3	478.0
Imports, f.o.b.	-694.0	-1212.7	-1255.4	-1388.3	-1304.7	-1352.0	-1413.5	-1480.4	-1556.7	-1644.3	-1733.9
Services (net)	80.2	240.9	277.6	314.2	309.5	342.8	360.5	397.2	438.3	484.1	542.7
Services exports	215.8	392.2	433.4	475.1	470.5	506.6	532.3	577.6	628.2	684.4	753.8
Of which: Travel income	154.3	326.7	373.0	435.1	409.7	447.7	471.5	514.7	562.1	614.5	671.8
Services imports	-135.5	-151.3	-155.8	-160.9	-160.9	-163.8	-171.8	-180.4	-189.9	-200.3	-211.1
B. Income (net)	-31.1	-28.4	-29.7	-1.5	-29.3	-29.3	-29.4	-29.4	-29.4	-29.4	-29.4
Income credits	13.5	12.3	12.9	0.6	12.7	12.7	12.8	12.8	12.8	12.8	12.8
Income debits	-44.6	-40.7	-42.5	-2.1	-42.1	-42.1	-42.2	-42.2	-42.2	-42.2	-42.2
C. Current transfers	503.0	545.6	547.6	554.3	558.3	557.2	581.2	607.0	633.0	662.0	693.5
Official transfers	40.0	64.8	47.5	44.8	33.2	52.6	47.0	40.0	40.0	40.0	40.0
Remittances	476.2	482.6	501.9	507.8	527.0	506.5	536.2	569.0	595.1	624.1	655.7
Other transfers	-13.2	-1.8	-1.9	-1.9	-1.9	-1.9	-2.0	-2.0	-2.1	-2.1	-2.2
Current account (excl. official transfers)	-130.2	-191.3	-196.9	-206.4	-183.1	-164.9	-165.7	-146.5	-134.2	-122.3	-89.2
Current account (incl. prospective official transfers)	-90.2	-126.5	-149.4	-158.0	-149.9	-112.3	-118.7	-106.5	-94.2	-82.3	-49.2
2. Capital and financial account											
A. Capital account	82.7	144.6	132.6	132.6	190.2	187.2	193.7	195.2	197.7	200.3	205.3
B. Financial account	-75.9	-4.7	-10.2	-5.5	-66.2	-59.1	-68.6	-54.4	-64.1	-50.5	-78.2
Foreign direct investment	101.2	95.7	106.5	104.7	110.5	114.9	134.0	144.1	162.3	166.5	156.0
Portfolio investment	4.1	4.5	4.9	4.9	5.3	5.3	5.6	6.0	6.4	6.9	7.5
Other investment	-181.2	-104.9	-121.6	-115.1	-182.0	-179.3	-208.3	-204.5	-232.9	-223.9	-241.6
Capital and financial account	6.8	139.9	122.4	127.1	124.0	128.1	125.0	140.8	133.6	149.8	127.2
Errors and omissions	-26.1	-57.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance[1]	-123.4	-51.4	-74.5	-79.3	-59.1	-36.9	-40.7	-5.7	-0.6	27.5	37.9
Financing	149.3	108.5	66.3	54.7	37.6	36.9	40.7	5.7	0.6	-27.5	-37.9
Net international reserves (increase -)	108.3	43.7	18.8	10.0	4.4	-15.7	-6.3	-34.3	-39.4	-67.5	-77.9
Change in gross international reserves	75.7	42.4	-9.3	-18.2	-22.0	-42.2	-26.2	-14.1	-15.5	-42.9	-56.1
Use of IMF resources (net, excl. RSF)	32.6	1.3	28.1	28.2	26.4	26.5	19.9	-20.2	-23.9	-24.6	-21.8
Exceptional financing	1.0	0.0	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	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	0.0
Prospective donor financing	40.0	64.8	47.5	44.8	33.2	52.6	47.0	40.0	40.0	40.0	40.0
Budget support grants	40.0	64.8	47.5	44.8	33.2	52.6	47.0	40.0	40.0	40.0	40.0
Project support grants	...	...	...	...	...	...	...	...	...	...	...
Memorandum items:											
Gross international reserves (excl. RSF)											
US$ millions	454.7	474.3	483.6	533.5	505.6	575.7	601.9	616.0	631.5	674.4	730.5
Months of next year's imports of goods and services	4.0	3.7	4.0	4.2	4.0	4.4	4.3	4.2	4.1	4.2	4.1
Net international reserves (excl. RSF)											
US$ millions	325.9	344.9	309.1	402.5	253.7	253.7	241.0	280.3	329.2	548.4	576.4
Months of next year's imports of goods and services	2.9	2.7	2.5	3.2	2.0	1.9	1.7	1.9	2.1	3.4	3.3
Net international reserves (excl. RSF, w/o SDR allocation)	240.9	259.9	224.1	317.5	168.7	168.7	156.0	195.3	244.2	463.4	491.4
Months of next year's imports of goods and services	2.1	2.0	1.8	2.5	1.3	1.3	1.1	1.3	1.6	2.9	2.8
RSF Disbursements						13.5	47.4	...	...	...	...
Gross international reserves (incl. RSF)											
US$ millions	454.7	474.3	483.6	533.5	505.6	589.2	662.8	676.9	692.4	735.3	791.4
Months of next year's imports of goods and services	4.0	3.7	4.0	4.2	4.0	4.5	4.8	4.7	4.5	4.5	4.5
Exports of goods and services	267.4	720.2	743.9	838.4	786.8	875.6	914.9	976.7	1048.8	1129.7	1231.7
Imports of goods and services	-829.5	-1364.0	-1411.3	-1549.2	-1465.7	-1515.7	-1585.3	-1660.8	-1746.6	-1844.6	-1945.0
GMD per U.S. dollar, period average	56.7	...	...	...	...	...	...	...	...	...	...
External Debt service	50.1	69.6	54.5	49.4	83.2	89.3	98.3	104.3	111.5	127.4	110.8
NIR/External Debt Service (ratio)	6.5	4.9	6.0	7.7	3.8	4.4	4.1	4.0	4.1	4.1	5.5

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

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

[2] The other investments outflows include external debt principle repayments as well as deposit outflows.

Table 6b. The Gambia: Balance of Payments, 2022–30
(Percent of GDP)

	2022	2023	2024		2025		2026	2027	2028	2029	2030
	Act.	Prel.	2nd Review	Prel.	2nd Review	Proj.	Projections				
1. Current account											
A. Goods and services	-26.3	-27.5	-25.8	-27.7	-24.1	-23.1	-22.7	-21.7	-20.6	-19.6	-18.2
Goods (net)	-30.1	-37.7	-36.5	-40.0	-35.1	-35.5	-34.9	-34.2	-33.5	-32.9	-32.0
Exports, f.o.b.	2.4	14.0	12.0	14.2	11.2	13.3	13.0	12.6	12.4	12.2	12.2
Imports, f.o.b.	-32.5	-51.7	-48.5	-54.2	-46.4	-48.8	-47.9	-46.9	-45.9	-45.1	-44.1
Services (net)	3.8	10.3	10.7	12.3	11.0	12.4	12.2	12.6	12.9	13.3	13.8
Services exports	10.1	16.7	16.8	18.5	16.7	18.3	18.0	18.3	18.5	18.8	19.2
Of which: Travel income	7.2	13.9	14.4	17.0	14.6	16.1	16.0	16.3	16.6	16.9	17.1
Services imports	-6.3	-6.5	-6.0	-6.3	-5.7	-5.9	-5.8	-5.7	-5.6	-5.5	-5.4
B. Income (net)	-1.5	-1.2	-1.1	-0.1	-1.0	-1.1	-1.0	-0.9	-0.9	-0.8	-0.7
Income credits	0.6	0.5	0.5	0.0	0.5	0.5	0.4	0.4	0.4	0.4	0.3
Income debits	-2.1	-1.7	-1.6	-0.1	-1.5	-1.5	-1.4	-1.3	-1.2	-1.2	-1.1
Of which: Interest on government debt	0.5	0.6	0.4	0.4	0.7	0.7	0.5	0.5	0.4	0.4	0.3
C. Current transfers	23.6	23.3	21.2	21.6	19.8	20.1	19.7	19.2	18.7	18.2	17.7
Official transfers	1.9	2.8	1.8	1.7	1.2	1.9	1.6	1.3	1.2	1.1	1.0
Remittances	22.3	20.6	19.4	19.8	18.7	18.3	18.2	18.0	17.6	17.1	16.7
Other transfers	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Current account (excl. official transfers)	-6.1	-8.2	-7.6	-8.1	-6.5	-5.9	-5.6	-4.6	-4.0	-3.4	-2.3
Current account (incl. prospective official transfers)	-4.2	-5.4	-5.8	-6.2	-5.3	-4.1	-4.0	-3.4	-2.8	-2.3	-1.3
2. Capital and financial account											
A. Capital account	3.9	6.2	5.1	5.2	6.8	6.8	6.6	6.2	5.8	5.5	5.2
B. Financial account	-3.6	-0.2	-0.4	-0.2	-2.4	-2.1	-2.3	-1.7	-1.9	-1.4	-2.0
Foreign direct investment	4.7	4.1	4.1	4.1	3.9	4.1	4.5	4.6	4.8	4.6	4.0
Portfolio investment	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other investment[2]	-8.5	-4.5	-4.7	-4.5	-6.5	-6.5	-7.1	-6.5	-6.9	-6.1	-6.2
Capital and financial account	0.3	6.0	4.7	5.0	4.4	4.6	4.2	4.5	3.9	4.1	3.2
RSF Disbursements	…	…	…	…	…	0.5	1.5	0.0	0.0	0.0	0.0
Errors and omissions	-1.2	-2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance[1]	-5.8	-2.2	-2.9	-3.1	-2.1	-1.3	-1.4	-0.2	0.0	0.8	1.0

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

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

[2] The other investments outflows include external debt principle repayments as well as deposit outflows.

Table 7. The Gambia: External Financing Needs, 2024–28
(Millions of U.S. dollars)

	2024	2025	2026	2027	2028
1. Total financing requirement	-302.3	-275.4	-283.2	-245.4	-248.5
Current account deficit (excl. official transfers)	-206.4	-164.9	-165.7	-146.5	-134.2
Public debt amortization	-31.5	-61.4	-78.0	-64.6	-75.0
Repayment to the IMF	-5.2	-6.9	-13.4	-20.2	-23.9
Change in official reserves	-59.2	-42.2	-26.2	-14.1	-15.5
Arrears repayment	…	…	…	…	…
2. Total financing sources	224.2	189.5	202.9	205.4	208.5
Capital transfers	132.6	187.2	193.7	195.2	197.7
Foreign direct investment (net)	104.7	114.9	134.0	144.1	162.3
Portfolio investment (net)	4.9	5.3	5.6	6.0	6.4
Public sector debt financing	63.8	32.5	45.0	64.0	79.0
Public sector	63.8	32.5	45.0	64.0	79.0
Non-Public sector	-3.9	-2.9	0.0	0.0	1.0
Short-term debt					
Other net capital inflows[1]	-81.8	-150.4	-175.4	-203.8	-237.0
Exceptional financing (CCRT debt relief)	0	0	0	0	0
Errors and Omissions	0.0	0.0	0.0	0.0	0.0
3. Total financing needs	78.1	85.9	80.3	40.0	40.0
Budget support (grants)	44.8	52.6	47.0	40.0	40.0
Other current transfers	…	…	…	…	…
IMF disbursements	33.3	33.3	33.3	0.0	0.0
Exceptional financing	0.0	0.0	0.0	0.0	0.0
Of which : CCRT debt relief	0.0	0.0	0.0	0.0	0.0
DSSI	0.0	0.0	0.0	0.0	0.0
4. Financing needs	0.0	0.0	0.0	0.0	0.0
Memorandum items:					
RSF Disbursements		13.5	47.4		

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: External Borrowing Plan, 2024–26
(US$ millions)

	Volume of new debt (US$ millions)				
	2024		2025	2026	2024–26
	Proj.	Act.	Proj.	Proj.	Proj.
Source of debt financing[1]					
Total debt contracted	90	70	90	90	250
Concessional debt	90	70	90	90	250
Multilateral debt	60	70	60	60	190
Of which : Port expansion	0	0	0	0	0
Bilateral debt	30	0	30	30	60
Nonconcessional debt	0	0	0	0	0
Use of debt financing					
Infrastructure	90	70	90	90	250
Of which : Port Expansion	0	0	0	0	0

1/ External public debt contracted or guaranteed.

Table 9. The Gambia: Decomposition of Public Debt and Debt Service by Creditor, 2023–26[1]

	Debt Stock (end of period)						Debt Service					
	2023			2024			2024	2025	2026	2024	2025	2026
	(In US$ millions)	*(Percent of total debt)*	*(Percent of GDP)*	*(In US$ millions)*	*(Percent of total debt)*	*(Percent of GDP)* [5]	*(In US$ millions)*			*(Percent of GDP)*		
Total	1,753.0	100.0	76.8	1,826.9	100.0	73.5	441.6	482.8	602.2	19.4	17.9	20.0
External	1,120.1	63.9	49.1	1,168.4	64.0	47.0	51.6	86.1	93.9	2.3	3.2	3.1
Multilateral creditors	753.0	43.0	33.0	782.4	43.2	31.7	36.6	53.8	60.2	1.6	2.0	2.0
IMF	131.3	7.5	5.8	151.2	8.4	6.1						
World Bank	127.7	7.3	5.6	120.6	6.7	4.9						
ADB/AfDB/IADB	51.8	3.0	2.3	49.6	2.7	2.0						
Other Multilaterals	442.2	25.2	19.4	461.0	25.5	18.7						
o/w: IsDB and OFID	234.2	13.4	10.3	265.8	14.7	10.8						
Bilateral Creditors	343.6	19.6	15.1	365.9	20.2	14.8	15.0	29.0	30.4	0.7	1.1	1.0
Paris Club	0.4	0.0	0.0	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	0.4	0.0	0.0						
Non-Paris Club	343.2	19.6	15.0	365.5	20.2	14.8	15.0	28.9	30.3	0.7	1.1	1.0
o/w: Saudi and Kuwait Fund	202.9	11.6	8.9	226.6	12.5	9.2						
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	23.5	1.3	1.0	20.1	1.1	0.8	0.0	3.4	3.4	0.0	0.1	0.1
o/w: M.A. Kharafi and Sons	23.5	1.3	1.0	20.1	1.1	0.8	0.0	3.4	3.4	0.0	0.1	0.1
Other international creditors	0.0	0.0	0.0	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	0.0	0.0	0.0						
Domestic	632.2	36.1	27.7	658.0	36.0	26.5	390.0	396.7	508.3	17.1	14.7	16.9
Held by residents, total[4]	632.2	36.1	27.7	658.0	36.0	26.5	390.0	396.7	508.3	17.1	14.7	16.9
Held by non-residents, total[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
T-Bills	304.0	17.3	13.3	293.2	16.0	11.8	321.7	308.4	356.3	14.1	11.4	11.8
Bonds	328.1	18.7	14.4	364.9	20.0	14.7	68.3	88.3	152.0	3.0	3.3	5.1
Loans	0.0	0.0	0.0	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			n/a								
Contingent liabilities[3,4]	n/a			n/a								
Nominal GDP	2,281.5			2,485.8								

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

[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 and prevent the inclusion of collaterized debt and contingent liabilities.

[5] Percent of projected 2024 GDP.

Table 10. The Gambia: Financial Soundness Indicators for the Banking Sector, 2017–24

	2017	2018	2019	2020	2021	2022	2023	2024 1/
	December							
	(Percent, unless otherwise indicated)							
Capital Adequacy Ratios								
Risk Weighted Assets Adjusted Capital Adequacy ratio	33.6	31.7	31.4	32.6	29.0	24.8	28.3	28.52
Regulatory Capital (i.e. T1+T2)	35.1	33.0	32.7	33.8	30.6	26.0	29.4	26.93
Primary Capital ratio (i.e. T1)	31.9	30.3	30.1	30.1	27.3	23.5	27.0	24.8
Non-performing Loans (NPLs) to Primary Capital	6.8	3.4	5.8	7.8	4.7	8.6	5.8	24.7
Assets Quality Ratios								
Non-Performing Loans Ratio	7.2	3.3	4.5	6.8	5.1	4.6	3.3	14.6
Aggregate Provision Level	99.1	100.2	73.4	80.1	81.0	317.8	101.8	121.9
Loan Loss Reserve Ratio	6.6	2.9	2.5	4.0	3.0	12.1	2.3	3.8
Earnings Ratios								
Return on Assets (ROA)	1.6	1.6	1.9	1.9	1.8	2.1	2.5	2.9
Return on Equity (ROE)	11.0	11.3	15.4	15.3	16.4	20.6	21.7	26.4
Net Interest margin	8.1	5.9	6.5	6.5	5.4	4.9	7.2	9.1
Non-interest Income Ratio	31.7	10.9	40.2	38.3	42.4	48.8	37.9	29.8
Liquidity Ratios								
Liquid Assets to Short-term Liabilities to Gambian Public	92.9	94.8	92.0	93.5	92.0	63.7	82.3	76.5
Dalasi Liquid Assets to Dalasi Deposits	89.0	93.5	94.7	93.2	97.4	63.8	78.0	77.8
Time Deposits to Total Deposits	14.3	12.9	11.2	11.7	9.0	9.2	8.0	7.5
Sectoral Distribution of credit								
Agriculture and Fishing	8.5	1.7	2.0	3.8	0.3	13.3	9.1	9.1
Manufacturing & Industries	0.7	0.4	1.2	1.0	1.0	3.4	6.0	13.5
Building & Construction	13.7	19.7	27.3	27.6	32.8	21.0	15.1	10.4
Transport & Communication	8.1	7.7	7.6	7.6	3.0	2.8	2.8	3.5
Commerce	31.1	31.2	22.9	23.4	20.9	15.5	15.8	13.5
Tourism	5.2	10.8	5.6	5.6	3.4	2.6	2.3	1.7
Financial Institutions & Enterprise services	3.0	3.2	1.2	2.6	2.8	1.9	2.9	2.9
Other activities combined	29.6	25.3	32.2	28.4	35.7	39.5	46.0	45.4

Sources: Central Bank of The Gambia, and IMF Staff Calculations.
1/ Data for 2024 are different from the FSI data submitted to STA but these differences are not significant.

Table 11. The Gambia: Indicators of Capacity to Repay the Fund, 2025–37

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Fund obligations based on existing credit													
Principal (millions of SDRs)	5.17	9.44	13.94	16.72	18.05	20.14	15.08	10.58	5.47	4.15	0.00	0.00	0.00
Charges and interest (millions of SDRs)	1.28	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26	1.26
Fund obligations, existing and prospective credit													
Principal (millions of SDRs)	5.17	9.44	13.94	16.72	18.05	21.38	21.30	20.54	15.43	14.10	8.71	5.81	4.67
Of which : RCF	4.67	5.44	5.44	3.11	3.11	1.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which : ECF	0.50	4.00	8.50	13.61	14.94	19.83	21.30	20.54	15.43	14.10	8.71	3.73	0.00
Of which : RSF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.07	4.67
Charges and interest (millions of SDRs)	1.30	1.80	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.30	2.23
Total obligations, existing and prospective credit													
In millions of SDRs	6.47	11.24	16.26	19.03	20.36	23.70	23.62	22.85	17.74	16.41	11.02	8.11	6.89
In millions of US$	8.44	14.69	21.25	24.93	26.69	31.12	30.93	29.94	23.25	21.52	14.45	10.63	9.04
In percent of Gross International Reserves	1.55	2.60	3.68	4.13	4.10	4.59	4.21	3.83	2.80	2.46	1.58	1.12	0.93
In percent of exports of goods and services	1.68	2.66	3.50	3.73	3.64	3.82	3.52	3.16	2.28	1.95	1.21	0.82	0.64
In percent of debt service	11.08	14.78	23.49	24.30	24.27	29.77	28.69	28.10	21.66	20.27	15.67	12.52	12.72
In percent of GDP	0.30	0.50	0.68	0.74	0.74	0.80	0.73	0.65	0.46	0.39	0.24	0.16	0.13
In percent of quota	10.40	18.08	26.13	30.60	32.73	38.09	37.97	36.74	28.52	26.38	17.72	13.04	11.08
In percent of revenues net of grants	2.07	3.42	4.77	5.18	5.14	5.54	5.13	4.60	3.37	2.86	1.76	1.19	0.92
Outstanding Fund credit													
In millions of SDRs	148.82	200.56	186.62	169.90	151.85	130.46	109.16	88.62	73.19	59.09	50.38	44.58	39.91
Of which : RSF	10.36	46.65	46.65	46.65	46.65	46.65	46.65	46.65	46.65	46.65	46.65	44.58	39.91
In millions of US$	194.17	261.97	243.99	222.55	199.09	171.33	142.95	116.12	95.94	77.47	66.05	58.42	52.32
In percent of Gross International Reserves	35.73	46.35	42.30	36.89	30.56	25.26	19.44	14.86	11.55	8.85	7.21	6.16	5.40
In percent of debt service	254.91	263.70	269.73	216.87	181.03	163.91	132.59	108.97	89.38	72.98	71.65	68.85	73.64
In percent of GDP	7.01	8.92	7.76	6.59	5.49	4.38	3.37	2.52	1.91	1.42	1.11	0.90	0.74
In percent of quota	239.26	322.44	300.02	273.14	244.13	209.75	175.50	142.48	117.67	95.01	81.00	71.67	64.17
In percent of revenues net of grants	47.63	60.94	54.71	46.25	38.34	30.50	23.72	17.84	13.90	10.29	8.04	6.52	5.35
Net use of Fund credit (millions of SDRs)	35.27	21.64	-13.94	-16.72	-18.05	-21.38	-21.30	-20.54	-15.43	-14.10	-8.71	-5.81	-4.67
Disbursements	40.43	31.08	0	0	0	0	0	0	0	0	0	0	0
Of which: RCF	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which: ECF	24.89	0	0	0	0	0	0	0	0	0	0	0	0
Of which : RSF	15.54	31.08	0	0	0	0	0	0	0	0	0	0	0
Repayments and Repurchases	5.17	9.44	13.94	16.72	18.05	21.38	21.30	20.54	15.43	14.10	8.71	5.81	4.67
Of which: RCF	4.67	5.44	5.44	3.11	3.11	1.56	0	0	0	0	0	0	0
Of which: ECF	0.50	4.00	8.50	13.61	14.94	19.83	21.30	20.54	15.43	14.10	8.71	3.73	0.00
Of which : RSF	0	0	0	0	0	0	0	0	0	0	0	2.07	4.67
CCR Trust debt relief	0	0	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:													
Nominal GDP (millions of US$)	2,770.74	2,937.74	3,143.09	3,375.68	3,627.14	3,913.34	4,236.64	4,609.10	5,014.30	5,455.12	5,934.70	6,456.44	7,024.04
Exports of goods and services (millions of US$)	503.66	552.36	607.67	667.88	734.34	814.68	878.10	946.88	1,021.87	1,103.76	1,194.13	1,293.18	1,401.91
Gross International Reserves (millions of US$)	543.47	565.22	576.82	603.31	651.52	678.22	735.44	781.25	830.58	875.64	916.50	948.86	968.28
Debt service (millions of US$)	76.17	99.35	90.46	102.62	109.98	104.53	107.82	106.56	107.35	106.16	92.19	84.85	71.04
Quota (millions of SDRs)	62.20	62.20	62.20	62.20	62.20	62.20	62.20	62.20	62.20	62.20	62.20	62.20	62.20
Revenues net of grants (millions of US$)	407.68	429.88	445.98	481.21	519.30	561.69	602.67	651.04	690.47	752.59	821.62	896.70	978.36

Source: IMF staff calculations.

Table 12. 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.	Disbursed
September 30, 2024	8.29	13.33	Board completion of the second review based on observance of performance criteria for June 30, 2024.	Disbursed
March 31, 2025	12.44	20.00	Board completion of the third review based on observance of performance criteria for December 31, 2024.	Pending
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 13. The Gambia: Proposed Schedule of Disbursements Under the RSF Arrangement, 2025–26

Availability	**Disbursement In Millions of SDR**	**Disbursement In percent of Quota**	**Total Disbursements**	**Condition for Disbursement**	**Status**
September 30, 2025	5.18	8.33	**10.36**	Reform measure 3 implementation review	
September 30, 2025	5.18	8.33		Reform measure 5 implementation review	
March 31, 2026	5.18	8.33	**20.72**	Reform measure 1 implementation review	
March 31, 2026	5.18	8.33		Reform measure 2 implementation review	
March 31, 2026	5.18	8.33		Reform measure 4 implementation review	
March 31, 2026	5.18	8.33		Reform measure 8 implementation review	
September 30, 2026	5.18	8.33	**15.57**	Reform measure 6 implementation review	
September 30, 2026	5.18	8.33		Reform measure 7 implementation review	
September 30, 2026	5.21	8.38		Reform measure 9 implementation review	
Total Disbursements	**46.65**	**75.0**			

Source: IMF staff estimates.

Table 14. The Gambia: Quantitative Performance Criteria and Indicative Targets for 2024–26

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

	2024													2025					2026	
	Jun.					Sept.				Dec.				Mar.	Jun.	Sept.	Dec.		Mar.	Jun.
	Prog.	Adj.	2nd review	Rervised Act.	Status	Prog.	Adj.	Act.	Status	Prog.	Adj.	Act.	Status	Prog.	Prog.	Prog.	2nd review	Prog.	Prog.	Prog.
Performance criteria[1]																				
1. Net domestic borrowing of the central government (ceiling)	2,600	3,480	3,798		**Not Met**	2,800	4,033	6,354	**Not Met**	2,700	2,980	3,545	**Not met**	3,400	7,100	5,000	4,000	2,800	1,600	100
2. Domestic primary balance (cumulative floor)	-100	-686	-465	-1,038	**Not Met**	1,100	-133	-536	**Not Met**	1,040	760	771	**Met**	-700	-2,600	1,800	2,700	1,900	900	1,500
3. Stock of net usable international reserves of the central bank (floor, US$ million)	280	260	346		**Met**	282	264	315	**Met**	309	305	379	**Met**	298	283	267	285	305	309	302
4. New external payment arrears of the central government (ceiling, US$ million)[2]	0.0	...	0.0		**Met**	0.0	...	0.0	**Met**	0.0	...	0.0	**Met**	0.0	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	**Met**	0.0	...	0.0	**Met**	0.0	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	**Met**	0.0	...	0.0	**Met**	0.0	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]	90	...	0.0		**Met**	90	...	0.0	**Met**	90	...	70	**Met**	90	90	90	90	90	90	90
Indicative targets[1]																				
8. Total tax revenue (floor)	8,900	...	9,079		**Met**	13,100	...	13,247	**Met**	17,200		17,761	**Met**	5,700	11,100	16,200	21,200	21,200	5,900	6,100
9. Monthly ceiling on central bank credit to the government at non-market terms (GMD millions)[4]	0.0	...	0.0		**Met**	0.0	...	0.0	**Met**	0.0		0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. New central bank credit to public entities (ceiling, GMD millions)[5]	...	...	...		...	...	...	...	... ...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Stock of net domestic assets of the central bank (ceiling)	11,825	...	10,847		**Met**	12,285	...	7,722	**Met**	12,745	...	2,770	**Met**	13,216	13,687	14,157	14,628	14,628	10,971	14,907
12. Poverty-reducing expenditure (floor)	5,000	...	6,149		**Met**	7,500	...	8,907	**Met**	10,100		10,507	**Met**	3,000	6,000	9,000	12,000	12,000	3,200	6,400
Memorandum Items:																				
Budget Support (grants, US$ millions)	8.7	...	0.0		...	23.1	...	3.8	...	50.0		46.0	...	0.0	0.0	13.2	33.2	52.6	5.5	13.0
Base Money (stock, GMD millions)	21,919	...	25,298		...	22,261	...	22,502	...	22,603		22,556	...	22,787	22,971	23,155	23,339	23,339	23,642	23,805
IMF disbursements (SDR millions)[6]	16.58	...	0.0		...	16.6	...	16.58	...	24.9		24.9	...	0.0	37.3	0.0	65.3	35.6	0.0	93.3

[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.

5 Once an ex ante legal framework has been enshrined in the CBG Act, emergency lending to the government can be affected under catastrophic circumstances.

[6] The amounts for 'Prog Mar 2024' and 'Prog Mar 2025' were incorrectly reported in the program approval and first review Staff Reports.

Table 15. The Gambia: Prior Action and Structural Benchmarks for the Third ECF Review, 2025			
Measures	**Macro Rationale**	**Timing**	**Status**
Prior Action			
Cabinet approval of adjustments to 2025 budget allocations to compensate for new unfunded spending pressures.	Ensure the budget is consistent with program objectives	Prior Action	Met
Structural Benchmarks			
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-December 2024	Not met (proposed to be rephased to end-September 2025)
Public Financial Management (MOFEA and Cabinet)			
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	Met
Prepare a study on rationalizing and consolidating subvented agencies with MDAs.	Improve efficiency of institutions and reduce burdens on the budget.	End-December 2024	Met
NAO and MoFEA's Internal Audit to complete and publish a report of all existing arrears and unsettled commitments by the central government, in line with IMF recommendations.	Have a full understanding of government's commitments and avoid unexpected fiscal pressures	End-March 2025	Not met (proposed to be modified and rephased to end-December 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.	End-December 2024	Not met (proposed to be rephased to end-September 2025)
Finalize and enact regulations of the recently passed public procurement and SOEs Acts.	Ensure effective impact of reforms on procurement and SOEs.	End-December 2024	Met
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	Met

Table 16. The Gambia: Structural Benchmarks for Fourth – Fifth –Sixth ECF Reviews, 2025–26

Measures	Macro Rationale	Timing	Status
Domestic Revenue Mobilization (GRA/MOFEA)			
Create a database of rental property for taxation purposes.	Expand the tax base and prevent avoidance.	End-June 2025	
Submit to the cabinet a tax expenditure statement in line with FAD recommendations.	Enhance transparency of tax expenditure and protect revenue collection.	End-December 2025	
Adopt a domestic revenue mobilization strategy.	Enhance revenue collection.	End-June 2025	
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-December 2024 (proposed to be rephased to end-September 2025)	
Undertake a thorough review of VAT with a view to modernizing its design and operation and improving its revenue productivity.	Close the VAT policy and compliance gaps.	Proposed for End-June 2026	
Public Financial Management (MOFEA and Cabinet)			
Extend the use of IFMIS to 4 multilateral-donor projects and to all government-funded projects implemented after January 1, 2025.	Strengthen the management of investment projects.	End-September 2025	
Adopt by the cabinet a revised PFM Act in line with agreed IMF recommendations	Streamline the project approval process	End-December 2025	
Require all MDAs to present quarterly updates to their cash plans through IFMIS and implement a 'maximum deviation' rule. subject to spending pressures emanating from essential expenditure	Improve the cash forecasting and management system and ensure meeting fiscal and debt targets.	End-December 2025	
NAO and MoFEA's Internal Audit to complete and publish a report of all existing arrears and unsettled commitments by the central government, in line with IMF recommendations.	Have a full understanding of government's commitments and avoid unexpected fiscal pressures	End-March 2025 (proposed to be modified and rephased to end-December 2025)	
MoFEA to develop and publish a comprehensive, timebound strategy to institutionalize the arrears reporting and clearing framework and propose measures to address the shortcomings in the PFM systems that led to an accumulation of pending bills and other arrears. The strategy should be aligned with IMF recommendations and will include, among others, a clear definition of expenditure arrears, an arrears reporting framework, criteria for clearing validated arrears and potential consequences for public officers that fail to report arrears.	Ensure proper management of arrears and unsettled commitments by institutionalizing arrear reporting and clearance.	Modified SB for end-June 2025	

Table 16. The Gambia: Structural Benchmarks for Fourth – Fifth –Sixth ECF Reviews, 2025–26 (concluded)			
Measures	**Macro Rationale**	**Timing**	**Status**
MoFEA to publish a payment schedule for arrears identified in the NAO and Internal Audit's report, reflecting the criteria identified in the arrears clearance strategy and in line with IMF recommendations.	Avoid unexpected fiscal pressures by agreeing on a pre-defined payment schedule.	Proposed for end-March 2026.	
Ensure that the Chart of Accounts is entirely aligned with GFS 2014, finalize the Chart of Accounts manual and publish the Chart of Accounts and its manual on MoFEA's website.	Ensure budget planning is aligned with best practices and avoid misclassification errors	End-September 2025	
Governance and SOE Reforms (MOFEA)			
Set up a digital platform for business registration.	Facilitate business creation and increase formal sector employment.	End-June 2025	
Submit to the National Assembly the names of the three anti-corruption commissioners that are being selected through a transparent and merit-based process led by a vetting committee, as specified in the Anticorruption Act.	Strengthen governance and anti-corruption efforts	Proposed for end-June 2025	
Adopt by the cabinet a draft land policy.	Facilitate access to land and finance and improve business creation.	End-September 2025	
Complete partial or full privatization of GAMCEL.	Turn SOEs from fiscal burdens to revenue-generating assets.	End-March 2026	
Adopt by the cabinet a revised National Audit Office Act.	Strengthen the independence and effectiveness of the National Audit Office.	End-December 2024 (proposed to be rephased to 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.	End-December 2025	

Table 17. The Gambia: Reform Measure Matrix

RSF 1st review/ ECF 4th review	RSF 2nd review/ ECF 5th review	RSF 3rd review/ ECF 6th review
	RM1: MECCNAR to draft and Cabinet to adopt a Climate Change Bill in line with WB recommendations, allocating roles and responsibilities over targets clearly among actors, avoiding overlaps, facilitating coordination and mandating data sharing across Ministries, Departments and Agencies for climate-informed policy planning and decision making	
	RM2: MoFEA to develop a methodology for identifying fiscal risks from natural disasters and publish the methodology and the results of the application of such methodology starting with the 2027 Medium Term Economic and Fiscal Framework, in line with IMF TA recommendations.	
RM3: MoFEA to incoporate climate mitigation and adaptation criteria in the guidelines for project appraisal and selection process, including for donor-funded projects, in line with IMF TA recommendations.		
	RM4: To address data gaps, the CBG will enhance the climate information architecture by adopting i) a transition taxonomy to properly identify and measure climate-related financial sector risks and opportunities ii) a climate data repository, including climate-related risk and opportunities information and taxonomy-aligned data along with a collection and dissemination mechanism. The CBG will also issue supervisory guidelines for the banking sector, based on the adopted taxonomy, to incorporate climate-related risks to their risk management frameworks, which should be regularly shared with the CBG, along with timelines for the adoption of guidelines.	
RM5: MoFEA to approve insurance regulations to promote private sector engagement in the market. These regulations must take into account the unique climate considerations in The Gambia and should establish a framework that facilitates the development of promising instruments, such as index-based microinsurance schemes, fosters partnerships between prospective insurers and climate data providers, and sets forth clear guidelines for index triggers. Additionally, the regulations should outline effective monitoring and reporting mechanisms, particularly in scenarios where the government or development partners provide subsidies for premium payments.		
		RM6: To improve resilience against sea-level rise, the Ministry of Land, working with the Ministry of Fisheries and Water Resources and all relevant stakeholders, to update the zoning regulations focused on coastal zones so they incorporate climate resilience criteria, including the full range of adaptation options, such as setback distances and no development zones (explicitly prohibiting infrastructure development in areas of high-risk of flooding from the sea or the river Gambia), in line with good international practices.
		RM7: The Ministry of Fisheries and Water Resources to issue regulations for licensing procedures that will effectively control groundwater abstraction and impoundment, in accordance with good international practices.
	RM8: MoFEA to convert the gasoline and diesel excise tax from an ad-valorem tax to a specific tax, aligning the rate based on carbon content, in line with Fund recommendations, to be included in the 2026 budget. The new tax should be 5 USD per ton more ambitious than existing taxes, indexed to inflation, and must be complemented with additional funding to the social safety net to protect vulnerable households.	
		RM9: MoFEA, the Ministry of Petroleum and Energy and PURA to review the electricity cost recovery methodology and the tariff compensation mechanism and update them in line with IMF recommendations. Based on the revised methodology and compensation mechanism, tariffs would be regularly updated consistent with a plan to achieve full cost-recovery by end-2030, and implement the first phase of tariff adjustments in line with the approved plan. The plan will be published and should include measures to mitigate impacts on vulnerable households.

Table 18. The Gambia: Reform Measures Under the RSF

Reform Measures		Target Date	Review Timeframe	TA provider 1/	Prospective BoP risk reduction
Pillar I: Legal Framework and Enabling Institutional Environment					
RM1: Climate Change Law	MECCNAR to draft and Cabinet to adopt a Climate Change Bill in line with WB recommendations, allocating roles and responsibilities over targets clearly among actors, avoiding overlaps, facilitating coordination and mandating data sharing across Ministries, Departments and Agencies for climate-informed policy planning and decision making	March 2026	RSF 2nd review / ECF 5th review	WB	*Improved fiscal and external sustainability.* Enables resilience building and supports budget management which reduces fiscal and private costs when climate risks materialize, and subsequently, reduces external financing needs. Improves impact of other RMs and macro-critical
Pillar II: Green PFM					
RM2: Fiscal risks	MoFEA to develop a methodology for identifying fiscal risks from natural disasters and publish the methodology and the results of the application of such methodology starting with the 2027 Medium Term Economic and Fiscal Framework, in line with IMF TA recommendations.	March 2026	RSF 2nd review / ECF 5th review	IMF	*Improved fiscal and external sustainability.* Reduces fiscal costs when climate risks materialize and the need for external financing; reduces import demand for reconstruction, and facilitates a quick recovery of growth and net exports.
RM3: PIM	MoFEA to incoporate climate mitigation and adaptation criteria in the guidelines for project appraisal and selection process, including for donor-funded projects, in line with IMF TA	Early December 2025	RSF 1st review / ECF 4th	IMF	
Pillar III: Climate Data and Transition Taxonomy					
RM4: Climate data and transition taxonomy	To address data gaps, the CBG will enhance the climate information architecture by adopting i) a transition taxonomy to properly identify and measure climate-related financial sector risks and opportunities ii) a climate data repository, including climate-related risk and opportunities information and taxonomy-aligned data along with a collection and dissemination mechanism. The CBG will also issue supervisory guidelines for the banking sector, based on the adopted taxonomy, to incorporate climate-related risks to their risk management frameworks, which should be regularly shared with the CBG, along with timelines for the adoption of guidelines.	March 2026	RSF 2nd review / ECF 5th review	IMF/GCA	*Financial sector resilience.* Reduces financial sector losses when climate risks materialize, lowering recapitalization needs for banks. *Investment promotion.* Clarifying climate-related exposures attracts investments by reducing uncertainty.
Pillar IV: Climate Adaptation					
RM5: Small farmers insurance	MoFEA to approve insurance regulations to promote private sector engagement in the market. These regulations must take into account the unique climate considerations in The Gambia and should establish a framework that facilitates the development of promising instruments, such as index-based microinsurance schemes, fosters partnerships between prospective insurers and climate data providers, and sets forth clear guidelines for index triggers. Additionally, the regulations should outline effective monitoring and reporting mechanisms, particularly in scenarios where the government or development partners provide subsidies for premium payments.	September 2025	RSF 1st review / ECF 4th review	IMF	*BOP and fiscal resilience to shocks and increased economic growth by:* - Increasing agricultural productivity and sustainability, reducing food imports, including after shocks. May also increase food exports. - Channeling infrastructure investment to zones that are less climate-exposed reduces the need for frequent reconstruction and associated imports, fiscal costs, and external loans/debt service. It also facilitates resilient transport needed for trade.
RM6: Sea level rise and flooding risk	To improve resilience against sea-level rise, the Ministry of Land, working with the Ministry of Fisheries and Water Resources and all relevant stakeholders, to update the zoning regulations focused on coastal zones so they incorporate climate resilience criteria, including the full range of adaptation options, such as setback distances and no development zones (explicitly prohibiting infrastructure development in areas of high-risk of flooding from the sea or the	September 2026	RSF 3rd review / ECF 6th review	WB	
RM7: Water	The Ministry of Fisheries and Water Resources to issue regulations for licensing procedures that will effectively control groundwater abstraction and impoundment, in accordance with good international practices.	September 2026	RSF 3rd review / ECF 6th review	AFD/GCA	
Pillar V: Energy Transition					
RM8: Carbon taxation	MoFEA to convert the gasoline and diesel excise tax from an ad-valorem tax to a specific tax, aligning the rate based on carbon content, in line with Fund recommendations, to be included in the 2026 budget. The new tax should be 5 USD per ton more ambitious than existing taxes, indexed to inflation, and must be complemented with additional funding to the social safety net to protect vulnerable households.	January 2026	RSF 2nd review / ECF 5th review	IMF	*BOP resilience to shocks.* Reduces LT reliance on fossil fuel imports whose prices are volatile. *Fiscal and external sustainability* owing to market price on electricity which reduces the need for external financing.
RM9: Electricity cost recovery	MoFEA, the Ministry of Petroleum and Energy and PURA to review the electricity cost recovery methodology and the tariff compensation mechanism and update them in line with IMF recommendations. Based on the revised methodology and compensation mechanism, tariffs would be regularly updated consistent with a plan to achieve full cost-recovery by end-2030, and implement the first phase of tariff adjustments in line with the approved plan. The plan will be published and should include measures to mitigate impacts on vulnerable households.	September 2026	RSF 3rd review / ECF 6th review	IMF	

Notes:

1/ GCA=Global Center on Adaptation; WB=World Bank; AFD=French Development Agency.

Annex I. Risk Assessment Matrix[1]

Sources of Risk	Likelihood	Expected Impact	Policy Response
External			
Trade policy and investment shocks. Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger U.S. dollar appreciation, tighter financial conditions, and higher inflation.	**High**	**High.** While the direct effect of the US tariffs/trade policy on the Gambia is minor given the low share of trade with the US, income in destinations of exports and origins of tourists will be affected. 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. • Provide targeted support to vulnerable households using the expanded social registry.
Sovereign debt distress. Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries.	**High**	**Medium.** Shrinking development aid from international partners might limit The Gambia's ability to finance vital public services and infrastructure projects. As a result, the government may have to implement abrupt expenditure cuts, affecting social services, health care, education, and infrastructure development.	• 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. • Build adequate fiscal and foreign exchange buffers. • Implement structural reforms to support private sector development. • Provide targeted support to vulnerable households using the expanded social registry.

[1] Aligned with the Global Risk Assessment Matrix (G-RAM) as of February 21, 2025. 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 Risk	Likelihood	Expected Impact	Policy Response
External			
Regional conflicts. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	**Medium**	**High.** An escalation or spread of the conflict and other regional conflicts, with the ensuing global commodity price volatility and disruptions of global supply chains could reduce tourist arrivals and remittance inflows, intensify inflationary and forex pressures, and resume large fuel revenue losses.	• 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.
Commodity price volatility. Supply and demand fluctuations (e.g., due to conflicts, export restrictions, OPEC+ decisions, and green transition) cause recurrent commodity price volatility, external and fiscal pressures and food insecurity in EMDEs, cross-border spillovers, and social and economic instability.	**High**	**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 the World Bank support, including use of alternative energy production methods.
Global growth acceleration. Easing of conflicts, positive supply-side surprises (e.g., oil production shocks), productivity gains from AI, or structural reforms raise global demand and trade.	**Low**	**High.** This would positively affect The Gambia's economy through higher tourist arrivals and remittance inflows. Domestic economic activity would strengthen. The tax base would increase, resulting in improvement in the country's debt devel.	• Save the higher tax windfall to build adequate fiscal and foreign exchange buffers. • Implement structural reforms to support private sector development.
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability. A disorderly transition to net-zero emissions and regulatory uncertainty lead to stranded assets and low investment.	**High**	**High.** 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.	• Build resilience to natural disasters. • Consider the policy recommendations from the recent technical assistance on Climate Policy Diagnostic and Climate Public Investment Management Assessment.

Sources of Risk	Likelihood	Expected Impact	Policy Response
Domestic			
Social discontent and instability. High price levels are eroding households' real income, increasing inequality and intensifying wage increase demands, with the potential for heightened social tensions.	**High**	**High.** Socio-political uncertainty hurts confidence of economic actors 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.

Annex II. External Sector Assessment

Overall Assessment: *Preliminary staff estimates suggest that the external position of The Gambia in 2024 is moderately weaker than the level implied by medium-term fundamentals and desirable policies. The external position, which is weaker than the last assessment of "broadly in line," is attributable to an elevated current account deficit, reflecting high fiscal expenditures and strong growth of the construction sector during the year. The current account deficit is projected to decline in 2025 and further over the medium term, as the fiscal balance is expected to improve, and tourism is expected to continue its robust growth. The net international investment position (NIIP) was estimated to be -75.8 percent of GDP as of 2023, while external debt stood at 47.4 percent of GDP in 2024, 1.7 percentage points down from 2023. The reserves level increased in 2024 and is assessed to be adequate for precautionary purposes.*

Potential Policy Responses: *The implementation of the planned fiscal consolidation is crucial for reducing current account deficits and ensuring external sector sustainability. Achieving exchange rate flexibility through a well-functioning foreign exchange market will support The Gambia's external position. Heightened levels of NIIP and external debt warrant careful monitoring, although the risk of sudden outflows is relatively limited due to the high shares of FDI liabilities and concessional debt.*

Foreign Assets and Liabilities: Position and Trajectory[1]

Background. The Gambia's net international investment position (NIIP) has gradually declined since 2008, reaching approximately -75.8 percent of GDP in 2023. External debt and FDI liabilities have been the primary drivers of The Gambia's NIIP, with a sizeable share of liabilities denominated in US dollars. Gross liabilities in 2023 were around 110 percent of GDP, 48 percent of which were debt liabilities. The NIIP is projected to have declined further in 2024, considering the heightened current account deficit in 2024.

Assessment. While the sizable negative NIIP warrants careful monitoring of relevant risks, the sustainability of the NIIP is not an immediate concern, given the high shares of FDI liabilities and concessional debt. Going forward, the projected decline of the current account deficit will lead to a steady decline of the NIIP-to-GDP ratio. Along with the improvements in the current account balance, it is also important to minimize non-concessional external borrowing over the medium term, to ensure external sustainability within the time horizon.

[2023] (% GDP)	NIIP: -75.8	Gross Assets: 38.2	Debt Assets: 10.6	Gross Liab.: 110.1	Debt Liab.: 52.6

Current Account

Background. The current account deficit in 2024 is estimated to have increased to 6.2 percent of GDP from 5.4 percent in the previous year, despite the robust growth of remittances and tourism, as the elevated fiscal expenditures and strong growth of the construction sector led to high import growth. The current account deficit is projected to fall below 5 percent of GDP in 2025 and then will decline further toward around 1-2 percent of GDP over the medium term, in line with the planned fiscal consolidation. However, current account deficits over the medium term would be higher than staff's baseline projections if unfavorable external shocks, such as higher oil prices, or weak growth in tourist origination countries, were to hit the economy.

Assessment. The EBA-lite methodology's current account (CA) approach produces a current account gap of -1.7 percent of GDP. Cyclically adjusted current account deficit and current account norm are -5.7% of GDP and -3.9% of GDP respectively, resulting in a gap of -1.7% of GDP.

The Gambia: EBA-lite Model Results, 2024

	CA model 1/	REER model 1/
	(in percent of GDP)	
CA-Actual	**-6.2**	
Cyclical contributions (from model) (-)	-0.1	
Additional temporary/statistical factors (-) 2/		
Natural disasters and conflicts (-)	-0.4	
Adjusted CA	**-5.7**	
CA Norm (from model) 3/	**-3.9**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-3.9**	
CA Gap	**-1.7**	**-3.0**
o/w Relative policy gap	1.9	
Elasticity	-0.2	
REER Gap (in percent)	**9.1**	**15.8**

1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment to account for the temporary impact of shock
3/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. The real exchange rate slightly appreciated by 1.2 percent in 2024, despite the nominal depreciation, reflecting high inflation above 10 percent. Between January 2023 and December 2024, the real exchange rate appreciated by 8.2 percent.

Assessment. The CA approach of the EBA-lite model implies an overvaluation of 9.1 percent, while the REER model implies an overvaluation of 15.8 percent. Given the historically poor fit of the REER model for The Gambia for the consistency with CA assessment, staff's assessment of the real exchange rate is grounded on the REER Gap from the CA model estimates. Achieving exchange rate flexibility through a well-functioning foreign exchange market is crucial for ensuring the REER gap will be closed over the medium term.

Capital and Financial Accounts: Flows and Policy Measures

Background. The Gambia's capital account is estimated to slightly decreased from 6.2 percent of GDP in 2023 to 5.2 percent in 2024, mainly due to lower disbursements of project (i.e., capital) grants. Meanwhile, the financial account appeared to be similar to 2023, recording –0.2 percent of GDP, which reflects the continuation of robust FDI inflows.

Assessment. The risk of sudden and large outflows is limited as most of the inflows are disbursements of concessional debt or direct investments. Going forward, it is important to build an environment to attract more direct investment.

FX Intervention and Reserves Level

Background. The Gambia's gross international reserves increased to US$533.5 million in 2024 from US$474.3 in 2023, reaching 20.8 percent of GDP or 4.2 months of prospective imports. The increase was driven by disbursements from various creditors, including the IMF, during December 2024. Over the medium term, scheduled debt service will drain reserves, while improvements in the current account will help sustain the current level of reserves. As a result, gross international reserves are projected to remain above 4 months of prospective imports, while the ratios are projected to decline to 4.0 months in 2031. Following the forex shortage in 2022, the CBG introduced a new forex policy in 2023 to promote a more flexible exchange rate. The new forex policy contributed to a smooth functioning of the market and FX interventions were limited in 2024. More recently, the CBG implemented a net sell intervention of approximately US$ 7 million during the first quarter of 2025.

Assessment. Based on the Fund's approach to assessing reserve adequacy in credit-constrained economies (ARA-CC), the estimated adequate level of reserves is 3.5 months of imports. However, staff assesses that the adequate level of reserves is higher than this estimate. As illustrated in the external DSA, The Gambia has significant external debt, and debt service is projected to substantially increase from 2025 onward as the debt deferral period ends, putting significant strain on The Gambia's FX reserves. Therefore, staff recommends that the central bank hold foreign exchange reserves corresponding to at least 4 months of prospective imports of goods and services. The level of gross international reserves at the end of 2024 is deemed adequate. While FX intervention could be used to address disorderly market conditions and mitigate policy trade-offs when the FX market becomes dysfunctional and exhibits excessive volatility due to large non-fundamental shocks, it is crucial to ensure exchange rate flexibility and smooth forex market operations so that exchange rates can function as shock absorbers for the economy.

[1] The analysis of foreign assets are liabilities use the data from Lane and Milesi-Feretti's External Wealth of Nation database (EWN DB, https://www.brookings.edu/articles/the-external-wealth-of-nations-database/). The assessment is anchored to 2023 as this is the last observation in the database. The figures in the database are broadly consistent with official statistics of The Gambia, such as external debt statistics, but minor discrepancies exist for some figures as EWN DB does not fully utilize updated information and include some estimates. Currently, The Gambia does not publish the International Investment Position data.

Annex III. Climate Risk Profile in The Gambia

This annex analyzes the climate risk profile in The Gambia, identifying the country's main vulnerabilities and causal mechanisms through which climate change can have macro-critical impacts in the Gambian economy, including through fiscal and external channels. It provides an overview of progress and gaps on climate adaptation and mitigation policy, as well as of gaps regarding public financial management and climate data. Finally, it lays the foundations for IMF support to the country under the Resilience and Sustainability Facility (RSF).

A. Climate Risk Profile

1. **The Gambia is highly vulnerable to both the gradual impacts of climate change and increasingly frequent and severe natural disasters.** The country's distinctive topography, defined by the Gambia River, has a low elevation, making it susceptible to sea-level rise. Increasing salinization and rainfall pattern shifts hurt agricultural productivity, in turn exacerbating deforestation. Droughts and floods are becoming more frequent[1] with severe consequences for food security and fiscal sustainability. The frequency and severity of extreme heat events are escalating.[2] Key sectors such as agriculture, tourism, and fishing are among the most vulnerable to climate change, threatening the livelihoods of many Gambians. All these factors affect general macroeconomic stability through multiple channels, including through productivity losses and the fiscal and external accounts.

2. **With one of the lowest elevations in the world, The Gambia is exceptionally vulnerable to sea level rise (Figure 1a), ranking among the top ten countries most at risk due to a large population living in low elevation coastal zones.** Approximately one third of the population lives below 10 meters above sea level, making The Gambia the fourth most exposed country in sub-Saharan Africa, following Benin, Senegal and Liberia (McGranahan et al., 2017; Neumann et al., 2015). Banjul, and the Greater Banjul area, with around 1.4 million residents (60 percent of the total population), are situated at sea level. Sea-levels could rise by around half a meter by 2050 (see Figure M6). A one-meter sea level rise scenario could see parts of the capital submerged by 2100, especially during critical events such as storms and high tides (Figure 1b, right panel). Moreover, rising sea levels will also exacerbate the salinization of freshwater aquifers and accelerate coastal erosion, hurting tourism. The cost of sea level rise could reach $70 million on average by 2050,[3] and the cost of coastal erosion would be much higher. Further, the first Global Stocktake estimates that considering the full implementation of the latest nationally determined contributions (NDCs), global mean temperatures will increase by 2.1-2.8 ºC by 2100.[4] A less ambitious scenario is predicted to

[1] GMB: Gambia Risk Profile - Floods & Droughts (2019)—GeoNode (riskprofilesundrr.org).

[2] IMF Staff. FADCP Climate Dataset (Massetti and Tagklis, 2024), using CRU data (Harris et al., 2020), and CMIP6 data (Copernicus Climate Change Service, Climate Data Store, 2021: CMIP6 climate projections).

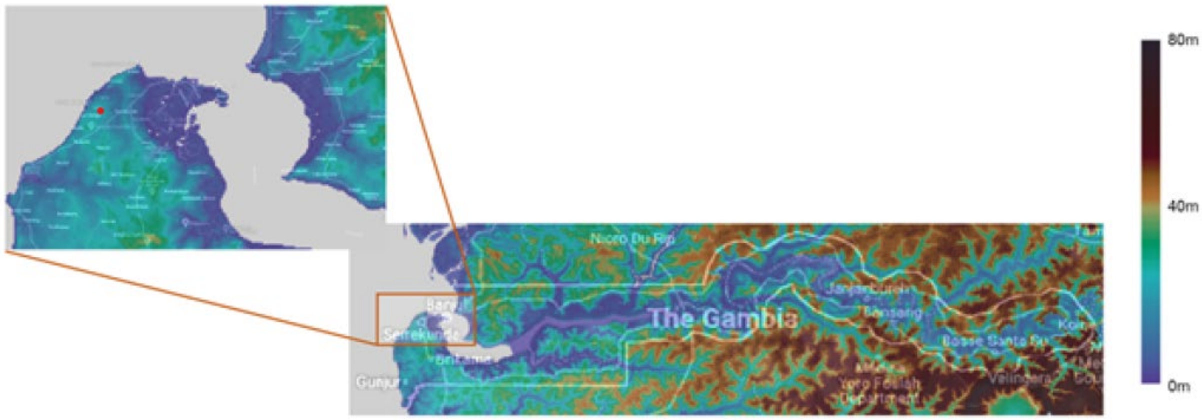
[3] Estimates based on the CIAM model (Diaz 2016). Due to the highly non-linear nature of coastal impacts, adaptation costs, and effectiveness of adaptation measures, ranges are not always symmetric around total costs.

[4] IMF Staff. FADCP Climate Dataset (Massetti and Tagklis, 2024), using CRU data (Harris et al., 2020), and CMIP6 data (Copernicus Climate Change Service, Climate Data Store, 2021: CMIP6 climate projections).

increase global temperatures by 2.5 to 4.0 ºC by 2100 – with about 1.7-2.6 ºC increase for The Gambia by 2050.[5]

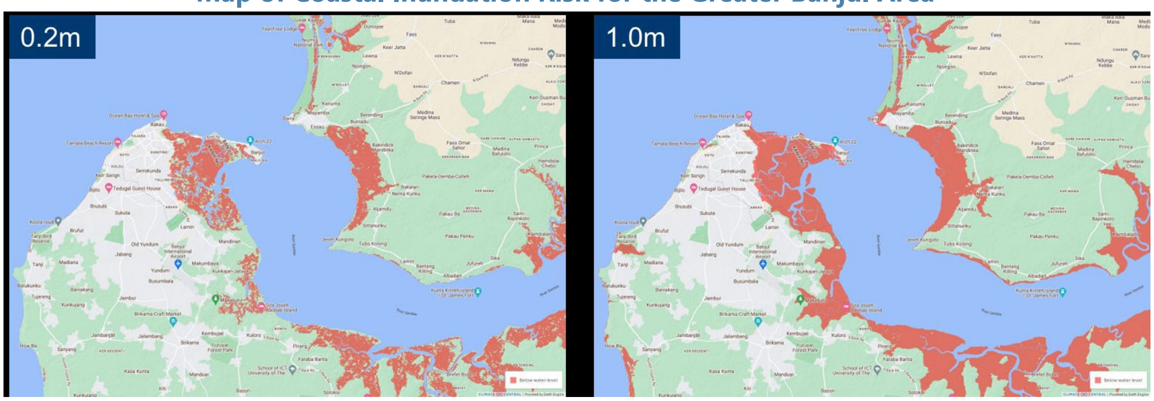
Annex III. Figure 1. Digital Elevation Map of The Gambia and the Greater Banjul Area and Sea Level Rise in The Gambia

Projected Sea Level Rise under Different Climate Scenarios



Source: IMF Staff using digital elevation model data from the Global Multi-resolution Terrain Elevation Data 2010 (GMTED2010).

Map of Coastal Inundation Risk for the Greater Banjul Area



Source: IMF Staff based on Climate Central. Notes: These figures show the land areas in the Greater Banjul Area that would be inundated given a water level at 0.2 and 1.0 meters. Water levels above the high tide could be reached through combinations of sea level rise, tides, and storm surge. The shaded areas indicate the water surface above the local tideline, which denotes the recent historical average of the highest daily local tide level or the mean higher high-water line.

3. **Natural disasters in The Gambia have been fairly frequent and are expected to become even more frequent and severe with climate change**. Since 1950, The Gambia has experienced 33 climate-related disasters, including drought flood, storm and wildfire (see Figure A2). Recurring droughts and floods impose large economic and welfare losses. The 2011/2012 and 2014/2015 droughts, for instance, led to a 50 percent decline in crop output, severely threatening food security

[5] This scenario is labelled as RCP-7.0. The first Global Stocktake's estimates of 2.1-2.8 ºC increase by 2100 roughly correspond to the Radiative Concentration Pathway (RCP) 4.5, which assumes a 4.5 W/m^2 radiate forcing by 2100 -- there's no exact correspondence between radiative forcing and temperature increase. RCP-7.0 is a high emission scenario with limited mitigation and slower deployment of clean energy and other emission reduction technologies. Therefore, it leads to a larger warming.

(IFAD, 2019) and weighing on the balance of payments as the country had to import more food. The rising severity of natural disasters is illustrated by the 2022 flashflood, which resulted from the largest rainfall event recorded in over 30 years in The Gambia. Preliminary analysis indicates that direct damages amounted to approximately $82 million, or about 3.8 percent of The Gambia's 2022 GDP. In addition to significant damage to the built environment, the lack of appropriate waste collection and hazardous waste management led to secondary disasters, including an oil spill at NAWEC's Brikama power plants (Rentschler et al., 2023).

4. **Agriculture is the cornerstone of The Gambian economy and is highly vulnerable to climate change including shifting rainfall patterns and rising temperatures**. The sector accounts for about half of total employment and contributes over 22 percent of GDP, relying on rain-fed production of cereals and cash crops like groundnut, cashews, and rice. The tree major food items represented 86.2 percent of good exports in 2024. Figure A3 shows that agricultural yields are vulnerable to climate hazards and pose food security challenges. The sector faces risks because of rising temperatures, sea level rise, disruptions to the seasonal calendar, its dependence on rainfall, loss of agricultural lands due to saline water inclusion, declining land productivity - all of which are likely to worsen with climate change. For instance, saline water intrusion hurts the productivity of irrigated rice farming, which led to rice remaining the primary food import in recent years. The predicted increase in the number of hot and dry days will put pressure on rainfed agriculture (see Figure A4) and, simultaneously, amplify the impact of droughts. Data on agricultural losses is often unavailable or anecdotal, but simulations show that agricultural losses from severe droughts could increase three to fourfold compared to historical losses.[6] Such severity exacerbates the uncertainty of income streams of farmers, roughly half the population and that have no means to protect their revenue streams through financial mechanisms. Uncertainty regarding income streams hinders investment, including in adaptation, hampers broader development, and raises humanitarian concerns. Indeed, after years of declining productivity in the sector, undernourishment and food insecurity is on the rise. Additionally, agriculture is one dimension in which climate change is expected to exacerbate the country's balance of payments challenges in the years ahead, both by decreasing exports and increasing food imports.

5. **Water stress could increase under climate change as the water recharge rate decreases for the aquifers in the Greater Banjul Area.** The Gambia's water stress, measured as the ratio of total water withdrawal to renewable water availability, is presently considered low (<10 percent), despite some challenges to access drinking water in rural areas. Nonetheless, it is projected to increase to medium-high (20-40 percent) towards the latter 21st century under climate change. The situation might worsen given competing uses for water and salinization. On the one hand, a comprehensive strategy for increasing agricultural productivity would increase irrigated area, currently at 20 percent of the total grain production,[7] although low efficiency of current irrigation

[6] UNDRR (2019): The Gambia Disaster Risk Profile. For example, a drought with 1-in-10-years severity historically caused around $5 million agricultural loss, in the future climate – with RCP8.5 (very high emission) scenario - it is projected to cause around $21 million. A 1-in-50-years drought caused $17 million and projected to cause $57 million in the future.

[7] Imputed value for 2020 based on the Aquastat.

also results in inefficient water use (Figure A5). On the other hand, the increasing salinization of the Gambia River due to sea level rise threatens to contaminate groundwater aquifers. Other reasons for increased salinization include tidal flooding and unchecked borehole drilling, which is prevalent due to major infrastructure deficiencies and cuts in the water service. To close the negative feedback loop, increasing salinity of superficial and groundwater reduces the availability of water available for human consumption and irrigation, while hurting existing crops which are mostly not suitable for salty water and producing deforestation in areas close to the river.

6. Recent evidence underscores the significant relationship between climate variability and conflict, highlighting critical implications for policy and development. A meta-analysis of studies (Burke et al., 2024) shows that extreme climate events, such as higher temperatures and increased rainfall variability, increase the risk of inter-group conflict (+2.5 percent per standard deviation of temperature) and interpersonal violence (+1.9 percent). These effects, though slightly smaller than earlier estimates, remain highly significant and point to persistent vulnerabilities. In The Gambia, natural disasters could result in economic disruptions and migration pressures, which are compounded by institutional weaknesses, and could result in a higher propensity for conflict. Cross-border migration issues have already started as farmers look for more fertile grounds to graze cattle, including lands closer to the Gambia River.

7. Climate change and natural disasters can have severe macroeconomic implications for The Gambia through multiple channels. First, sudden shocks to agricultural productivity are associated with higher food imports, which leads to a worsening balance of payments and currency depreciation. Second, The Gambia's road and rail infrastructure is one of the most vulnerable and exposed in terms of annual expected damage to infrastructure in percentage of GDP (Koks et al., 2019). Specifically, it ranks 5th in sub-Saharan Africa at 2 percent of GDP annual expected damage. This affects connectivity, disrupts trade and, ultimately, affects economic growth. Additionally, the human and economic cost related to disasters is high, accounting for 3.8 percent of GDP for the 2022 flash floods, without accounting for budget virements that crowded out expenditure in productive areas. In addition, the absence of risk transfer instruments means that disaster response and recovery is either immediately or eventually borne by fiscal resources, adding to debt service payments and endangering debt sustainability. The DIGNAD (Debt, Investment, Growth, and Natural Disasters) model analysis in Annex V shows that investing in climate-resilient infrastructure could largely mitigate the negative impact of natural disasters on growth and debt. However, safeguarding debt sustainability depends on the continued availability of external concessional debt, as well as domestic revenue mobilization and spending rationalization reforms to close the financing gap.

B. Current Policies and Gaps

8. **The Gambia established the legal framework that partially governs climate change in 1994, but there is no cohesive governance framework for climate change and coordination challenges persist.** The National Environmental Management Act of 1994 remains the central legislation dealing with the environment and climate change but does not provide an appropriate governance framework for intersectoral coordination to take place, nor mandatory data sharing across institutions that need key climate information from other MDAs as inputs for climate-informed policy decision making. Moreover, there is an opportunity to clarify the roles and interaction between different actors such as the National Climate Change Council, the Inter-Ministerial Climate Committee and the Climate Change Secretariat, each tasked with integrating climate change into strategies, building capacity and tracking progress.

9. **Significant implementation challenges persist despite the development of comprehensive national climate strategies and policies**. The National Climate Change Policy (2016) set the foundation for mainstreaming climate change into national planning, budgeting and decision making. Subsequent initiatives, including the Strategic Program for Climate Resilience and the Low Emission Climate Resilient Development Strategy, identified priorities such as infrastructure, waste management, water supply, climate-resilient agriculture and coastal management, to make the economy more resilient to climate change and it also outlines key priority actions to facilitate the transition to a low-emission economy. The Gambia Climate Vision 2050 further underlines the importance of these sectors and lists seven barriers to be overcome including limited funding, limited capacity and the lack of political will. These factors have indeed hindered the climate actions up to present, highlighting the need for resource mobilization and international support.

10. **Despite being responsible of a marginal share of global emissions, multiple strategies focus on mitigation.** Notwithstanding its low-income status, The Gambia's NDC has more details on mitigation actions, compared to the adaptation actions, for example on scaling up renewable energy, decreasing emissions from agriculture, and improving waste management (see Figure M5 for the NDC target). These efforts were further consolidated through the 2021 NDC update, the 2050 Climate Vision, and the Long-Term Climate-Neutral Development Strategy 2050. The former strategy, published in 2022 targets five key emitting sectors: energy, agriculture, waste management, transport, and land use, land use change and forestry (LULUCF), aiming to achieve net-zero emissions by 2050. The Climate Vision 2050, mentioned in the previous paragraph, also states the net-zero emissions goal, which is consistent with the electricity sector's overarching strategy by 2040, which seeks to scale up electricity production by increasing renewables and ensuring that the sector is financially and environmentally sustainable. The implementation of the mitigation focused plans have also suffered from the lack of financing and limited capacity.

Building Resilience against Climate Change

11. **The Gambia is the 33rd most vulnerable country according to the IMF-Adapted NDGAIN Index and its readiness is low compared to most vulnerable countries, highlighting**

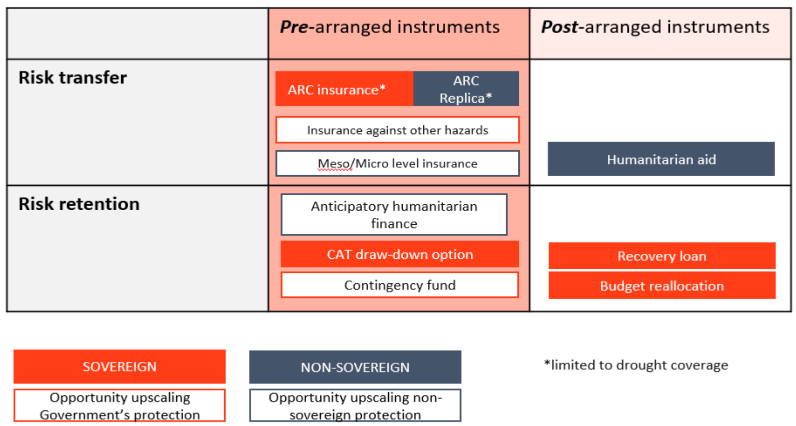
opportunities for improvement (see Figure A1). The NDGAIN Index measures a country's current vulnerability to climate disruptions and assesses a country's readiness to leverage private and public sector investment for adaptive actions. While the country has made significant steps to increase readiness, especially against natural disasters, such as the establishment of a National Disaster Agency and the implementation of rapid assessment methodologies to evaluate damages after a disaster strikes, significant gaps persist, both related to improving governance and implementation of policies that would allow the country to be protected against the effects of climate change and fulfill its climate ambitions.

12. Managing coastal vulnerability in The Gambia faces challenges due to outdated land use policies, limited cross sectoral coordination, limited technical capacity and insufficient investment in coastal adaptation infrastructure. Despite specific attempts to incorporate coastal resilience criteria on key infrastructure projects, widespread challenges remain for its inclusion in sectoral strategies and in the project appraisal and selection process. Coastal planning has largely been ad hoc and project-based, lacking long-term vision and robust institutional oversight. While non-physical measures like land use regulations, urban planning, wetland preservation and public outreach are critical, they must be complemented by physical solutions, such as coastal defense systems, especially to protect certain areas of the GBA. Avoiding counterproductive measures which increase long term risks requires an integrated, multi-sectoral approach that considers the time horizon and uncertainties of climate risks, emphasizing strategies like no-development zones, managed retreat, and relocation. Such an approach ensures balanced, cost-effective adaptation while mitigating the risks of overprotection or misaligned investments.

13. The Gambia has taken important steps in disaster resilience using risk retention and risk transfer instruments, though there is potential to diversify the disaster risk management and financing toolkit. Current measures include fiscal buffers (a line item for unforeseen events), budget reallocations, and augmentations to finance disaster response, recovery and reconstruction. The government also secured a $20 million Catastrophe Drawdown Option for the 2024 – 2027 period and maintains drought insurance coverage of $3.76 million under the African Risk Capacity, with 50 percent co-financing from the African Development Bank (Figure 2). These steps highlight progress but underscore the need for a broader array of instruments to enhance financial preparedness and resilience against a wider range of climate-related risks, particularly for sectors that are highly exposed to climate change such as agriculture.

14. The Gambia can also enhance disaster risk financing efficiency by accelerating beneficiary identification, integrating systems, and transitioning fully to mobile payments. During the 2023 drought, community-based targeting for government support took 120 days, underscoring the need to link the national social registry with the National Disaster Management Agency's (NDMA) cash transfer program to expedite responses. Streamlining budget augmentation and virement processes with greater transparency is also crucial to ensure that victims receive support when they need it while simultaneously safeguarding the resources to be allocated to disaster response and recovery. To address rising disaster risks, integrating shock-responsiveness into the social safety net is essential, leveraging the national social registry alongside NDMA's damage assessment and community targeting methods. With mobile phone penetration at 89 percent in 2020, transitioning to mobile cash transfers presents a clear opportunity to increase the speed and efficiency of support, requiring efforts to identify and address barriers to implementation.

Annex III. Figure 2. Disaster Risk Financing Instruments in The Gambia



Source: Center for Disaster Prevention (2024).

15. **Scaling up climate-smart agriculture and broadening the availability of risk-transfer instruments is vital to protecting the livelihood of over half of The Gambia's population, with a predominant majority of women.** 72 percent of poor and 91 percent of extremely poor households rely on small-scale farming. Key barriers of scaling up include high initial costs, limited access to credit, high interest rates, insufficient incentives, high staff attrition and incongruent government support for non-climate smart technologies. Improving access to productivity-increasing, climate-smart practices would decrease the need to expand agricultural areas, positively impacting the forestry sector. Additionally, there is a clear gender component in terms of exposure and vulnerability to climate change given women's reliance on the agricultural sector (Box 1). Formal sector lending remains minimal, with commercial banks allocating only 4 percent of their portfolio to agriculture across 2013 and 2018. To address these challenges, The Gambia, with seed funding from the African Development Bank, will establish the Incentives-based Risk Sharing System for Agricultural Lending, a non-financial institution dedicated to de-risking agricultural financing by commercial banks and micro-finance institutions. Among specific instruments, index-based insurance is largely used in other countries to transfer risks, to accelerate the availability of resources after a disaster strikes while minimizing administrative costs because it does not require a damage assessment and is triggered by variables which can easily be independently verified. In The Gambia, microinsurance is currently being rolled out as part of a pilot program and developing the necessary regulations would provide clear rules, incentivize private sector participation, and encourage development partners to scale ongoing efforts and increase coverage.

16. **Social programs are central to The Gambia's adaptation and mitigation efforts, yet they face significant financial challenges.** Guided by the 2015 National Social Protection Policy and the newly approved National Social Protection Act, progress includes completing a social registry in December 2024. This registry is based on multidimensional asset ownership data and only

includes limited information on exposure to previous climate hazards. The two main cash transfer programs, RISE and the Family Strengthening Program, cover 17,000 households and 2,150 individuals with different vulnerabilities (elderly, disabilities, among others), respectively. Both programs are expected to increase coverage in 2025, with expected additions of 20,000 households to the RISE program and 3,000 individuals to the Family Strengthening Program. With such objectives, cash transfer programs would cover about 10 percent of the population. Despite significant effort in recent years, much more is required as more than 40 percent of the population lives in poverty (UNDP, 2021). Additionally, these programs are heavily reliant on donor funding due to limited domestic fiscal space and competing priorities. To address this, the National Social Protection Policy 2015-2025 aims to mobilize revenue and allocate 10 percent of GDP to social protection by 2025, which will require sustained efforts and investments to ensure the programs' long-term viability and climate responsiveness.

Annex III. Box 1. Disproportionate Impact of Climate Shocks on Women in The Gambia

Poverty of Households

Poverty Index	Male-headed	Female-headed
Headcount	34.8	53.5
Poverty Gap	11.6	22.2
Poverty Severity	5.3	11.9

Source: The Gambia National Gender Policy 2025-2034; Integrated Household Survey, 2018
Note:Estimates based on the lower poverty line specific to The Gambia.
-Headcount: The percent of the household population living below the poverty line.
-Poverty Gap: How far, on average, the population is from the poverty line.
-Poverty Severity: Combines the distance separating the poor from the poverty line and the inequality among the poor.

Gender inequality in The Gambia is among the highest in Sub-Saharan Africa, significantly impeding macroeconomic outcomes and limiting women's ability to cope with climate shocks. Macrocritical disparities exist in employment, wages, education, legal rights, land ownership, access to finance, decision making power, and political participation, with negative implications for productivity, economic growth, and fiscal outcomes (The Gambia: Selected Issues). Three-quarters of women, compared to 55 percent of men, work in the informal sector (UNCDF 2019) and only a quarter of women have access to their own earnings. Additionally, women are more likely to engage in subsistence farming or unpaid care work. As a result, more than half of all female-headed households are living below the poverty line and the severity of poverty among female-headed households is twice as high as that of male-headed households (Table 1).

Women are primarily more exposed and vulnerable to climate change given their reliance on the agricultural sector which exacerbates macrocritical gaps between men and women. According to the World Bank (2022), around half of women, compared to a third of men, identified agricultural work as their primary occupation in The Gambia. While recent analysis indicates that women are increasingly engaging in more resilient agricultural activities, they still account for 60 percent of the production of the dominant staple food rice, which is vulnerable to increasing soil salinization from rising sea levels (UNFCCC 2022). Reduced agricultural performance due to climate change over the last decade also affects women through poor nutritional outcomes, as Gambian women face lower nutritional status at household level compared to men (UNDP 2022). Food insecurity in The Gambia increased from 5.6 percent of the population in 2011 to 8 percent in 2016, and further to 13.4 percent in 2021 (FAO, European Union and CIRAD. 2022). The prevalence of food insecurity is higher in female-headed households at 15 percent, compared to male-headed households at 13 percent (WFP 2021).

Annex III. Box 1. Disproportionate Impact of Climate Shocks on Women in The Gambia (Concluded)

Recognizing the vulnerability of women to climate change, the government has included "gender and climate change" as a policy priority in The Gambia's National Gender Policy launched in November 2024. This new 10-year policy covering 2025-2034 builds on previous frameworks, such as the National Policy for the Advancement of Gambian Women (1999-2009) and the Gender and Women Empowerment Policy (2010-2020). It aims to effectively mainstream gender perspectives into climate change issues and build resilience among vulnerable communities, particularly women and children. While recognizing the gender-climate annex as a priority is a positive first step, strengthened efforts to close macrocritical disparities between men and women in various dimensions will be crucial for ensuring equal opportunities and access to resources to help build resilience to climate change and therefore supporting stability. Additionally, it is important to ensure that women's voices are well represented in important decisions regarding climate adaptation and mitigation policies.

17. Strengthening the legal framework, including by improving the governance of the sector, and closing the gap between the private and social cost of groundwater extraction are key challenges in the water sector. The current legal basis for water resource management dates to 1979 and does not provide a strong framework for coordination across the multiple agencies involved in the sector, including the Ministry of Fisheries and Water Resources, the National Environmental Agency, NAWEC, PURA and local governments. On the technical side, infrastructure capacity limitations make urban water supply—fully based on groundwater extraction—rationed throughout the service area. The lack of reliable water supply has led to widespread and unregulated private drilling of boreholes. In addition, the lack of sewage services in the urban areas leads to concerns over health risks. Estimates of technical and non-technical water losses range between 20 and 40 percent. In rural areas, the provision of safe, potable water remains a challenge. The Gambia currently has a limited regulatory framework in place to guide the private drilling of boreholes, compounding challenges related to groundwater depletion, sea level rise, health hazards, and salination. As such, policies aimed at centralizing the permission to drill a borehole, together with abstraction fees, would contribute to reducing health hazards, reducing externalities of groundwater depletion, and improve the financial sustainability of the sector.

Energy Transition Opportunities Aligned with The Gambia's Development Agenda

18. The Gambia contributes less than 0.01 percent of global emissions, but targeted mitigation opportunities would create adaptation and health co-benefits. The emission intensity of The Gambia's GDP, 1,654 tonnes of CO2e per million US$, is higher compared to the global average of 560 tonnes (see Figure M1). Nearly a third of emissions come from agriculture, followed by 20 percent from land use, land use change and forestry, 18 percent from waste, 13 percent from the power sector and 11 percent from the transport sector (see Figure M2). Both national and IMF estimates suggest that, as the country develops, emissions from the transport and waste sectors are projected to increase at the highest rate. Thus, delaying the low-carbon transition in these sectors will increase both total emissions and the cost of the transition. While The Gambia's contribution to global emissions is negligible, targeted mitigation offers co-benefits, such as lower air pollution, lower risk to contract diseases, and increased resilience to natural disasters which would make these pass a cost-benefit analysis even in the absence of climate change. Prioritizing policies that prevent a lock-in of fossil fuel-based technologies will position The Gambia for a smoother transition in an increasingly decarbonized global economy. Additionally, increasing the share of renewables would lead to significant advantages in the medium term, including a lower cost of electricity, less imports of fossil fuels and less dependence on foreign exchange and commodity price fluctuations and its associated BOP and fiscal risks.

19. Economy-wide fiscal instruments play a crucial role in achieving the goal of enhancing revenue mobilization while simultaneously providing clear price signals that encourage the adoption of renewable energy and mitigate emissions. Preliminary estimates indicate that The Gambia's revenue collection reached 10.2 percent of GDP in 2024. Given the structural challenges faced by the country in mobilizing additional resources for development needs, the implementation of carbon pricing presents an opportunity to generate further revenue. Specifically, a carbon tax set at $5 per tonne of CO2 equivalent is projected to yield an additional 0.12 percent of GDP in revenue while keeping emissions well aligned with the NDC target by 2030. Moreover, the introduction of carbon pricing would create an incentive for the widespread adoption of renewable energy, both at a large scale and for individual consumption, thereby reducing reliance on fiscally costly and imported fossil fuel-based generation. Recent advancements, including universal coverage in the social registry and enhancements in digital payment systems, provide a foundation for strengthening existing social programs aimed at supporting vulnerable households. In addition to generating supplementary fiscal revenues, the macroeconomic benefits of such measures would encompass improvements in the trade balance through reduced fossil fuel imports, along with additional co-benefits, such as diminished air pollution.

20. The power sector poses a significant fiscal challenge for the country, exacerbated by price subsidies that promote higher consumption and emissions. Factors such as high generation costs, substantial losses during transmission and distribution, and tariffs that do not cover costs are contributing to the poor performance of the State-Owned Enterprise (SOE). Insufficient investment in the maintenance of generators and infrastructure leads to low-quality service, which negatively impacts economic growth, particularly in the manufacturing sector. Additionally, the SOE's accumulating debts deter private investment in the sector. This situation had compelled the government to rely on a fossil fuel-based powership, resulting in high costs and increased emissions. Recent projects, including a new dam and a 50 MW solar plant funded by the World Bank, are expected to lower electricity generation costs. However, to improve the sector's financial situation, further investments are needed to reduce both technical and non-technical losses, currently at 38 percent, as well as overdue increases in electricity tariffs to encourage more efficient energy use. Without these changes, fiscal pressures will increase as electricity demand rises, including through the connection of households that currently don't have access to power (Figure A6), along with emissions from continued reliance on carbon-intensive energy sources (Figure M3). In the short term, social safety nets could support vulnerable populations, while careful monitoring of inflation is essential. It is anticipated that lower energy costs in the medium term including through greater reliance on solar power generation will lead to reduced electricity tariffs.

21. Deforestation rates in The Gambia have increased in recent decades, primarily due to agricultural expansion and the reliance on biomass for cooking, leading to missed adaptation co-benefits. Over the past sixty years, the country has lost approximately one third of its forest cover, with forests now occupying 40 percent of the total land area. Additional drivers of deforestation include urbanization, wildfires and saline intrusion. Policies aimed at enhancing agricultural productivity – such as the adoption of irrigation, fertilizers and resilient crop varieties – could deliver mitigation co-benefits by reducing the need for further agricultural land expansion. Biomass accounts for 78 percent of household energy consumption in The Gambia, primarily for cooking purposes. This practice exacerbates health risks through exposure to PM2.5, PM10, carbon monoxide and nitrogen oxides, which increase the incidence of respiratory and cardiovascular diseases. Consequently, forest conservation and clean cooking programs could prove essential to reduce deforestation risk while protecting the adaptation co-benefits that forests provide, such as decreasing the risks of flooding and increasing soil's fertility.

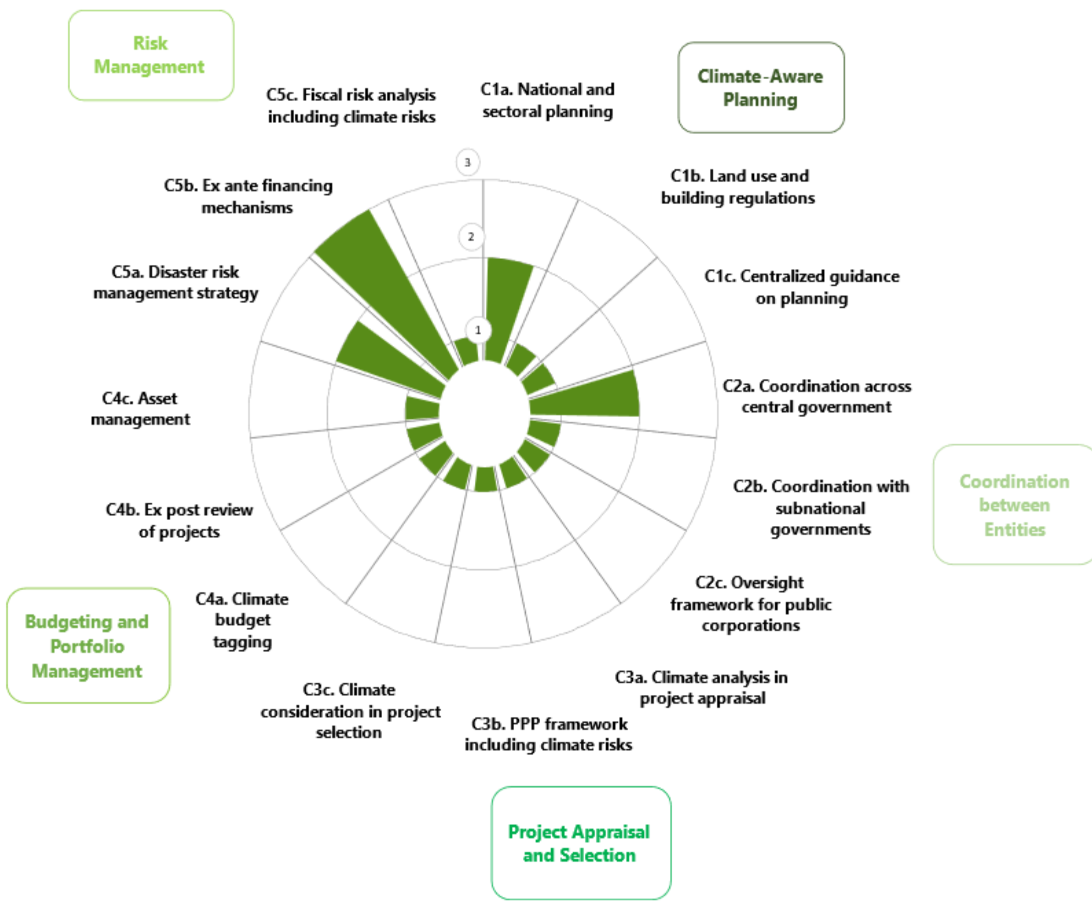
22. Solid waste and wastewater management remain critical development challenges in The Gambia, exacerbated by inadequate service provision, infrastructure and climate change. With over 400,000 tonnes of waste generated annually, most households resort to burning waste in backyards, posing several health risks. For instance, open waste burning has been associated with severe air, water and soil pollution, leading to chronic respiratory and cardiovascular problems, carcinogenic risk and increased mortality (Mahajan et al., 2023; Ramadan et al, 2023). Waste is not systematically collected or transported, leading to blockages in drainage channels and illegal dumpsites, some of which increase the risk of flooding by obstructing waterways. The Greater Banjul Area faces an impending waste management crisis as its two dumpsites approach full capacity. Despite legislative measures such as the Waste Management Bill in 2007, the Anti-littering Act in 2008 and a Plastic Bag Ban in 2015, enforcements are weak, coordination remains fragmented, and unsustainable practices persist. Strengthening institutional frameworks, improving waste management systems and providing incentives for adequate collection are essential to addressing these challenges.

Climate Data, Public Financial Management and the Financial Sector

23. Given The Gambia's significant exposure to climate risks, there is need to improve climate-related data collection, climate modelling, and mainstream its use in budget planning and sectoral policy. While there is a general awareness of how different climate events affect different sectors, such as droughts, floods and salinization, policy making is not designed through a climate-risk lens. While the National Disaster Management Agency (NDMA) has significantly improved its availability of hazard and physical risk data related to natural disasters, including through vulnerability assessments in the coast and along the river Gambia, less progress has been made on the potential impact of chronic, slow-moving risks of climate change in the medium to long term. Even when such data is available, it's not currently incorporated in budget planning and coordination spaces to ensure that it informs sectoral decision making is insufficient. Additionally, the development of a Monitoring, Reporting and Verification system would significantly improve the business case of specific projects, particularly in the forestry and waste sectors.

24. The public financial management framework in The Gambia is yet to incorporate climate criteria (Box 2). Adaptation and mitigation criteria have not been incorporated into the project appraisal and selection criteria, while information on physical risks at the asset level, including for SOEs and PPPs, is yet to be collected (with few exceptions that have counted with the support of development partners, such as the Port of Banjul). Climate-aware planning lacks full integration with national public investment strategies, and outdated land-use and construction regulations do not adequately address climate risks, while the identification of climate-related investments and expenditure in the budget is not yet in place.

Annex III. Box 2. Climate Public Investment Management Assessment Summary



Source: Climate-Public Investment Management Assessment, IMF, 2024.

25. The financial sector in The Gambia is small and its climate exposure unknown. With a bank-dominated financial sector, total financial sector assets were about GMB 96.2 billion GMD at end-June 2024, representing about 55.6 percent of GDP. The banking system accounts for about 85 percent of total financial sector assets and is the main form of financial intermediation in the country.[8] Outside of the tourism sector and financial support provided by development partners,

[8]Other deposit-taking financial institutions or NBFIs include 3 deposit taking finance companies (FCs), 54 credit unions (CUs), and 69 active Village Savings and Credit Associations (VISACAs). In addition to rather small pension and

(continued)

financial resources outside the domestic financial system are very limited or non-existent. Within the financial sector, there is a lack of systematic data collection on how physical and transition risks could translate into financial sector risk. While the Central Bank collects information on loan type per sector and financial institutions balance sheet data, such information is yet to be crossed with data on historical hazards and prospective hazard risk to better understand the exposure of each financial institution. As such, the development of a transition taxonomy and of guidelines for accurate climate risk disclosure is a priority for the country's growing financial sector. On the insurance side, the market is still nascent, and the country has received support from development partners to insure farmers from climate hazards including droughts. While there is an index-based insurance pilot program supported by Africa Risk Capacity and the AfDB, The Gambia lacks the appropriate regulatory framework to encourage private sector participation in the sector, which should include synergies between insurance providers and institutions that generate climate data in the country, rules for the issuance of index-based insurance and effective and timely reporting and monitoring mechanisms. Additionally, given that insuring small farmers would come at an important fiscal cost for the government, the regulations should consider cases in which development partners or NGOs step in to subsidize the premium payment for vulnerable populations.

C. Climate Finance

26. The Gambia's climate finance needs are substantial, requiring significant coordination across various sectors. According to the 2021 Nationally Determined Contribution (NDC), The Gambia requires approximately $316 million to fulfill its climate objectives[9] – about three quarters for resilience. To mobilize resources, authorities established several climate-related national funds, but there is a notable absence of coordination in climate finance. Unfortunately, while the funds exist, there are yet to be operationalized due to lack of financing.

27. The majority of climate finance flows come from international donors. Almost three-quarters of climate finance came from international donors during 2019-2020.[10] In 2021 and 2022, donors contributed $176 million in climate-related development finance. The government has received support from development partners, predominantly in the form of grants (Figure 3). This approach aligns with the government's limited fiscal space. Between 2018 and 2022, approximately 60 percent of financial flows were directed towards adaptation goals, while the remainder focused exclusively on mitigation.

28. Mitigation flows show distinct sectoral focus, while adaptation flows are more diversified. The energy sector, as the second largest and fastest-growing source of emissions, received around 70 percent of the international mitigation finance between 2018 and 2022. Agriculture, the largest source of emissions, was the second most targeted sector for mitigation

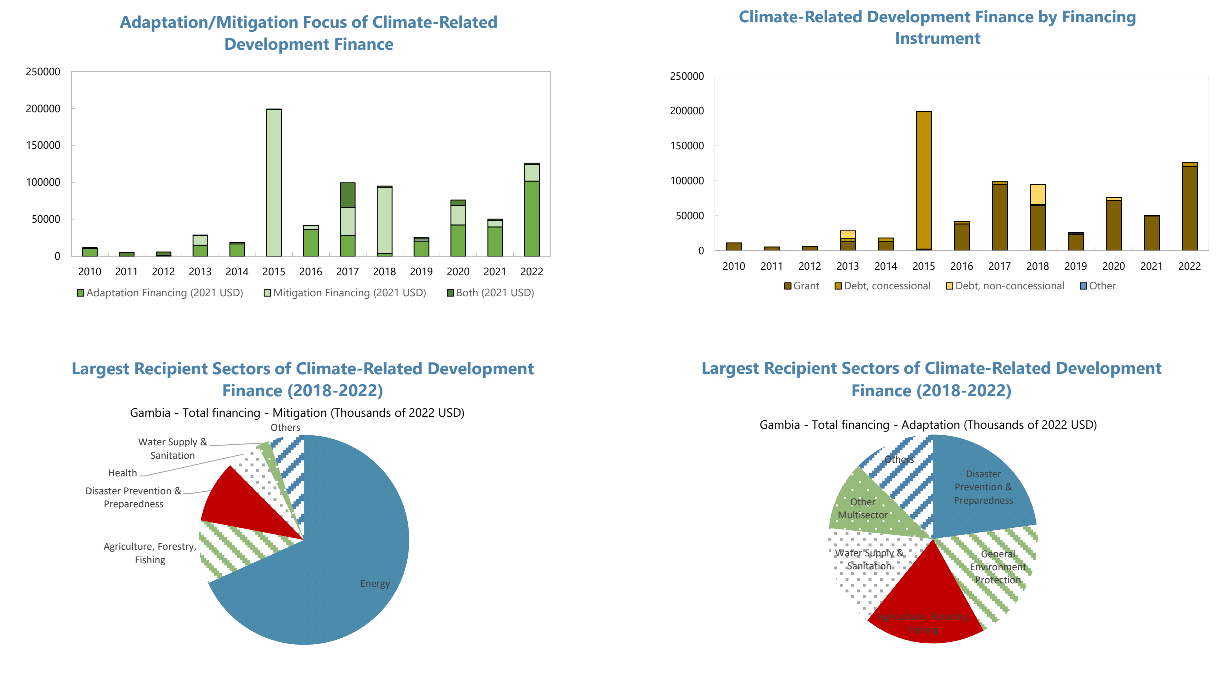
insurance sectors, other financial services providers include 156 foreign exchange (FX) bureaus (many offering money transfers and remittances services), and two mobile money operators (MMOs).

[9] All of the financing is conditional on international support.

[10] Climate Policy Initiative (2022) Landscape of Climate Finance in Africa.

efforts during the same period. In contrast, adaptation flows were more evenly distributed. Disaster prevention and preparedness emerged as the largest focus area, followed by environmental protection, agriculture, forestry and fishing, and the water sector. These four sectors collectively received three-quarters of the adaptation flows, reflecting the sectoral distribution of risks as described earlier.

Annex III. Figure 3. Overview of Climate Finance in The Gambia



Source: OECD

29. The development of private climate finance is still in its early stages, hindered by several barriers. According to the Climate Policy Initiative, out of the $84 million of climate finance received in 2020, the majority was public including domestic and international sources—only $1 million was private. The Gambia lags behind regional peers in terms of private climate finance per capita, as reported by the AfDB, shown in Figure 4.[11] Several factors hinder the development of private climate finance, including high uncertainty regarding economic and climate policies and lack of data, along with underdeveloped financial markets, with liquidity constraints preventing the establishment of a stock market. Limited fiscal space and fiscal slippages have prevented the government to provide credible guarantees or engage in a large number of public-private partnerships. This limit further discourages private investment. Additionally, the lack of adequate skills and technical capacity hinders the effective implementation of climate programs. A systematic approach is needed to investigate the barriers and their interrelation so they can be effectively tackled, and the country can explore the ways to access public and private climate finance.

[11] AfDB (2023): Country Focus Report 2023: The Gambia. Mobilizing Private Sector Financing and Green Growth.

30. In addition to the general limitations, there are other, instrument-specific constraints. Debt-for-nature or debt-for-climate swaps involve high transaction costs in terms of both time and finances, necessitating large-scale implementation to be viable. Issuing carbon credits may face credibility issues due to governance constraints. Access to green and sustainable finance is likely to be further limited by smaller ticket size project opportunities. Consequently, issuing green bonds or sustainability-linked bonds may encounter low demand.

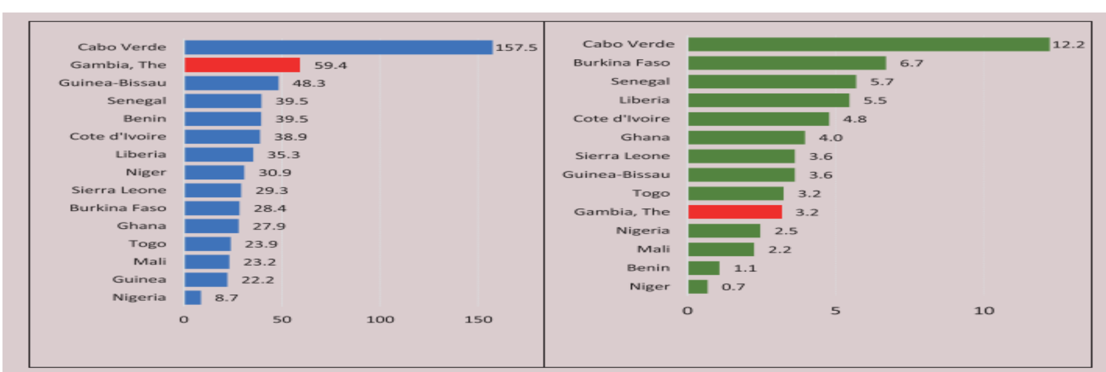
31. The authorities are working on addressing some of these constraints. The recent adoption of the Capital Market and Security Bill in 2021 has laid some groundwork for trading securities. In addition, the authorities have recently established a climate finance directorate within the Ministry of Finance and Economic Affairs to enhance coordination and provide an opportunity to tap into private climate finance. The directorate is working with the Climate Vulnerable Forum to develop a climate finance strategy.

D. Development Partner Support in Climate

32. The Gambia is actively collaborating with development partners to achieve its climate goals. As shown above, development partners play a key role in providing funding. The largest contributions came from multilateral donors, with almost three-quarters of the international public climate finance flows originating from entities such as the World Bank, the European Union, and the European Investment Bank. Additionally, prominent bilateral donors include France and Japan. The Gambia has also accessed resources from funds like the Green Environment Fund, the Green Climate Fund, and the Adaptation Fund during this period. The World Bank expects to approve the first program in a Development and Policy Financing (DPF) series in late 2025, which is expected to build on and deepen some of the reform measures under the RSF, such as the Climate Change Bill.

Annex III. Figure 4. Public and Private Climate Finance in The Gambia

Public Climate Finance per Capita (US$) | **Private Climate Finance per Capita (US$)**



Source: AfDB (2023) Country Focus Report 2023: The Gambia - Mobilizing Private Sector Financing for Climate and Green Growth.

33. In support of its mitigation goals, The Gambia has accomplished significant projects with multilateral partners. A notable achievement is the Jambur solar power plant with a 23MW peak capacity, which commenced operations in March 2024, backed by the World Bank, European

Union, and the European Investment Bank. The World Bank and European partners are furthering these efforts with the Gambia Electricity Restoration and Modernization Project. This project aims to enhance renewable capacity and modernize the transmission and distribution infrastructure. Complementing these efforts the World Bank is supporting authorities to implement a feed-in-tariff regulation. Furthermore, the AfDB is involved in the Gambia Electricity Grid Rehabilitation and Extension Project, which focuses on increasing electricity access while maintaining low carbon emissions. Complementing these efforts, RSF aims to ensure the sustainability of the electricity sector by seeking to revise the tariff structure and establishing a methodology for future revisions.

34. The Gambia's agricultural sector is receiving substantial support from various partners. The World Bank is enhancing agricultural productivity through improved water management and land tenure systems. Meanwhile, The Gambia is planning to implement de-risking agricultural financing with AfDB's support. The AfDB is also working on improving the value-added and resilience of rice value chains. Additionally, the Food and Agriculture Organization (FAO) has initiated a project aimed at mitigating and preventing climate-related local conflicts while enhancing the resilience of fisheries to climate change. The RSF seeks to exploit synergies with these programs, by providing predictable income streams for farmers, by establishing clear rules for agricultural insurance schemes. In addition, by requiring licensing and monitoring of water resources, the RSF seeks to contribute to the long-term water sustainability, including as a crucial input for agriculture.

35. Coastal risks in The Gambia have garnered significant attention from donors, given their potential impact. The European Union supported the Global Climate Change Alliance Plus (GCCA+) project which included the implementation of recommendations identified in the Integrated Coastal Zone Management plan and drafting the Coastal Zone Management Bill. The United Nations Environment Programme (UNEP) is advancing ecosystem-based adaptation projects, including the restoration of mangrove forests, which serve as natural defenses against flood risks. Complementing these efforts, the Green Climate Fund (GCF) and United Nations Development Programme (UNDP) are working on improving the resilience of coastal infrastructure to sea-level rise and erosion. In 2022, The Gambia joined the World Bank’s West African Coastal Areas Resilience Investment project to further bolster resilience. Additionally, although not explicitly climate-related, the Agence Française de Développement is supporting projects to increase production capacity and expand the distribution network of the water utility in Banjul, thereby reducing the population's vulnerability. The UNDP is also developing an early warning system to mitigate the impact of potential disasters. The RSF includes an update to the zoning regulations around the coasts, which would enable the authorities to carry out activities relating to the coasts in a cohesive manner, therefore advancing complementarity of the coastal programs of partners.

Annex III. Table 1. The Gambia: Climate-Related Priorities Supported by Development Partners

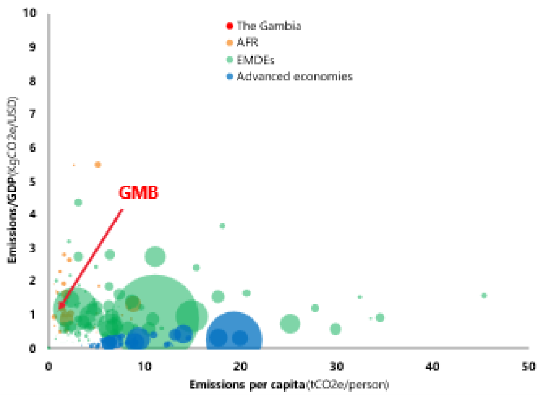
Key Country Challenge	Reform Measure (not included in RSF Conditionality)	Development Partner Involvement
Resilience to natural disasters	Develop an early warning system	UNDP
Resilience to natural disasters	Develop a disaster risk diagnostic	Africa Risk Capacity and AfDB
Resilience to natural disasters	Develop a disaster risk financing strategy	World Bank
Vulnerability of small farmers to climate-related events	Develop a framework to derisk agricultural financing by commercial banks and micro-finance institutions	AfDB
Strengthening the social protection system	Establish an adaptive social safety net, including shock-responsiveness	World Bank
Expanding renewable sources of energy	Expansion of Jambur solar power plant	World Bank
Expanding renewable sources of energy	Develop a feed-in-tariff system	World Bank
Closing the gap in water supply in urban areas	Expanding NAWEC's production and distribution capacity	AFD

Source: IMF staff.

Annex III Figure 5. Main Climate Data in The Gambia

M1. GHG Emissions Intensity Vs. Total Emissions, 2021

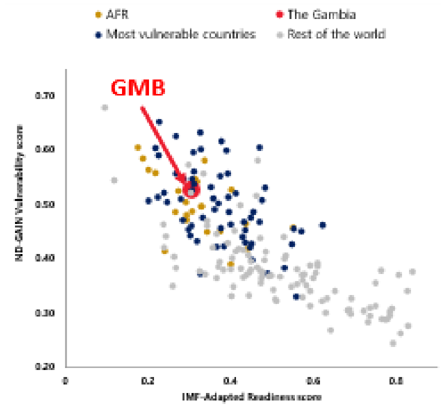
The Gambia contributes only a minor share of global GHG emissions. The country's per capita emissions are low compared to its peers in the AFR region.



Sources: [IMF Climate Change Dashboard](#) (2021) and IMF World Economic Outlook (WEO).
Note: Bubble size indicates total GHG emissions excluding land-use, land-use change, and forestry. Outliers are excluded.

A1. Climate Risks and Readiness (NDGAIN, 2021)

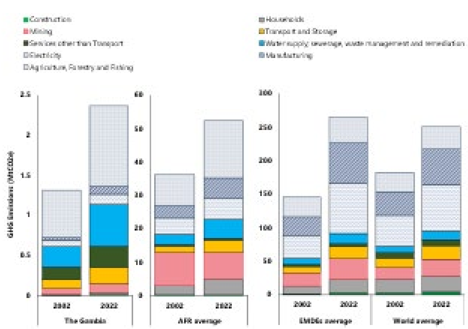
The Gambia is the 33rd most vulnerable country according to the IMF-Adapted NDGAIN Index. While its readiness is moderate compared to peers in the AFR region, it is low compared to most vulnerable countries, highlighting opportunities for improvement.



Sources: [IMF Climate Change Indicators Dashboard](#) (2021)
Note: The Vulnerability Score assesses a country's current vulnerability to climate reflecting exposure, sensitivity, and adaptive capacity. The Readiness Score assesses a country's readiness to leverage public and private sector investment for adaptative actions.

M2. Emissions by Sector

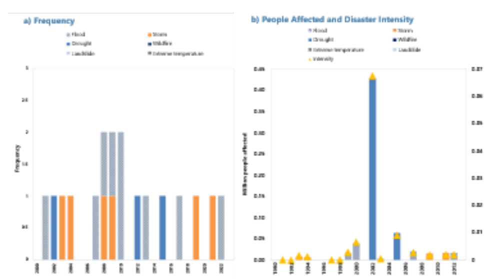
The agriculture, water, and services sectors account for 76% of GHG emissions1/ in The Gambia. Notably, emissions from agriculture and manufacturing have risen, reflecting developments similar to those of peers in the AFR region, albeit starting from a much lower baseline.



Sources: OECD Air Emission Accounts; UNFCCC; EDGAR; IMF staff calculations.
Note: GHG emissions excluding land-use and land-use change, and forestry are shown.
1/ Rather than presenting the air emission by UNFCCC sector, the chart above classifies emissions by economic activity.

A2. Key Natural Hazard Statistics

The Gambia faces susceptibility to floods and droughts. Historically, droughts have impacted more people, whereas floods have resulted in more fatalities. Although not reflected in the EMDAT data below, concurrent disasters could increase, exemplified by the simultaneous windstorm and flash floods in July 2011.

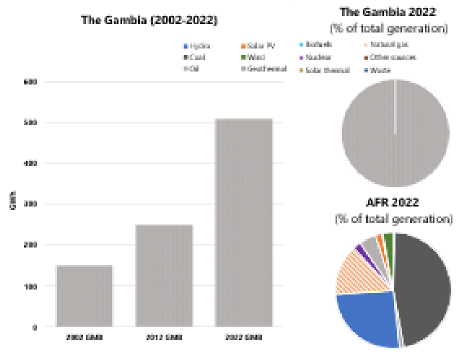


Sources: EMDAT and Staff calculations using [Pondi and others (2022).](#) Note: Intensity is defined as (Total death+30% Total Affected)/Total population.

Annex III Figure 5. Main Climate Data in The Gambia (continued)

M3. Electricity Mix by Source

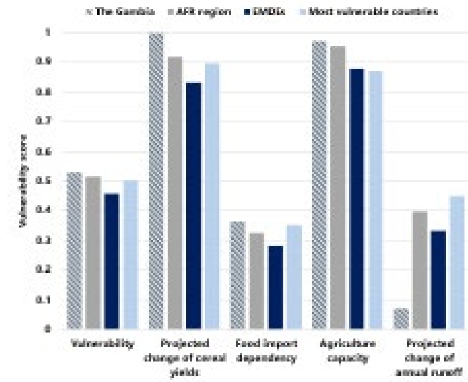
The Gambia's reliance on fossil fuel-based electricity and imported fuel oil poses mitigation challenges and exposes the country to commodity market volatility.



Sources: Our World in Data/Ember and IEA Data Services.

A3. Food Security and Adaptation

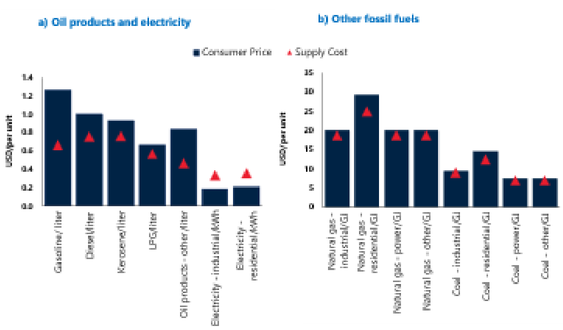
High vulnerability[1/] in agricultural yields and capacity poses food security challenges for The Gambia.



Source: NDGAIN Vulnerability Index and subcomponents.
1/ The Vulnerability Score assesses a country's current vulnerability to climate reflecting exposure, sensitivity, and adaptive capacity. Disaster preparedness is one element of the ND-GAIN Vulnerability Score. Specifically, disaster preparedness is an adaptive capacity indicator within the Vulnerability Score. Disaster preparedness is thus distinct from the ND-GAIN Readiness Score, which incorporates economic, governance, and social indicators.

M4. Explicit Consumer Fuel Subsidies

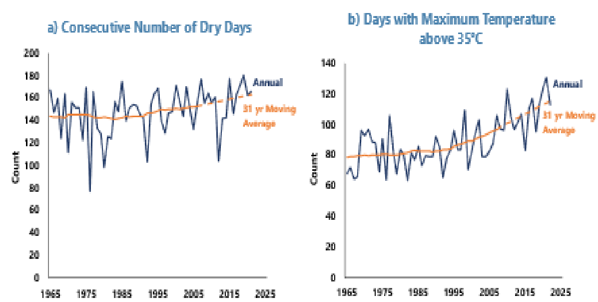
Fuel pricing is above the supply costs for most fuels. However, electricity tariffs below cost recovery, alongside the financial situation of the electricity company, can hinder the potential for investment in renewable projects. Subsidies in the electricity sector for industrial and residential users are estimated to be about 3.2% of GDP in 2022.



Sources: IMF Climate Change Dashboard (2022) and IMF Fossil Fuel Subsidies database.

A4. Historical Number of Hot Days and Consecutive Dry Days

Over the past 20 years, the average number of hot days per year (max. temp above 35C) has shown a large increase. The duration of dry spells has increased moderately over time.



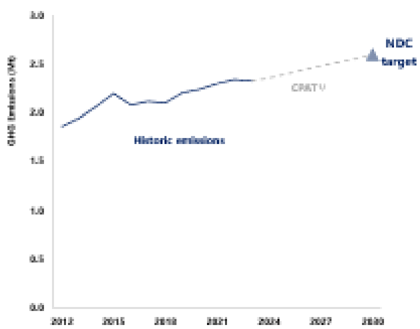
Source: FADCP climate dataset

Notes: M=Mitigation, T=Transition, A=Adaptation.

Annex III Figure 5. Main Climate Data in The Gambia (concluded)

M5. GHG Emissions vs. NDC Targets

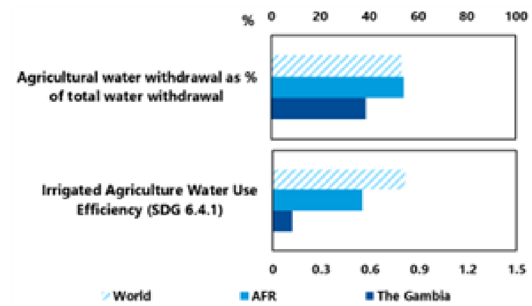
Emissions in The Gambia, as forecasted by the Climate Policy Assessment Tool (CPAT), are set to increase in the coming years but are broadly aligned with the target defined in the Nationally Determined Contribution (NDC). This indicates that the NDC target still entails a notable rise in emissions by 2030 compared to 2024.



Sources: [IMF Climate Change Dashboard] with data from the UNFCCC, EDGAR, FAO and IMF Staff-calculations Note: LULUCF stands for Land Use, Land-Use Change and Forestry. BAU stands for Business as Usual.

A5. Water Use Efficiency

Reflecting a high reliance on rain-fed agriculture and groundwater depletion, the agricultural water withdrawal in The Gambia is lower than the regional average. While the Gambia heavily relies on rain-fed agriculture, irrigated agriculture water use efficiency lags behind regional and global standards.

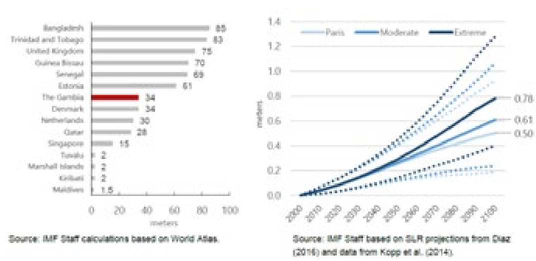


Source: IMF staff estimates based on FAO Aquastat.

M6. Sea Level Rise

Sea level rise (SLR) poses significant risks to The Gambia, one of the lowest-elevation countries in the world. The Greater Banjul area, located at sea level, is home to over 60 percent of the population. Under a moderate warming scenario with current policies, SLR is projected to rise by 0.12-0.41 meters by 2050 and 0.24-1.07 meters by 2100 relative to 2000 levels, increasing the vulnerability of these densely populated areas.

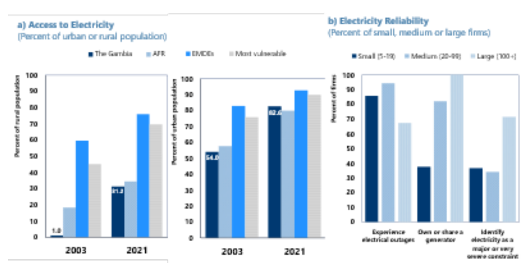
a) Countries by Average Elevation b) Projected Sea level Rise in The Gambia



Notes: Local Sea-Level Rise (SLR) probabilistic projections until 2100 under three emission scenarios (Paris - RCP 2.6; Moderate - RCP 4.5; Extreme - RCP 8.5). Solid lines depict median SLR and dotted lines depict the 5th and 95th percentiles for each scenario.

A6. Access to Electricity

Despite significant improvements over the past two decades, electrification lags, with just over 30% of the rural population and 80% of the urban population having electricity access. Additionally, over 90% of medium firms face outages, and nearly 80% own a generator.



Source: [World Development Indicators] (2021).

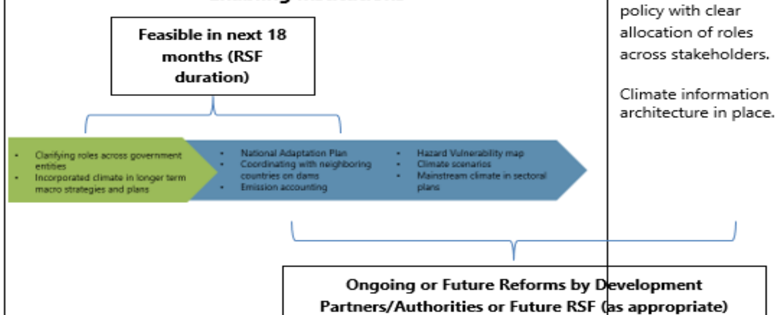
Notes: M=Mitigation, T=Transition, A=Adaptation.

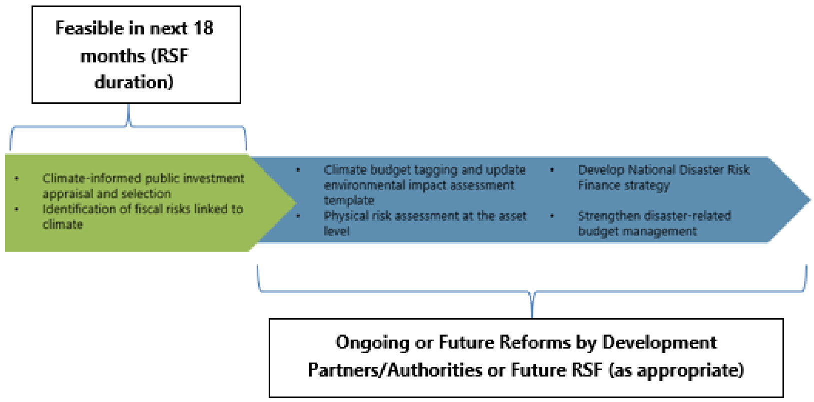
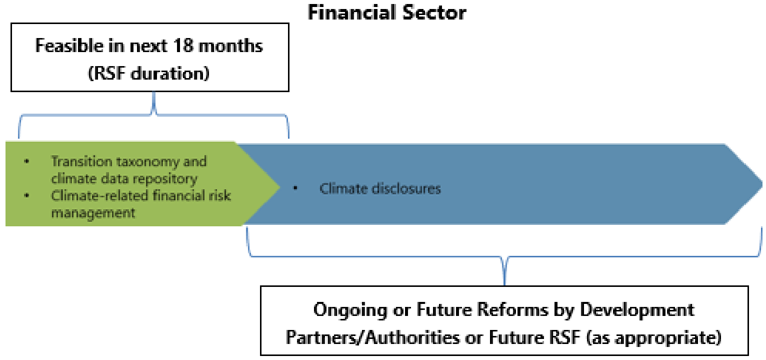
Annex IV. Evaluating Progress Towards Reducing Long-Term BOP Risks Through the RSF

Staff assesses that strengthening the Gambia's prospective balance of payments stability requires fiscal, financial, and structural policies – including macro-structural reforms in selected specific economic sectors. Reform areas covered by the RSF include: (i) cross-cutting institutional reforms; (ii) green PFM; (iii) financial sector; (iv) adaptation-focused reforms in land use and coastal management, and water, agriculture and forests; and (v) energy sector reforms. All reforms proposed are key to managing the impacts of climate change on longer-term balance of payments stability.

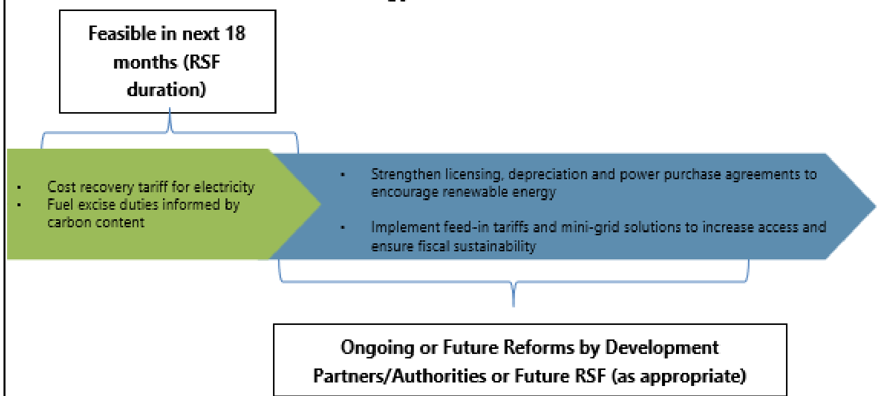
For each of these reform areas, the table below shows an assessment of the current status—including policies or institutional frameworks (left column) and the desired long-term policy outcome (third column), which include shifting to market-based pricing mechanisms and filling institutional gaps that can result in market failures that may give rise to fiscal liabilities and external financing needs. RSF-supported reform areas (both RMs and commitments in the MEFP), represented by the green arrow (second column) are targeted at helping the country achieve these outcomes. To fully achieve the policy outcomes, additional reforms, represented by the blue arrow, will be necessary. These reflect a mix of reforms that may be supported under a future RSF or by development partners or carried forward independently by the authorities—in synergy with and building off the momentum of the RSF-supported reforms. Some of these additional reforms are already underway, highlighting the complementarity of the RSF with efforts from country authorities and other development partners.

The relative length of the green arrow compared to the "full set" of reforms provides a proxy of the progress expected to be possible directly through RSF-supported reforms. This reflects the authorities' ambition (cognizant of their capacity) under the RSF arrangement as well as limits to the Fund's expertise in certain areas. For example, the Fund's expertise in the areas such as agriculture and waste management is limited while development partners are better placed to provide this support.

Current Status	Main Reforms: RSF-Supported (Green) and Beyond RSF Horizon Or Supported by Other Partners (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Overlapping responsibilities for climate policy. Missing data hinders planning.	**Enabling Institutions**  	Coordinated climate policy with clear allocation of roles across stakeholders. Climate information architecture in place.	*Improved fiscal and external sustainability* Maximize the impact of climate policies, including other RMs, on reducing prospective BOP risks, by: • Supporting better informed and coordinated policy decisions • Improving management of climate policies, • Reducing budgetary costs and red tape, (e.g. by avoiding duplications of roles and providing regulatory certainty).

Current Status	Main Reforms: RSF-Supported (Green) and Beyond RSF Horizon Or Supported by Other Partners (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Adaptation and transition criteria not incorporated in project appraisal and selection process. Physical risks at the asset level not systematically accounted for. Climate-related fiscal risks not considered in budget process. Climate-related investment not tracked in the budget. Gaps in DRM training, technology, and coordination on early warning systems	**Green PFM** 	All implemented projects undergo rigorous climate related analysis. All climate-related investment in the budget tracked. Knowledge of risks at asset level, including for SOEs and PPPs. Active disaster risk (DR) financing strategy and social registry to link to the DR management system.	*Improved fiscal and external sustainability.* Reduce fiscal costs when climate risks materialize and the need for external financing, reduce import demand for reconstruction, and facilitate a quick recovery of growth and net exports.
Limited visibility on climate exposure of the financial sector. Gap between climate investment needs and resources available.	**Financial Sector** 	Climate-resilient financial sector.	*Financial sector resilience.* Reduced financial sector losses when climate risks materialize, lowering recapitalization needs for banks. *Investment promotion.* Clarifying climate-related exposures attracts investments by reducing uncertainty, supporting the BoP.

Current Status	Main Reforms: RSF-Supported (Green) and Beyond RSF Horizon Or Supported by Other Partners (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Significant construction and economic activity in climate-exposed zones (especially coastal areas). Outdated land use policies and insufficient investment in coastal adaptation infrastructure. Ad-hoc coastal planning, lacking long-term vision. Weak property rights discourage investment.	**Adaptation: Land Use and Coastal Management** **Feasible in next 18 months (RSF duration)** • Updating zoning regulations (esp. costal) to include resilience criteria • National land policy • Cadastral map **Ongoing or Future Reforms by Development Partners/Authorities or Future RSF (as appropriate)**	Functioning comprehensive land policy with land registry and cadaster. Enhanced land security and zoning, based on vulnerability assessments.	*BOP and fiscal resilience to shocks and increased economic growth.* Channeling infrastructure investment to zones that are less climate-exposed reduces the need for frequent reconstruction and associated imports, fiscal costs, and external loans/debt service. It also facilitates resilient transport needed for trade.
Pressure on groundwater leads to water insecurity and impacts agriculture (key economic sector, including for food security). Financial and non-financial barriers for climate smart agriculture. Households use biomass for cooking and heating, contributing to high deforestation rate.	**Adaptation: Water, Agriculture and Forests** **Feasible in next 18 months (RSF duration)** • Introducing licensing for groundwater abstraction • Regulatory framework for small farmer insurance • Groundwater abstraction fees • Address non-revenue water • Cost recovery tariff for water • Social programs in agriculture support environmental • Payment for environmental services scheme • Regulatory framework for liquid petroleum gas **Ongoing or Future Reforms by Development Partners/Authorities or Future RSF (as appropriate)**	Inventory of existing drills of groundwater and installation of monitoring stations. Charges for ground water permits. Mitigated water shortage (reduced waste in water network, rainwater harvesting practices). Climate-smart and more productive agriculture. Sustainable forest management.	*BOP and fiscal resilience and economic growth.* Increases agricultural productivity and sustainability, reducing food imports, including aftershocks. May also increase food exports.

Current Status	Main Reforms: RSF-Supported (Green) and Beyond RSF Horizon Or Supported by Other Partners (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
High reliance on expensive energy-related imports. Financial and regulatory uncertainty constrains renewable energy investments. Expensive fossil fuel electricity generation.	**Energy Sector Reform** 	Financially sustainable electricity sector Tax system prices carbon emissions. Shift towards renewable energy.	*BOP resilience to shocks.* Reduces LT reliance on fossil fuel imports that create an imbalance and whose prices are volatile. *Increased productivity, growth, investment, net exports* thanks to increased and reliable access to electricity. *Fiscal and external sustainability* owing to market price on electricity which reduces the need for external financing.

Note: Not all areas covered in the Climate Policy Diagnostics Report are covered by RMs (e.g. waste management policies), reflecting more limited IMF expertise or unclear link to prospective BOP stability.
Sources: IMF Climate Policy Diagnostics Report for the Gambia (2025); IMF Public Investment Management Assessment with Climate. Module (C-PIMA, 2025) and staff assessment.

Annex V. Fiscal Reform for Climate Resilience

This annex draws lessons from the IMF-DIGNAD (Debt, Investment, Growth, and Natural Disasters) model to illustrate the impact of pre-emptive investment in resilient infrastructure on post-disaster output growth and public debt. The simulation indicates that frontloading investments in resilient infrastructure could alleviate the negative effects of natural disasters in The Gambia. Additionally, improving public investment and tax collection efficiencies are crucial for maintaining the country's macroeconomic stability.

1. **The IMF's DIGNAD model analysis is used to simulate the macroeconomic impacts of climate adaptation investment and various financing and reform scenarios.** The model by Marto, Papageorgiou, and Klyuev (2018) is a two-sector small open economy model with traded and non-traded goods sectors with an inclusion of natural disasters, allowing the government to invest in both standard infrastructure (e.g., standard roads) and adaptation capital (e.g., seawalls or climate-resilient roads) as well as building financial buffers. In addition to permanent damage to public and private capital, natural disasters cause temporary losses of productivity and inefficiencies during the reconstruction process.[1]

2. **By extending the standard DIGNAD model, this annex also features the tax collection efficiency as a reform option.** The Gambia has been relying heavily on donor support to finance critical government activities and infrastructure investments. Grants account for 30 percent of the revenue on average between 2018 and 2023. However, relying on donor support under current uncertain external environments is a substantial risk, especially as the country needs to fund vital infrastructure investments that are intended to address the vulnerability to natural disasters. In response, the government has pledged to enhance domestic revenue through the 2025 Budget and the 2025-2028 Medium-Term Economic and Fiscal Framework (MTEFF). The objective is to incrementally raise the tax-to-GDP ratio from 9 percent in 2022 to 12 percent by 2028. However, one of the obstacles for increasing domestic revenue is inefficiencies in the tax collection system. Currently a significant fraction of taxes due fails to reach the government's revenue authority. Given this relevance, in this analysis, we use the C-efficiency ratio, the most commonly used indicator for evaluating the revenue performance and overall efficiency of the VAT system, to model the effects of tax-collection efficiencies for The Gambia.

3. **The model is calibrated to the Gambian economy with initial values set according to data available at end-December 2024 and steady states values reflecting historical averages for the period 2018-2023.** The model is simulated for a large-scale hypothetical natural disaster in the sixth year (i.e. 2030). Investment in climate resilient infrastructure is assumed to be costlier than investment in standard infrastructure, but resilient infrastructure mitigates damages and losses inflicted by a natural disaster and depreciates at a lower rate. In the baseline, the public investment efficiency (PIE) parameter is set at 0.62 according to the latest Public Investment Management Assessment Update with the Climate Module (C-PIMA) by the IMF (2025). The score of 0.62, while

[1] The long-term growth potential remains at 5 percent after natural disasters shocks.

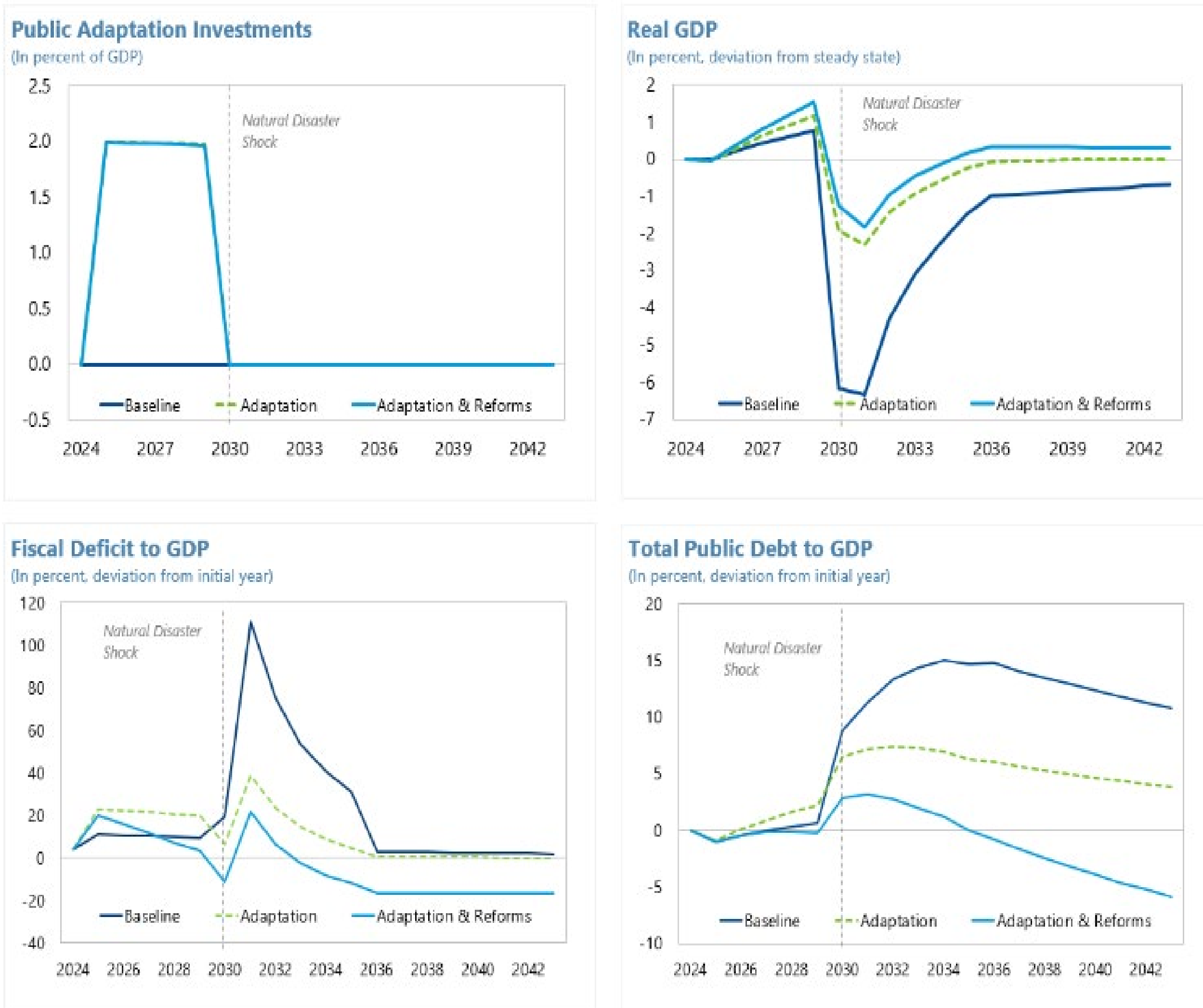
higher than the average in sub-Saharan Africa at 0.46 (IMF 2018), means it has an efficiency gap of 54 percent compared with its best-performing peers. Tax collection efficiency parameter for VAT is set at 25.1 according to the World Bank (2020). This means that there is about 75 percent of potential VAT revenues to be collected if the collection becomes efficient.

4. To illustrate the macro-fiscal implications, the model is simulated under three different scenarios. In all three scenarios, both public domestic and external concessional debt are allowed to adjust to cover the fiscal gap with a 50:50 split between the two. Consistent with the ECF program conditionality, external commercial borrowing on non-concessional terms is excluded from the financing option.

- Baseline scenario: The government does not invest in climate-resilient infrastructure; however, it invests 1.5 percent of GDP in additional standard public infrastructure for each of the five years before the natural disaster. It finances this expenditure through a mix of grants (1.0 percent of GDP) and concessional borrowing (0.5 percent of GDP).
- Adaptation scenario: Instead of the standard public infrastructure, the government invests 2.0 percent of GDP in climate-resilient public infrastructure for each of the five years before the natural disaster. It finances this expenditure through a mix of grants and concessional borrowing, with 1 percent of GDP each.
- Adaptation & policy scenario: As in the second scenario, the government invests 2.0 percent of GDP in climate-resilient public infrastructure. The country also undertakes reforms related to climate public investment and financial management, which raise the efficiency of public investment by 20 percentage points. Additionally, the country also increases VAT tax collection efficiency gradually in five years, from 25.1 percent to the average level in Sub-Saharan Africa at 35 percent.

5. Simulation results suggest that frontloading investment in climate resilient adaptation infrastructure, along with policy reforms to narrow the financing gap, could mitigate the negative impact of natural disasters for The Gambia. DIGNAD simulations show that ex-ante climate resilient infrastructure investment largely mitigates negative impact of natural disasters on growth and debt. However, the initial high cost of resilient infrastructure worsens the fiscal deficit and debt without proper fiscal reforms. Supplementing financing gap with domestic revenue mobilization and spending rationalization reforms would help limiting output loss while safeguarding debt sustainability. Furthermore, increasing the efficiency of public investment leads to more efficient construction and post-disaster reconstruction of public infrastructure. The simulation result suggests reforms to improve public investment efficiency and increase tax collection efficiency is key to medium to long-term debt and macro sustainability for The Gambia.

Annex V. Figure 1. DIGNAD Simulation Results for Baseline Adaptation Investment and PIE, All-Debt Scenario 2024–2023



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Appendix I. Letter of Intent

Banjul, The Gambia
June 2, 2025

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 current Extended Credit Facility (ECF) arrangement, economic recovery continues to gain momentum while inflation is slowing down. Our domestic revenue collection in 2024 outperformed targets. The public debt-to-GDP ratio is on a downward trajectory and continues to be sustainable. Our foreign reserves exceeded program targets at end-2024.

The attached Memorandum of Economic and Financial Policies (MEFP) outlines progress we have made under the ECF arrangement since the IMF Executive Board's approval of the second ECF review in December 2024 and describes our policies going forward. We remain firmly committed to the implementation of the ECF arrangement. We have met six of seven quantitative performance criteria (QPCs) and all four indicative targets (ITs) for end-December 2024. We missed the QPC on net domestic borrowing (NDB) by 0.3 percent of GDP due to pressures from unbudgeted support to the National Water and Electricity Corporation (NAWEC) and the Organization of Islamic Countries (OIC) summit. Of the seven structural benchmarks (SBs) with test dates between end-December 2024 and end-March 2025, four SBs for end-December 2024 were completed on time. We faced delays on the adoption by cabinet of the National Audit Office (NAO) Bill and the GIEPA Act as well as completion of a report of all existing arrears and unsettled commitments by the central government. The NAO Bill and the GIEPA Act have been finalized and their approval is proposed to be rephased to end-September 2025 to complete revie by cabinet. The report on arrears was prepared by end-March but is assessed to be incomplete and we request the SB to be modified and rephased to end-December 2025 to allow more time for a comprehensive exercise. We are on track to complete the prior action for the third review on the adoption by cabinet of adjusted 2025 budget allocations to keep total spending in 2025 in line with the budget envelope and help achieve the fiscal consolidation envisaged under the ECF arrangement.

We reaffirm our commitment to our near- and medium-term key policies. This includes continuing the fiscal consolidation efforts and strengthening our fiscal policy framework, aimed at firmly reducing debt vulnerabilities; close monitoring of inflation developments and keeping a tight monetary policy stance as needed; pursuing an exchange rate that fully reflects market forces; and continuing to implement the forex policy to prevent recurrence of forex shortages and wedges with the parallel market. We also remain committed to improving governance and transparency, in line with our roadmap for implementing the recommendations of the governance diagnostic.

The Gambia has been facing climate change shocks with substantial socioeconomic impact that may jeopardize our achievements over recent years. Due to its low elevation and reliance on rain-fed agriculture, the country ranks among the top ten countries most exposed to sea level rise globally. With support from development partners, we have made climate change an absolute priority in our development strategy that covers both adaptation and mitigation measures. However, financing needs are far greater than available resources. Thus, we will be relying on the IMF's support under the Resilience and Sustainability Facility (RSF) to support these ongoing efforts. To this end, we are requesting access under the RSF in a total amount of SDR 46.65 million (75 percent of our quota) to be disbursed as budget support. The RSF will support the Government's reforms designed to enhance our economy's long-term macroeconomic stability and resilience to climate change while boosting policy space. The mobilization of additional climate financing will be an area of focus in the context of the RSF in the months and years ahead, building on initiatives underway.

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, we request completion by the IMF Executive Board of the third review of our ECF arrangement and the associated financing assurances review. We also request waivers for the nonobservance of the end-December 2024 QPC on the NDB on the basis of the corrective measures we are taking to address spending pressures, modify budget allocations, improve arrears reporting and prevent arrears build-up, address NAWEC's financing needs, and reconcile monetary and fiscal accounts. We request to modify the end-June and end-December 2025 QPCs on NDB and the domestic primary balance and the end-December QPC floor on net international reserves to reflect the late receipt of the 2023 central bank dividend, temporary financing needs to support NAWEC, and the expected disbursement under the RSF. The completion of the review would allow for the disbursement of the fourth tranche of the ECF arrangement (SDR 12.44 million) and its partial on-lending to the budget (SDR 4.98 million), which will help meet pressing external and fiscal financing needs.

We believe that the policies set forth in our previous MEFP and 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 the 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 the 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 this third review of our 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 since the completion of the second review in December 2024. 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). It also sets out our policy commitments to support our request for an arrangement under the Resilience and Sustainability Facility (RSF) of the International Monetary Fund (IMF).

Background

1. **This Memorandum of Economic and Financial Policies (MEFP) supplements and modifies the one dated December 2, 2024.** Overall, our policies continue to aim at supporting economic recovery, tackling inflation, addressing foreign exchange pressures, reducing debt vulnerabilities, and fostering strong and inclusive growth to benefit all citizens of The Gambia. To this end, we continue to advance our structural reform agenda underpinned by the ECF-supported program, including significant reforms in revenue administration, public financial management (PFM), the management of state-owned enterprises (SOEs) and the enactment of the Anti-Corruption Act which paves the way for a more robust legal framework to combat corruption in the country.

2. **Constitutional reform remains a critical area for The Gambia.** The reform process has faced political challenges, which led to delays in finalizing the new draft constitution. However, The Gambian government is committed to advancing the constitutional reform process as part of broader efforts to enhance governance and democracy in the country. The discussion on the constitutional reform at the National Assembly is expected to resume in early summer.

3. **We have requested IMF support for our ambitious climate agenda, complementing the current ECF program by strengthening our country's long-term resilience to climate change.** We seek the Fund's support for our reform agenda via its Resilience and Sustainability Facility (RSF). We are confident that the RSF will support our ongoing efforts to strengthen long-term macroeconomic stability and create a framework that can help catalyze other climate financing.

Recent Economic Developments

4. **Economic recovery continues to gain momentum, while inflation remains elevated.** Preliminary data from the Gambia Bureau of Statistics indicate that the Gambian economy grew on average by 7.2 percent in the first three quarters of 2024, principally driven by strong growth in the first quarter. Against this backdrop, real GDP growth is estimated at 6 percent in 2024, supported by the tourism and construction sectors. Inflation peaked at 18.5 percent (y-o-y) in September 2023 and has been hovering around 10 percent (y-o-y) since June 2024, reaching 10.2 percent (y-o-y) at end-2024 and falling to single digits (9.1 percent, y-o-y) in March 2025.

5. Fiscal performance in 2024 was weaker than anticipated, largely due to unbudgeted spending pressures and transfers linked to earmarked revenues and faster execution of donor financed capital projects, despite strong revenue collection efforts. Our revenue collection in 2024 outperformed targets. However, current spending largely exceeded initial plans as transfers of third-party revenues had not been reflected in the budget and pressures from unbudgeted support to the National Water and Electricity Corporation (NAWEC) and the Organization of Islamic Countries (OIC) summit. Similarly, donor financed capital projects continued at a high pace as a result of hosting the OIC summit. As a result, the overall deficit is estimated to have exceeded projections by 1.1 percentage points, reaching 3.8 percent of GDP. In addition, about 0.4 percent of GDP of unpaid commitments were carried over to 2025.

6. The foreign exchange market continues to function smoothly following the introduction of a robust foreign exchange policy in December 2023. Forex supply conditions have improved. The wedge between the official and parallel exchange rates has remained around 1-2 percent in recent months, compared to a peak of 10 percent in mid-2022. The increase in tourist arrivals, private remittances inflows, and higher donor support helped stabilize the foreign currency supply. Gross reserves outperformed targets at end-December 2024.

7. The financial sector remains generally sound. The banking sector overall remains well capitalized, liquid, and profitable, with most key financial soundness indicators comfortably above stipulated prudential thresholds. Banks' nonperforming loans (NPLs) increased to 15.8 percent in September 2024, from a low of 3 percent at end-2023, due to exposure on one major player in the manufacturing sector. The facility has since been restructured and is back to performance after engagements with the concerned customer. The NPL ratio has declined to 14.5 percent at end-December 2024 as recovery efforts take effect. Banks continue to make adequate provisions for non-performing loans, and the central bank's capital augmentation policy is reinforcing industry stability. The CBG's latest stress-testing results suggest that the banking sector remains resilient to potential capital and liquidity shocks.

8. We remain committed to meeting our ECF-supported program's targets and structural reforms agenda, albeit some delays:

- *Quantitative performance criteria (QPCs):* Six out of seven QPCs for end-December 2024 were met (Table 1). The adjusted floors on the stock of net usable international reserves (NIR) and the domestic primary balance were met. The four external debt-related QPCs were also met, namely the zero-ceiling on non-concessional external debt contracted and guaranteed by the government, the zero-ceiling on the outstanding stock of external public debt with original maturity less than one year, the non-accumulation of external payment arrears, and the ceiling on new concessional external debt contracted or guaranteed by the government (US$90 million). The adjusted ceiling on net domestic borrowing (NDB) was missed by GMD 564 million or 0.3 percent of GDP due to the spending pressures that accumulated during the year, and we request a waiver of non-observance of the performance criterion on the basis of the corrective measures described in ¶11 below. End-June and end-December 2025 QPCs on net domestic borrowing and the domestic primary balance and the end-December QPC on net international reserves are proposed to be modified to reflect the late receipt of the 2023 central bank dividend and the expected disbursement under the RSF.

- *Indicative targets (ITs)*: All ITs for end-December 2024 were met (Table 1). We met the floor on total tax revenue, the ceilings on central bank credit to the central government and central bank's net domestic asset, and the floor on poverty-reducing expenditure.

- *Structural benchmarks (SBs):* Four out of seven structural benchmarks were met (Table 2). The preparation of a study on rationalizing and consolidating subvented agencies with MDAs; the finalization and enactment of regulations of the recently passed public procurement and SOEs Acts; completing the expansion of the social registry to Banjul and Kombo; cabinet approval of the roadmap for implementation of program-based budgeting and its roll-out for the implementation of the 2025 draft budget with pilot ministries were met. However, adoption by cabinet of the National Audit Office (NAO) Bill and the GIEPA Act as well as completion and publication of a report of all existing arrears and unsettled commitments by the central government up until December 2024 were not met. The GIEPA Act and NAO Bill have been finalized and their approval is proposed to be rephased to end-September 2025 to complete cabinet review. A report of arrears was prepared by the deadline but is assessed to be incomplete and the structural benchmark is proposed to be rephased to end-December 2025.

Macroeconomic Outlook

9. The Gambia's economy is expected to continue expanding over the medium term. Slightly tempered by the general backdrop of greater global economic uncertainty, real GDP is projected to expand by 5.7 percent in 2025, supported by continuous recovery in the tourism sector and good performance of the agricultural and construction sectors, before stabilizing around 5 percent in the medium term. Inflationary pressures are expected to ease gradually based on the expected decline in the prices of some key international commodities 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 supported by disbursements from the Fund and other development partners. We are targeting a fiscal deficit of 0.4 percent of GDP over the medium term, accompanied by a steady decline in public debt.

10. The balance of risks to the outlook is tilted to the downside. Risks of intensification of regional conflicts, global commodity price volatility, and a possible global slowdown have augmented and, if materialized, could slow growth and increase inflationary, exchange rate, forex, and fiscal pressures. On the domestic front, persistently high price levels could lead to socio-political tensions and fiscal pressures could be exacerbated by elections scheduled for 2026. More frequent natural disasters and shifts in rainfall patterns could damage infrastructure and livelihoods and adversely affect inflation, growth, and external balances. The fate of the compact program with the Millennium Challenge Corporation (MCC) that had been expected for late 2025 remains unclear.

Macroeconomic Policies and Structural Reforms

A. Strengthening the Fiscal Policy Framework

11. We remain committed to achieving the 2025 fiscal targets under our ECF-supported program. Building on the strong tax revenue performance in 2024, we will continue to strengthen revenue collections. Also, we will tightly control and reallocate our spending to accommodate overruns while meeting the priority needs of the country. Specifically:

- We will take advantage of falling oil prices to keep petrol and diesel prices above full passthrough prices in 2025.

- We will make the following adjustments to 2025 budget allocations totaling to 1.1 percent of GDP and adopt them by the cabinet as a prior action for completion of the third review (**prior action**):

    - First, to accommodate MDA's 2024 unpaid commitments of about GMD 660 million (or 0.3 percent of GDP) carried over to 2025, we will adjust their 2025 budget allocations for the same amounts and in the same expenditure categories except PE.

    - Second, to account for expected budgetary transfers linked to earmarked revenues of about GMD 1.6 billion (or about 0.8 percent of GDP), we will reallocate 2025 budgetary expenditures and adjust the following categories to make room for higher transfers: domestically funded capital expenditures (0.6 percent of GDP); goods and services (0.1 percent of GDP); and net lending (0.1 percent of GDP). This implies that planned investments in roads, procurement of vehicles and other discretionary expenditures will be postponed and reflected in the 2026 budget. We will ensure to protect poverty-reducing expenditures including the envisaged increase in coverage of the Family Strengthening Program.

- An emergency transfer to help NAWEC pay its arrears to Karpower for the amount of GMD 1.4 billion (0.7 percent of GDP) in May is unavoidable, but it will be deficit neutral and financed fully by budget support from the World Bank to be received before year-end and regularized in fiscal accounts.

- To further safeguard fiscal targets and as a contingency measure, we will save any revenue overperformance that accrues in the course of the year. In addition, we expect the phase-out of Karpower as an electricity supplier of NAWEC (¶14) to significantly reduce risks to the budget in the future.

- We will initiate timely preparations for a fully costed 2026 budget envelope that includes all transfers linked to earmarked revenues. Amongst other things, our budget management will be strengthened through improved baseline budget costing and enhanced liquidity and cash management. In line with our medium-term fiscal consolidation strategy, we will target a deficit of 0.4 percent of GDP to keep debt on a firm downward trajectory.

- In order to reduce persistent statistical discrepancies between above- and below-the line fiscal reporting, we will work with the IMF, including through TA, to do a thorough review of the classification and accounting of government accounts at the central bank ahead of the fourth review.

12. Strong policies underpin our ambitious goals of domestic revenue mobilization. In particular:

- We are finalizing the Domestic Revenue Mobilization Strategy (DRMS; **SB for end-June 2025**), ensuring that the DRMS considers key pillars to modernize our tax system, such as VAT, and incorporates an appropriate balance between policy and administrative measures. On the revenue administration side, we are also working on fully digitalizing the collection of VAT with the introduction of smart invoice technology. We are also making progress on revenue assurance for telecoms and the implementation of an Integrated Tax Administration System (ITAS) and e-filing, all of which will decrease the cost of compliance and boost revenue collection.
- The adoption of the revised GIEPA Act by cabinet (**SB for end-December 2024, proposed to be rephased to end-September 2025**) will streamline tax incentives, and we will submit to cabinet a tax expenditure statement (**SB for end-December 2025**) which will include a tax expenditure inventory and a first quantification of international tax expenditure. Going forward, we aim to further develop our in-house capacity to use data and models to perform assessments for other taxes, including PIT, CIT and VAT.

- To expand the tax base and enhance rental tax collection, we are developing a database of rental property **(SB for end-June 2025)**. Considering the large VAT policy and compliance gap, we will undertake a thorough review of the VAT with a view to modernizing its design and operation and improving its revenue productivity (**proposed new SB for end-June 2026**).

13. Strengthening PFM will be critical to support fiscal discipline and our planned fiscal consolidation:

- We will need more time than expected to tackle the issue of domestic arrears. Therefore, we propose to rephase the arrears stocktaking to December 2025, align it with the IMF's forthcoming technical assistance (TA) recommendations, and include both the participation of the NAO and MoFEA's Internal Audit **(SB for end-March 2025, proposed to be modified and rephased to end-December 2025).** We want to ensure that arrears reporting is properly institutionalized. Therefore, also based on the ongoing TA, we will develop a timebound strategy to institutionalize the arrears reporting and clearing framework and adopt measures to address the shortcomings in the PFM systems that led to the accumulation of pending bills and other arrears. The strategy will be aligned with IMF recommendations and will include, among others, a clear definition of expenditure arrears, an arrears reporting framework, criteria for clearing validated arrears and potential consequences for public officers that fail to report arrears (**modified SB for end-June 2025)**. Once this strategy is in place, we will start implementing the recommendations, potentially supported by additional TA. Finally, after the rephased arrear stocktaking is completed in December, we will publish a payment schedule of all arrears, which will include provisions about how to manage arrear clearance starting with the 2027 budget **(proposed new SB for end-March 2026)**.

- In other PFM reforms, we will require that all MDAs present quarterly updates to their cash plans through Integrated Financial Management Information System (IFMIS) and implement a 'maximum deviation' rule, subject to spending pressures emanating from essential expenditure (**SB for end-December 2025**), which should contribute to align cash availability with needs, as well as the revision of the PFM Act that is cleared by cabinet (**SB for end-December 2025**) in line with agreed IMF recommendations. Moreover, we will extend the use of IFMIS to four multilateral-donor projects and to all government-fund projects implemented after January 1, 2025 (**SB for end-September 2025**) to strengthen the management of investment projects, and will ensure that the Chart of Accounts is entirely aligned with GFS 2014, while developing the Chart of Accounts manual and publish the Chart of Accounts and its manual on MoFEA's website (**SB for end-September 2025**) to ensure budget planning is aligned with best practices and avoid misclassification errors.

14. We are stepping up the efforts to transform the SOE sector from a fiscal burden to a revenue source. We are committed to enhancing SOE oversight. As of April 2025, we have signed eight performance contracts. We recently completed the negotiation of a new performance contract with NAWEC, which includes ambitious key performance indicators (KPI) along multiple dimensions. In 2025, we expect to include a KPI with a strong weight so that those SOEs that have not published audited financial accounts will do so. We have also revised the procedure to fill vacancies on SOE's boards, focusing on competency and complementary skillsets across board members. Additionally, to strengthen the financial sustainability of the electricity sector, NAWEC's Board has decided not to renew the contract with Karpower and source the energy from import partners while NAWEC progresses on rehabilitating at least 30MW of local capacity that is currently out of stream due to lack of maintenance. Additionally, we are working on the design of competitive tenders for two projects that will decrease the electricity cost once on stream: a 50MW solar plant and a 30MW dual fuel plant. Regarding GAMCEL's privatization (**SB for end-March 2026**), we have developed a social plan whose main objective is to reduce the staff number to make GAMCEL more attractive for potential private investors.

15. Our public debt continues to be sustainable, but the risks of overall and external debt distress remain high. While the proposed fiscal consolidation is, at this stage, planned to be based both on efforts in domestic revenue and domestically financed spending, our DRMS will be key to enhance domestic resource mobilization and address our debt-development trade-off. We intend to utilize innovative options, such as the Africa50 Asset Recycling Program, to finance infrastructure projects without worsening debt vulnerabilities or creating fiscal risks. The RSF will help strengthen our longer-term fiscal and macroeconomic sustainability and resilience to climate-related shocks.

We will avoid contracting non-concessional borrowing and will keep our new concessional borrowing at or below the agreed concessional borrowing limits under the ECF-supported program. Furthermore, we will closely monitor and plan the progress of the projects financed by foreign creditors to maintain external debt sustainability while meeting our development needs.

B. Monetary and Exchange Rate Policies

16. We will keep a tight monetary policy stance to keep inflation on a firm downwards trajectory. While inflation has declined from its September 2023 peak, it remains elevated. We believe any decision to relax the monetary stance should be data-driven and conditional on a more sustained easing of inflation. The MPC will closely monitor inflation developments and global uncertainties and refine forecasts. 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 medium-term target of 5 percent.

17. The CBG is committed to pursuing an exchange rate that fully reflects market forces. The CBG will continue to implement the forex policy introduced in 2023 to prevent a recurrence of shortages and wedges with the parallel market. After a brief delay, the CBG is in the process of finalizing and publishing by June a forex intervention policy that limits any forex market interventions to only alleviating excess market volatility.

18. The CBG remains vigilant to vulnerabilities in the financial system and committed to strengthening the resilience of the banking sector to future potential shocks. We are closely monitoring the elevated level of banks' NPLs. We will focus on measures to enhance the resilience of the banking sector, including by strengthening the application of risk-based supervision, close monitoring of concentration risks, early intervention as necessary, establishment of a credit reference bureau, and the adoption of the Basel Capital Frameworks to improve the assessment of capital requirement for banks, with the initial focus on the implementation of Pillar 1 of Basel II. To this end, the CBG will require the augmentation of banks' minimum regulatory capital by GMD100 million by end-December 2025 (**SB for end-December 2025**) and by another GMD100 million each year thereafter to reach a total level of capital of GMD500 million by end-2027.

19. We remain committed to preserving the strength of the CBG's financial position. The CBG has ceased financial assistance outside its core mandate to any third party to preserve its financial autonomy and will enshrine an ex ante legal framework of temporary emergency lending to the government with strict conditions in truly catastrophic circumstances, to be defined in consultation with IMF staff, explicitly in the CBG Act. To address broader weaknesses identified in the 2024 safeguards assessment, including those related to internal audit operations and reporting, and oversight role of the Board, the CBG Board will approve amendments to the CBG Act in line with the IMF safeguards recommendations (including on enshrining an ex ante legal framework of temporary emergency lending to the government) under mutual agreement, followed by cabinet approval and submission to the National Assembly. The temporary support to the government to help finance the repayment of NAWEC's arrears to Karpower in May 2025 is highly exceptional and will be regularized before the end of the year in accordance with the CBG Act. While we do not anticipate any additional emergency support in the future, the CBG will consult with IMF staff should such a situation emerge.

C. Governance and Business Environment

20. We will further strengthen governance and anti-corruption reforms, including through implementation of recommendations from the recent governance diagnostic. We published our plan to implement the recommendations in December 2024 as an important step forward. Furthermore, the vetting committee—comprising representatives from the Personnel Management Office, the Gambia Bar Association, the Financial Intelligence Unit, the Chamber of Commerce and Industry, and Civil Society Organizations, as mandated by the Anti-Corruption Act—has finalized a shortlist of candidates for the positions of Anti-Corruption Commissioner through a transparent and merit-based process. This shortlist will be submitted to the National Assembly, which is tasked with confirming three Commissioners from the proposed nominees (**proposed new SB for end-June 2025**); and we will appoint them promptly after approval by the National Assembly. This will significantly enhance the effectiveness of the anti-corruption framework.

21. Improved public service delivery through digitalization and enhanced transparency are cornerstones of our strategy. We are in the process of moving key public services online, including the procurement of birth certificates, passports, and driver licenses. In addition, many nongovernment agencies and representatives of civil society report difficulties in accessing public information, including laws, reports, audits, and procedures. Contingent on external support, the Ministry of Justice will compile and publish the Laws of The Gambia in hard copy and online formats through end-2024 by end-2025, and Law Reports to follow by 2026. The government is working towards submitting annual financial accounts to the auditor general within three months after the end of the financial year in compliance with the Public Finance Act 2014 and will then be published in the Gazette and the website of the Ministry of Finance.

22. In the same vein, we continue to implement bold reforms to improve the business environment and encourage private-sector investment and growth. To foster business creation and formal sector employment, we will set up a digital platform for business registration **(SB for end-June 2025)** and the cabinet will adopt a land policy **(SB for end-September 2025)** to facilitate transparent and fair access to land and finance.

D. Reforms to Improve Resilience to Climate Change

23. A new IMF arrangement supported by the RSF aims to enhance long-term macroeconomic stability and resilience to climate change while boosting policy space and reducing fossil fuel externalities. We used TA provided by the IMF, which includes the Climate Policy Diagnostic and the Climate-Public Investment Management Assessment (C-PIMA), to identify comprehensive reforms designed to adapt to the impacts of climate change and support a sustainable green transition. The proposed reform measures are closely aligned with our economy's vulnerability to climate change and are categorized into five reform areas: institutional framework, green PFM, climate data and green financial sector, enhancing adaptation and resilience, and energy transition. We anticipate that the reform package will yield a significant long-term macroeconomic impact, particularly through the real, fiscal and external sectors.

24. We are committed to strengthening the governance of climate change. To this end, we will draft a new bill designed to establish a whole-of-government approach, clarify responsibilities, and improve coordination concerning climate governance and policy (**reform measure 1, for end-March 2026**). The reform centers on drafting and securing cabinet approval for the Climate Change Bill, which will delineate the governance structure and responsibilities related to climate change, maximizing synergies and minimizing duplication. The Bill will modernize our climate legislative framework. It will further clarify the complementary role of existing governing bodies and ensure that policy attention is prioritized by designating the President as chair of the National Climate Change Council. We have also developed strategies and policies such as the National Climate Change Policy and the long-term climate neutral development strategy, which are presently non-binding. Once enacted, the Bill will solidify our efforts and make them binding, as well as clarify how often they should be updated based on changing priorities. The implementation of those strategies will require funding, so one of its main pillars will relate to climate finance. The Bill will include provisions for data collection and sharing and is expected to establish linkages between the Climate Change Act and the National Disaster Act, among other climate-relevant acts and regulations. Notably, it will clearly distinguish between the short-term nature of the resources in the Emergency Relief Fund vis-à-vis the longer-term nature of resources allocated to the Gambia Climate Change Fund, which should be invested in resilience building. Furthermore, the Bill will facilitate and mandate the integration of climate change into National Development Plan and sectoral policies, and will define mechanisms for effective reporting, monitoring, and evaluation. Lastly, it will establish guidelines for the participation of various stakeholders—public, private, and civil society—in awareness raising, including on critical intersections with gender and youth components.

25. Despite the significant impacts of climate change-induced natural disasters and slow-onset changes on our economy, our PFM system has yet to integrate climate criteria into fiscal planning. Consequently, we will develop a methodology for identifying fiscal risks associated with natural disasters, with plans to publish this methodology and its application beginning with the 2027 Medium Term Economic and Fiscal Framework (**reform measure 2, for end-March 2026**). Our ultimate goal is to enhance our understanding of the transmission channels through which natural disasters influence revenue, expenditure, and economic growth, thereby improving the credibility of our budget process. Additionally, we will incorporate climate mitigation and adaptation criteria into the guidelines for project appraisal and selection processes for Government's Local Fund (GLF) and donor-funded projects (**reform measure 3, for early-December 2025**). This approach will enable us to evaluate projects based on their resilience and their contributions to addressing climate change. We are committed to implementing this methodology in the projects of the 2027 budget cycle. Additionally, we commit to include provisions regarding climate mitigation and adaptation as part of the selection and evaluation of PPP projects as part of the ongoing review of the PPP Bill.

26. Considering the data limitations and the need to include climate criteria as part of the oversight of the financial sector, we will develop a climate data repository, a transition taxonomy and supervisory guidelines for the banking sector (reform measure 4 for end-March 2026). We have worked with multiple development partners on climate risk assessments and yet there is an ample opportunity to broaden the awareness of climate risks by developing a climate data repository, which will be made available to the public. In addition, the CBG will enhance the climate information architecture by adopting: (i) a transition taxonomy to properly identify and measure climate-related financial sector risks and opportunities; and (ii) a climate data repository, including climate-related risk and opportunities information and taxonomy-aligned data along with a collection and dissemination mechanism. The CBG will also issue supervisory guidelines for the banking sector, based on the adopted taxonomy, to incorporate climate-related risks to their risk management frameworks, which should be regularly shared with the CBG, along with timelines for the adoption of guidelines. Additionally, we will develop a climate finance strategy that will contribute to close the funding gap identified in our NDC. The strategy will contain a status of current climate finance flows, both private and public, domestic and international and compare it with needs to quantify the gap. The strategy will then identify key recommendations to close the gap, including through a systematic analysis of available instruments, and their suitability for The Gambia. If The Gambia cannot use certain instruments, the strategy should clarify why. Most importantly, if some instruments are feasible to tap on and the country is currently not doing so, the strategy will identify key regulatory and operational steps so The Gambia can start tapping on those instruments.

27. Considering The Gambia's vulnerability to climate-related risks and their potential impact as well as the structure of our economy, we will use the RSF to enhance resilience across multiple fronts.

- First, recognizing the significance of agriculture in our economy and the effects of weather shocks on the livelihoods of over half the population, we plan to approve insurance regulations focusing on increasing the financial inclusion for the most vulnerable farmers (**reform measure 5 for end-September 2025**). These regulations will establish a framework that facilitates the development of innovative instruments, such as index-based insurance, which is currently being piloted in the country, covering 3,000 small farmers. The regulations will promote partnerships between potential providers and key institutions that can supply relevant data, such as the National Disaster Management Agency, Ministry of Fisheries and Water Resources (Department of water resources), and Ministry of Agriculture (Planning service department). Additionally, the regulations will outline effective monitoring and reporting mechanisms to facilitate the ex-post evaluation of instruments and provide guidelines for partnerships between insurance providers and other stakeholders, thereby contributing to derisking the private sector in an inherently challenging area due to climate change exposure.

- Second, we will update zoning regulations to incorporate climate criteria, particularly along the coast and significant portions of the Gambia River (**reform measure 6, for end-September 2026**). This update will integrate best international practices to enhance coastal resilience and management, including the definition of setback distances and no-development zones in at-risk areas. In this process, we will build on existing vulnerability assessments for different coastal zones and carefully consider issues such as mangrove conservation, tourism development and regulation of activities such as sand mining. By doing so, we will ensure that our development efforts withstand the test of time.

- Third, most of the impacts of climate change are felt through changes in the water cycle resulting in excess of water, water scarcity, or more polluted water resources. These directly and strongly impact economic and human development in The Gambia, in particular agricultural production which depends strongly on rainfed agriculture. Provided that it is well managed, groundwater has the potential to be developed into a buffer during periods of water stress. To ensure a more sustainable management of existing groundwater resources, we aim to issue regulations governing licensing procedures that will enable us to more effectively control groundwater abstraction and impoundment (**reform measure 7, for end-September 2026**). By issuing license procedures for large, formal borehole drilling based on criteria such as existing water availability, amount of water to be extracted, water quality and activities taking place around the drilling area, among others, we will be able to strengthen and ensure the sustainable exploitation of groundwater resources. Considering the prominent role of NAWEC in water supply, the regulations will include coordination mechanisms between NAWEC, PURA and the Ministry of Fisheries and Water Resources. Additionally, we commit to the establishment of an accurate measurement system to better understand the status of aquifers across the country.

28. Despite The Gambia being a very small emitter globally, we aim to implement policies that will accelerate our energy transition to renewables and cleaner fuels, positively impacting fiscal sustainability and the external sector.

- Taxing fuels such as gasoline and diesel will enable us to collect additional revenue to allocate to our development needs while encouraging the private sector to adopt renewable energy solutions at both large and small scales. Therefore, building on the existing excise tax system, we aim to introduce a carbon-based excise for gasoline and diesel for inclusion in the 2026 budget (**reform measure 8, for January 2026**), thereby covering the transport sector. We plan to introduce an additional $5 per tonne of carbon to our existing excise, which we will also convert from ad-valorem to specific, that will explicitly account for the externalities of fuel consumption, such as air pollution and congestion. Estimates suggest that implicit carbon prices in The Gambia are approximately $72.5 per tonne for gasoline and $68 per tonne for diesel. Consequently, we aim to explicitly raise carbon prices to $77.5 per tonne and align taxes per liter accordingly, which will generate additional tax revenue and reduce externalities.[1] Additionally, to protect our fiscal revenue from being eroded over time, we will index the new tax to inflation. To address distributional concerns, we commit to channeling part of the additional revenue into cash transfer programs that protect vulnerable households.

[1] The implicit carbon rates were calculated using the April 2025 fuel tax structure and the exchange rate included for fuel price calculations in the same month. The exact numbers might vary by the time IMF TA is provided.

- Finally, to provide strong signals that would encourage private investment and to eliminate the electricity subsidy, which has remained a large fiscal burden and crowds out development spending, we intend to review the cost-recovery methodology for electricity tariffs as well as the tariff compensation mechanism and update them in line with IMF recommendations. Based on the revised methodology and compensation mechanism, tariffs would be regularly updated consistent with a plan to achieve full cost-recovery by end-2030, and we will implement the first phase of tariff adjustments in line with the approved plan. The plan will be published and should include measures to mitigate impacts on vulnerable households. (**reform measure 9, for end-September 2026**). This approach will facilitate a smooth adjustment period and allow time for renewable energy projects to come online, thereby decreasing electricity costs. As with the carbon-based excise, we commit to using part of the fiscal savings to direct additional resources toward protecting vulnerable households and small businesses from the impact of higher electricity prices.

Capacity Development

29. Technical Assistance (TA) from the IMF will continue supporting the ECF program objectives. We appreciate the IMF's availability to deliver high quality TA upon request to strengthen areas including revenue administration, spending efficiency, public financial management, macroeconomic statistics production and dissemination, tax policy including petroleum fiscal regime modelling, forex policy, financial supervision, oversight of SOEs, and governance. We are working with IMF technical assistance to advance the project on GDP rebasing—a priority for us—and we will request additional TA support to meet program objectives. On the revenue side, this includes support to finalize the DRMS and measures to streamline tax exemptions and enhance rental property taxation. We will also seek TA to enhance public financial management efficiency through the prioritization of investment decisions, and improved cash management and projections, which include the implementation of a maximum deviation rule. We will need further support to meet our SBs on arrears, both to institutionalize the arrear reporting and clearing framework, as well as for defining the Terms of Reference of the new audit that will be undertaken by NAO and MoFEA's Internal Audit and finalize a manual for the Chart of Accounts aligned with the 2014 GFS. The CBG is looking forward to receiving additional support for the implementation of Basel II/III frameworks and risk-based supervision, possibly through a renewed resident advisor position, as well as for its monetary operations (liquidity forecasting, reserve management, and risk management). In line with the 2024 safeguards assessment, the CBG will consult the IMF on the relevant amendments to the CBG Act. We value the provision of TA, including through resident experts, AFRITAC West 2, and IMF-HQ.

30. Implementation of the RSF reform measures will also require TA from the IMF and development partners. IMF TA will underpin the successful implementation of most reform measures. We are expecting to receive TA on how to better integrate climate adaptation and mitigation criteria in the project appraisal guidelines and template, and on the identification of the transmission channels through which natural disasters affect key macroeconomic variables. We also need support to provide a quantitative analysis of the impact of natural disasters and its inclusion in the budget process. For the development of the green taxonomy, we will work closely with the IMF's MCM department to build capacity in the CBG and achieve the reform measure on climate data, green taxonomy and bank supervision. For insurance regulations, we expect support from AFRITAC West 2 to help us ensure that the regulations reflect the climate vulnerabilities of The Gambia. We also count on the support of the IMF to implement the carbon tax and for the review of the electricity cost-recovery methodology, the tariff compensation mechanism and to develop a plan to achieve cost recovery in the medium term. The Global Center on Adaptation will also contribute and provide support for the reform measures on climate data, green taxonomy and water. The government has already secured support for the drafting of the Climate Change Bill through the World Bank. On water, the main TA provider will be the French Development Agency (AFD) through an ongoing project in The Gambia. On coastal resilience, we plan to request support from the World Bank through the West Africa Coastal Areas Management Program (WACA).

Program Monitoring

31. We will take all measures needed to meet quantitative targets and observe structural benchmarks under the ECF program, as well as the reform measures under the RSF program. The ECF and RSF programs will be subject to concurrent semiannual reviews, based on performance criteria, indicative targets, structural benchmarks and reform measures as set out in Tables 1, 2, 3 and 4 of this Memorandum and defined in the attached Technical Memorandum of Understanding (which also sets out the requirements for data reporting to IMF staff). The fourth ECF program review will be based on end-June 2025 targets and is expected to be completed on or after September 30, 2025. The fifth ECF program review will be based on the end-December 2025 targets and is expected to be completed on or after March 31, 2026. The final sixth ECF program review will be based on end-June 2026 targets and is expected to be completed on or after September 30, 2026. As such, the first, second, and third reviews under the RSF arrangement will take place at the time of the fourth, fifth, and sixth reviews under the ECF arrangement, respectively.

Table 1. The Gambia: Quantitative Performance Criteria and Indicative Targets for 2024-2026

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

	2024														2025					2026	
	Jun.					Sept.				Dec.				Mar.	Jun.	Sept.	Dec.		Mar.	Jun.
	Prog.	Adj.	2nd review	Revised Act.	Status	Prog.	Adj.	Act.	Status	Prog.	Adj.	Act.	Status	Prog.	Prog.	Prog.	2nd review	Prog.	Prog.	Prog.
Performance criteria[1]																				
1. Net domestic borrowing of the central government (ceiling)	2,600	3,480	3,798		**Not Met**	2,800	4,033	6,354	**Not Met**	2,700	2,980	3,545	**Not met**	3,400	7,100	5,000	4,000	2,800	1,600	100
2. Domestic primary balance (cumulative floor)	-100	-686	-465	-1,038	**Not Met**	1,100	-133	-536	**Not Met**	1,040	760	771	**Met**	-700	-2,600	1,800	2,700	1,900	900	1,500
3. Stock of net usable international reserves of the central bank (floor, US$ million)	280	260	346		**Met**	282	264	315	**Met**	309	305	379	**Met**	298	283	267	285	305	309	302
4. New external payment arrears of the central government (ceiling, US$ million)[2]	0.0	...	0.0		**Met**	0.0	...	0.0	**Met**	0.0	...	0.0	**Met**	0.0	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	**Met**	0.0	...	0.0	**Met**	0.0	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	**Met**	0.0	...	0.0	**Met**	0.0	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]	90	...	0.0		**Met**	90	...	0.0	**Met**	90	...	70	**Met**	90	90	90	90	90	90	90
Indicative targets[1]																				
8. Total tax revenue (floor)	8,900	...	9,079		**Met**	13,100	...	13,247	**Met**	17,200		17,761	**Met**	5,700	11,100	16,200	21,200	21,200	5,900	6,100
9. Monthly ceiling on central bank credit to the government at non-market terms (GMD millions)[4]	0.0	...	0.0		**Met**	0.0	...	0.0	**Met**	0.0		0.0	**Met**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10. New central bank credit to public entities (ceiling, GMD millions)[5]	...	...	...		...	...	...	...	... ...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11. Stock of net domestic assets of the central bank (ceiling)	11,825	...	10,847		**Met**	12,285	...	7,722	**Met**	12,745	...	2,770	**Met**	13,216	13,687	14,157	14,628	14,628	10,971	14,907
12. Poverty-reducing expenditure (floor)	5,000	...	6,149		**Met**	7,500	...	8,907	**Met**	10,100		10,507	**Met**	3,000	6,000	9,000	12,000	12,000	3,200	6,400
Memorandum Items:																				
Budget Support (grants, US$ millions)	8.7	...	0.0		...	23.1	...	3.8	...	50.0		46.0	...	0.0	0.0	13.2	33.2	52.6	5.5	13.0
Base Money (stock, GMD millions)	21,919	...	25,298		...	22,261	...	22,502	...	22,603		22,556	...	22,787	22,971	23,155	23,339	23,339	23,642	23,805
IMF disbursements (SDR millions)[6]	16.58	...	0.0		...	16.6	...	16.58	...	24.9		24.9	...	0.0	37.3	0.0	65.3	35.6	0.0	93.3

[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.

5 Once an ex ante legal framework has been enshrined in the CBG Act, emergency lending to the government can be affected under catastrophic circumstances.

[6] The amounts for 'Prog Mar 2024' and 'Prog Mar 2025' were incorrectly reported in the program approval and first review Staff Reports.

Table 2. The Gambia: Prior Action and Structural Benchmarks for the Third ECF Review, 2025			
Measures	**Macro Rationale**	**Timing**	**Status**
Prior Action			
Cabinet approval of adjustments to 2025 budget allocations to compensate for new unfunded spending pressures.	Ensure the budget is consistent with program objectives	Prior Action	Met
Structural Benchmarks			
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-December 2024	Not met, (proposed to be rephased to end-September 2025
Public Financial Management (MOFEA and Cabinet)			
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	Met
Prepare a study on rationalizing and consolidating subvented agencies with MDAs.	Improve efficiency of institutions and reduce burdens on the budget.	End-December 2024	Met
NAO and MoFEA's Internal Audit to complete and publish a report of all existing arrears and unsettled commitments by the central government, in line with IMF recommendations.	Have a full understanding of government's commitments and avoid unexpected fiscal pressures	End-March 2025	Not met (proposed to be modified and rephased to end-December 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.	End-December 2024	Not met, (proposed to be rephased to end-September 2025
Finalize and enact regulations of the recently passed public procurement and SOEs Acts.	Ensure effective impact of reforms on procurement and SOEs.	End-December 2024	Met
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	Met

Table 3. The Gambia: Structural Benchmarks for Fourth – Fifth –Sixth ECF Reviews, 2025–26			
Measures	**Macro Rationale**	**Timing**	**Status**
Domestic revenue mobilization (GRA/MOFEA)			
Create a database of rental property for taxation purposes.	Expand the tax base and prevent avoidance.	End-June 2025	
Submit to the cabinet a tax expenditure statement in line with FAD recommendations.	Enhance transparency of tax expenditure and protect revenue collection.	End-December 2025	
Adopt a domestic revenue mobilization strategy.	Enhance revenue collection.	End-June 2025	
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-December 2024 (proposed to be rephased to end-September 2025)	
Undertake a thorough review of VAT with a view to modernizing its design and operation and improving its revenue productivity.	Close the VAT policy and compliance gaps.	Proposed for End-June 2026	
Public Financial Management (MOFEA and Cabinet)			
Extend the use of IFMIS to 4 multilateral-donor projects and to all government-funded projects implemented after January 1, 2025.	Strengthen the management of investment projects.	End-September 2025	
Adopt by the cabinet a revised PFM Act in line with agreed IMF recommendations	Streamline the project approval process	End-December 2025	
Require all MDAs to present quarterly updates to their cash plans through IFMIS and implement a 'maximum deviation' rule. subject to spending pressures emanating from essential expenditure	Improve the cash forecasting and management system and ensure meeting fiscal and debt targets.	End-December 2025	
NAO and MoFEA's Internal Audit to complete and publish a report of all existing arrears and unsettled commitments by the central government, in line with IMF recommendations.	Have a full understanding of government's commitments and avoid unexpected fiscal pressures.	End-March 2025 (proposed to be modified and rephased to end-December 2025)	

Table 3. The Gambia: Structural Benchmarks for Fourth – Fifth –Sixth ECF Reviews, 2025–26 (Concluded)			
Measures	**Macro Rationale**	**Timing**	**Status**
MoFEA to develop and publish a comprehensive, timebound strategy to institutionalize the arrears reporting and clearing framework and propose measures to address the shortcomings in the PFM systems that led to an accumulation of pending bills and other arrears. The strategy should be aligned with IMF recommendations and will include, among others, a clear definition of expenditure arrears, an arrears reporting framework, criteria for clearing validated arrears and potential consequences for public officers that fail to report arrears.	Ensure proper management of arrears and unsettled commitments by institutionalizing arrear reporting and clearance.	Modified SB for end-June 2025	
MoFEA to publish a payment schedule for arrears identified in the NAO and Internal Audit's report, reflecting the criteria identified in the arrears clearance strategy and in line with IMF recommendations.	Avoid unexpected fiscal pressures by agreeing on a pre-defined payment schedule.	Proposed for end-March 2026.	
Ensure that the Chart of Accounts is entirely aligned with GFS 2014, finalize the Chart of Accounts manual and publish the Chart of Accounts and its manual on MoFEA's website.	Ensure budget planning is aligned with best practices and avoid misclassification errors	End-September 2025	
Governance and SOE Reforms (MOFEA)			
Set up a digital platform for business registration.	Facilitate business creation and increase formal sector employment.	End-June 2025	
Submit to the National Assembly the names of the three anti-corruption commissioners that are being selected through a transparent and merit-based process led by a vetting committee, as specified in the Anticorruption Act.	Strengthen governance and anti-corruption efforts	Proposed for end-June 2025	
Adopt by the cabinet a draft land policy.	Facilitate access to land and finance and improve business creation.	End-September 2025	
Complete partial or full privatization of GAMCEL.	Turn SOEs from fiscal burdens to revenue-generating assets.	End-March 2026	
Adopt by the cabinet a revised National Audit Office Act.	Strengthen the independence and effectiveness of the National Audit Office.	End-December 2024 (Proposed to be rephased to 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.	End-December 2025	

Table 4. The Gambia: Reform Measure Matrix

RSF 1st review/ ECF 4th review	RSF 2nd review/ ECF 5th review	RSF 3rd review/ ECF 6th review
	RM1: MECCNAR to draft and Cabinet to adopt a Climate Change Bill in line with WB recommendations, allocating roles and responsibilities over targets clearly among actors, avoiding overlaps, facilitating coordination and mandating data sharing across Ministries, Departments and Agencies for climate-informed policy planning and decision making	
	RM2: MoFEA to develop a methodology for identifying fiscal risks from natural disasters and publish the methodology and the results of the application of such methodology starting with the 2027 Medium Term Economic and Fiscal Framework, in line with IMF TA recommendations.	
RM3: MoFEA to incoporate climate mitigation and adaptation criteria in the guidelines for project appraisal and selection process, including for donor-funded projects, in line with IMF TA recommendations.		
	RM4: To address data gaps, the CBG will enhance the climate information architecture by adopting i) a transition taxonomy to properly identify and measure climate-related financial sector risks and opportunities ii) a climate data repository, including climate-related risk and opportunities information and taxonomy-aligned data along with a collection and dissemination mechanism. The CBG will also issue supervisory guidelines for the banking sector, based on the adopted taxonomy, to incorporate climate-related risks to their risk management frameworks, which should be regularly shared with the CBG, along with timelines for the adoption of guidelines.	
RM5: MoFEA to approve insurance regulations to promote private sector engagement in the market. These regulations must take into account the unique climate considerations in The Gambia and should establish a framework that facilitates the development of promising instruments, such as index-based microinsurance schemes, fosters partnerships between prospective insurers and climate data providers, and sets forth clear guidelines for index triggers. Additionally, the regulations should outline effective monitoring and reporting mechanisms, particularly in scenarios where the government or development partners provide subsidies for premium payments.		
		RM6: To improve resilience against sea-level rise, the Ministry of Land, working with the Ministry of Fisheries and Water Resources and all relevant stakeholders, to update the zoning regulations focused on coastal zones so they incorporate climate resilience criteria, including the full range of adaptation options, such as setback distances and no development zones (explicitly prohibiting infrastructure development in areas of high-risk of flooding from the sea or the river Gambia), in line with good international practices.
		RM7: The Ministry of Fisheries and Water Resources to issue regulations for licensing procedures that will effectively control groundwater abstraction and impoundment, in accordance with good international practices.
	RM8: MoFEA to convert the gasoline and diesel excise tax from an ad-valorem tax to a specific tax, aligning the rate based on carbon content, in line with Fund recommendations, to be included in the 2026 budget. The new tax should be 5 USD per ton more ambitious than existing taxes, indexed to inflation, and must be complemented with additional funding to the social safety net to protect vulnerable households.	
		RM9: MoFEA, the Ministry of Petroleum and Energy and PURA to review the electricity cost recovery methodology and the tariff compensation mechanism and update them in line with IMF recommendations. Based on the revised methodology and compensation mechanism, tariffs would be regularly updated consistent with a plan to achieve full cost-recovery by end-2030, and implement the first phase of tariff adjustments in line with the approved plan. The plan will be published and should include measures to mitigate impacts on vulnerable households.

Table 5. The Gambia: Reform Measures Under the RSF

Reform measures		Target Date	Review Timeframe	TA provider 1/	Prospective BoP risk reduction
Pillar I: Legal framework and enabling institutional environment					
RM1: Climate Change Law	MECCNAR to draft and Cabinet to adopt a Climate Change Bill in line with WB recommendations, allocating roles and responsibilities over targets clearly among actors, avoiding overlaps, facilitating coordination and mandating data sharing across Ministries, Departments and Agencies for climate-informed policy planning and decision making	March 2026	RSF 2nd review / ECF 5th review	WB	*Improved fiscal and external sustainability.* Enables resilience building and supports budget management which reduces fiscal and private costs when climate risks materialize, and subsequently, reduces external financing needs. Improves impact of other RMs and macro-critical reforms.
Pillar II: Green PFM					
RM2: Fiscal risks	MoFEA to develop a methodology for identifying fiscal risks from natural disasters and publish the methodology and the results of the application of such methodology starting with the 2027 Medium Term Economic and Fiscal	March 2026	RSF 2nd review / ECF 5th review	IMF	*Improved fiscal and external sustainability.* Reduces fiscal costs when climate risks materialize and the need for external financing; reduces import demand for reconstruction, and facilitates a quick recovery of growth and net exports.
RM3: PIM	MoFEA to incoporate climate mitigation and adaptation criteria in the guidelines for project appraisal and selection process, including for donor-funded projects,	Early December 2025	RSF 1st review / ECF 4th review	IMF	
Pillar III: Climate data and transition taxonomy					
RM4: Climate data and transition taxonomy	To address data gaps, the CBG will enhance the climate information architecture by adopting i) a transition taxonomy to properly identify and measure climate-related financial sector risks and opportunities ii) a climate data repository, including climate-related risk and opportunities information and taxonomy-aligned data along with a collection and dissemination mechanism. The CBG will also issue supervisory guidelines for the banking sector, based on the adopted taxonomy, to incorporate climate-related risks to their risk management	March 2026	RSF 2nd review / ECF 5th review	IMF/GCA	*Financial sector resilience.* Reduces financial sector losses when climate risks materialize, lowering recapitalization needs for banks. *Investment promotion.* Clarifying climate-related exposures attracts investments by reducing uncertainty.
Pillar IV: Climate adaptation					
RM5: Small farmers insurance	MoFEA to approve insurance regulations to promote private sector engagement in the market. These regulations must take into account the unique climate considerations in The Gambia and should establish a framework that facilitates the development of promising instruments, such as index-based microinsurance schemes, fosters partnerships between prospective insurers and climate data providers, and sets forth clear guidelines for index triggers. Additionally, the regulations should outline effective monitoring and reporting mechanisms,	September 2025	RSF 1st review / ECF 4th review	IMF	*BOP and fiscal resilience to shocks and increased economic growth by:* - Increasing agricultural productivity and sustainability, reducing food imports, including after shocks. May also increase food exports. - Channeling infrastructure investment to zones that are less climate-exposed reduces the need for frequent reconstruction and associated imports, fiscal costs, and external loans/debt service. It also facilitates resilient transport needed for trade.
RM6: Sea level rise and flooding risk	To improve resilience against sea-level rise, the Ministry of Land, working with the Ministry of Fisheries and Water Resources and all relevant stakeholders, to update the zoning regulations focused on coastal zones so they incorporate climate resilience criteria, including the full range of adaptation options, such as setback distances and no development zones (explicitly prohibiting infrastructure	September 2026	RSF 3rd review / ECF 6th review	WB	
RM7: Water	The Ministry of Fisheries and Water Resources to issue regulations for licensing procedures that will effectively control groundwater abstraction and	September 2026	RSF 3rd review / ECF 6th review	AFD/GCA	
Pillar V: Energy transition					
RM8: Carbon taxation	MoFEA to convert the gasoline and diesel excise tax from an ad-valorem tax to a specific tax, aligning the rate based on carbon content, in line with Fund recommendations, to be included in the 2026 budget. The new tax should be 5 USD per ton more ambitious than existing taxes, indexed to inflation, and must	January 2026	RSF 2nd review / ECF 5th review	IMF	*BOP resilience to shocks.* Reduces LT reliance on fossil fuel imports whose prices are volatile. *Fiscal and external sustainability* owing to market price on electricity which reduces the need for external financing.
RM9: Electricity cost recovery	MoFEA, the Ministry of Petroleum and Energy and PURA to review the electricity cost recovery methodology and the tariff compensation mechanism and update them in line with IMF recommendations. Based on the revised methodology and compensation mechanism, tariffs would be regularly updated consistent with a plan to achieve full cost-recovery by end-2030, and implement the first phase of	September 2026	RSF 3rd review / ECF 6th review	IMF	

Notes:

1/ GCA=Global Center on Adaptation; WB=World Bank; AFD=French Development Agency.

Attachment II. Technical Memorandum of Understanding

Introduction

This Technical Memorandum of Understanding (TMU) 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. The TMU also covers some elements of monitoring of the Fund-supported program under the Resilience and Sustainability Facility (RSF).

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. Public entities outside the central government for purposes of the program include all general government entities outside the central government.

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

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

4. Supporting material: Reporting on the domestic primary fiscal balance will form part of the consolidated budget report described in ¶39 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 (CBG), 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) and are not encumbered or earmarked for extrabudgetary entities such as The Gambia Road Fund account. The following components are excluded: (i) on-lending of the IMF credits 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 upward by the 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 2025 and 2026. The NDB targets will also be adjusted to account for any potential delay in disbursements under the ECF-supported and RSF-supported programs.

Program Forecasts of External Budget Support Grants in 2025-2026
(Cumulative flow in millions of US dollars)

March 2025	June 2025	September 2025	December 2025	March 2026	June 2026
0	0	13.2	52.6	5.5	13.0

7. Supporting material: Reporting on net domestic borrowing will form part of the consolidated budget report described in ¶39 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. The Gambia: Tax Revenues Collected by The Gambia Revenue Authority

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

[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 the 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 ¶41 and ¶42 below.

K. New Central Bank Credit to Public Entities

33. **Definition:** This indicative target is defined as the change in the total stock of outstanding loans and advances by the CBG to public entities outside the central government.

34. **Supporting material:** Reporting on new central bank credit to public entities will form part of the monetary sector data described in ¶41 below.

L. Poverty-Reducing Expenditures

35. **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.

36. **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

37. **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:**

M. Prices

38. 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.

N. Government Accounts Data

39. 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; (vi) details of budget financing (including net domestic and net external borrowing and their components, including changes in project accounts), (vii) and details of domestic arrears and floats payments on a monthly basis, in line with the agreement with IMF Staff.

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

O. Monetary Sector Data

41. The balance sheet of the CBG, prepared on the basis of current 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 and other public entities outside the central government. Claims include overdrafts, holdings of treasury bills, government bonds, advances to the government in foreign currency, and any other claims on the government and other public entities, including in project accounts. 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.

42. 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.

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

P. Treasury Bill Market and Interbank Money Market

44. **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.

45. **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.**

Q. External Sector Data

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

47. **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.

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

49. **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.**

50. **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.**

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

R. Public Enterprises' Data

52. **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.**

53. 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.

S. RSF Reform Measures

54. For all reform measures (RMs), government authorities will share relevant material for the IMF to comment on progress at least 3 months before program reviews. The content of measures underpinning the implementation of the agreed RMs will be in line with IMF staff technical recommendations and/or the relevant development partners including World Bank, AFD and GCA.

INTERNATIONAL MONETARY FUND

THE GAMBIA

June 2, 2025

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, MODIFICATIONS OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—DEBT SUSTAINABILITY ANALYSIS

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

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

The Gambia's overall and external debt distress risk ratings remain high and public debt continues to be deemed sustainable, consistent with the last Joint WB/IMF Debt Sustainability Analysis (DSA) of December 2024.[1] *Under the updated macro framework, the external debt service-to-revenue ratio breaches the threshold, primarily reflecting rising debt service commitments in the medium term. Heightened domestic debt vulnerabilities contribute to the breaches of the PV of overall debt-to-GDP ratio, though risks are mitigated by the projected drop below its benchmark of 55 percent of GDP in 2026, underpinned by fiscal consolidation, reliance on grants and concessional loans, and support from development partners. This path indicates that the public debt outlook remains sustainable.*

[1] The Gambia's Composite Index is estimated at 3.03 and is based on October 2024 WEO update and 2023 WB CPIA that was published in July 2024; the debt carrying capacity remains medium.

Access to the Resilience and Sustainability Facility (RSF) financing and continued reliance on IDA improves the public debt trajectory due to the replacement of relatively expensive financing with more affordable borrowing. The debt dynamics remains vulnerable to multiple macroeconomic shocks, in particular those to exports. Downside risks are linked to an escalation or spread of global and regional conflicts, with the ensuing global commodity price volatility and disruptions of global supply chains, which together with an abrupt global slowdown could weaken The Gambia's economic recovery, intensify fiscal pressures, and adversely affect the debt profile.

PUBLIC DEBT COVERAGE

1. **Compared to the previous DSA in December 2024, the current DSA uses end-2024 data as a starting point.** The DSA uses a broader coverage of the public sector, which includes the central government, central bank, and government-contracted debt pertaining to State-Owned Enterprises (SOEs) (Text Table 1).[2] SOE debt linked to trade credit from the Islamic Trade Finance Corporation (ITFC) is accounted for in the government debt. This includes short-term external financing to the large SOEs, namely, the National Water and Electric Company (NAWEC) and the Gambia National Petroleum Company (GNPC), through loans contracted directly by these SOEs with a government guarantee. Additionally, the coverage for the contingent liabilities test uses default settings for financial markets (at the minimum of 5 percent of GDP), representing the average cost to the government from a potential financial crisis in a low-income country, and SOE debt (at 2.0 percent of GDP for debt not explicitly guaranteed by the government).[3] Exposures to PPPs are set at zero, as PPPs in The Gambia are currently estimated to be marginal as a proportion of GDP. The DSA uses a currency-based definition of external debt. There is no significant difference between a currency-based and residency-based definition of external debt.[4]

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

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

1	The country's coverage of public debt	The central government, central bank, government-guaranteed debt		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2.0	
4	PPP	35 percent of PPP stock	0.0	PPPs are estimated to be marginal as a proportion of GDP
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)		7.0	

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

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

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

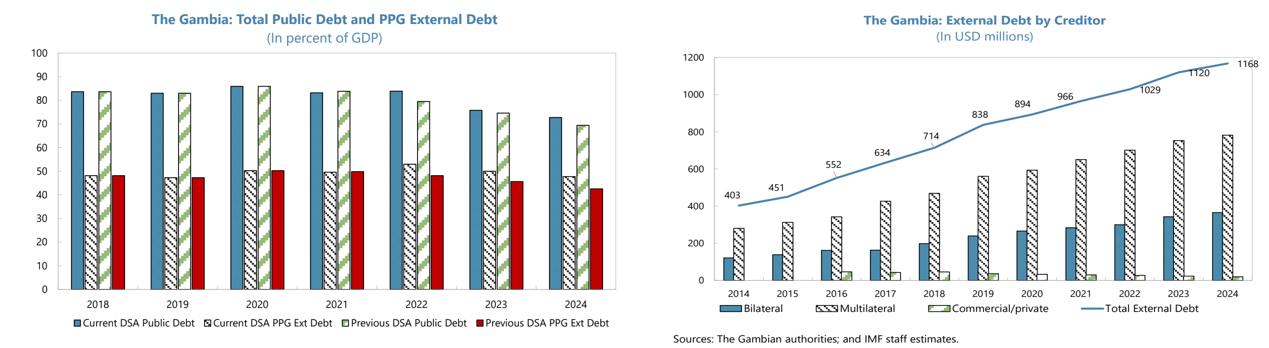
[4] Locally issued LC-denominated debt held by non-residents and locally issued FX-denominated debt held by residents are insignificant.

BACKGROUND

A. Recent Debt Developments

2. The Gambia's total public debt to GDP stood at about 73.5 percent and external debt to GDP at about 47 percent as of end-2024; the composition remains broadly unchanged from the last Joint WB/IMF Debt Sustainability Analysis (DSA) of December 2024 (Text Figure 1).[5] The Gambia's external debt primarily comprises of concessional and semi-concessional loans from multilateral and plurilateral creditors, with creditors from the Middle East forming the single largest creditor sub-group. Around 67 percent of the Gambia's PPG external debt is owed to multilateral creditors, with bilateral creditors (31 percent) and commercial creditors (2 percent) comprising relatively smaller shares among the creditor categories. While approximately 28 percent of the PPG external debt is owed to the IMF and MDBs, about 72 percent of PPG external debt is owed to a combination of various creditors from the Middle East (Text Table 2).

Text Figure 1. The Gambia: Total Public Debt and Distribution by Creditor



Sources: The Gambian authorities; and IMF estimates.

3. Debt service and undisbursed debt projections on existing debt in the latest baseline are similar to projections during the last Joint WB/IMF DSA of December 2024. The overall external debt service between 2025-2031 stands at a cumulative US$744.0 million. Of the total debt service, amortization stands at $633.4 million, with the remaining US$110.6 million in interest charges. Meanwhile, the amount of undisbursed loans stood at US$179.5 million in December 2024.

4. The Gambia has arrears on external debt, of about 0.9 percent of GDP, owed to Libya (US$3.95 million) and Venezuela (US$19.5 million). However, these arrears have materialized due to problems that are not an indication of debt distress. The authorities are engaged in discussions with Libya on a disputed loan to reach mutual understanding regarding the amounts of debt and the related payment method; the latest meeting between the two parties was held in October 2023. Regarding arrears to

[5] Please see Debt Sustainability Analysis, IMF Country Report No. 25/4.

Venezuela, a virtual meeting was held in August 2024 to discuss the resumption of negotiations for paying of the outstanding debt by the Gambian authorities.[6]

Text Table 2. The Gambia: Decomposition of Public Debt and Debt Service by Creditor, 2023– 2026[1]

	Debt Stock (end of period)						Debt Service					
	2023			2024			2024	2025	2026	2024	2025	2026
	(In US$ millions)	*(Percent of total debt)*	*(Percent of GDP)*	*(In US$ millions)*	*(Percent of total debt)*	*(Percent of GDP)* [5]	*(In US$ millions)*			*(Percent of GDP)*		
Total	1,753.0	100.0	76.8	1,826.9	100.0	73.5	441.6	482.8	602.2	19.4	17.9	20.0
External	1,120.1	63.9	49.1	1,168.4	64.0	47.0	51.6	86.1	93.9	2.3	3.2	3.1
Multilateral creditors	753.0	43.0	33.0	782.4	43.2	31.7	36.6	53.8	60.2	1.6	2.0	2.0
IMF	131.3	7.5	5.8	151.2	8.4	6.1						
World Bank	127.7	7.3	5.6	120.6	6.7	4.9						
ADB/AfDB/IADB	51.8	3.0	2.3	49.6	2.7	2.0						
Other Multilaterals	442.2	25.2	19.4	461.0	25.5	18.7						
o/w: IsDB and OFID	234.2	13.4	10.3	265.8	14.7	10.8						
Bilateral Creditors	343.6	19.6	15.1	365.9	20.2	14.8	15.0	29.0	30.4	0.7	1.1	1.0
Paris Club	0.4	0.0	0.0	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	0.4	0.0	0.0						
Non-Paris Club	343.2	19.6	15.0	365.5	20.2	14.8	15.0	28.9	30.3	0.7	1.1	1.0
o/w: Saudi and Kuwait Fund	202.9	11.6	8.9	226.6	12.5	9.2						
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial creditors	23.5	1.3	1.0	20.1	1.1	0.8	0.0	3.4	3.4	0.0	0.1	0.1
o/w: M.A. Kharafi and Sons	23.5	1.3	1.0	20.1	1.1	0.8	0.0	3.4	3.4	0.0	0.1	0.1
Other international creditors	0.0	0.0	0.0	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	0.0	0.0	0.0						
Domestic	632.2	36.1	27.7	658.0	36.0	26.5	390.0	396.7	508.3	17.1	14.7	16.9
Held by residents, total[4]	632.2	36.1	27.7	658.0	36.0	26.5	390.0	396.7	508.3	17.1	14.7	16.9
Held by non-residents, total[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
T-Bills	304.0	17.3	13.3	293.2	16.0	11.8	321.7	308.4	356.3	14.1	11.4	11.8
Bonds	328.1	18.7	14.4	364.9	20.0	14.7	68.3	88.3	152.0	3.0	3.3	5.1
Loans	0.0	0.0	0.0	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			n/a								
Contingent liabilities[3,4]	n/a			n/a								
Nominal GDP	2,281.5			2,485.8								

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

[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 and prevent the inclusion of collaterized debt and contingent liabilities.

[5] Percent of projected 2024 GDP.

B. Recent Macroeconomic Developments

5. The recent macroeconomic developments remained consistent with the second ECF review baseline presented in the previous DSA (December 2024).

- Real GDP is estimated to have expanded by 6 percent in 2024, supported by good performance of the construction, tourism sectors, and agriculture, despite decline in rice and groundnut

[6] The authorities are currently working on a more comprehensive arrear stocktaking exercise which will allow to determine the stock of arrears. In 2024, the authorities validated GMD 267 million in additional arrears in the report they submitted to the IMF as part of the end- December 2025 structural benchmark.

production due to adverse weather conditions in 2024.[7] Tourist arrivals continued to recover in 2024 and grew by 9.9 percent relative to 2023. Remittance inflows remained robust, reaching US$709.4 million in 2024 relative to US$746.8 million in 2023.

- After peaking at 18.5 percent (y-o-y) in December 2022, headline inflation declined to 9.1 percent (y-o-y) in March 2025, mainly due to declining global food prices. Nonetheless, it remains well above the central bank's medium-term target of 5 percent.

- Unbudgeted transfers and higher foreign capital disbursements affected fiscal outcomes, despite strong revenue collection. Consequently, as a result, the overall deficit is estimated to have exceeded projections by 1.1 percentage points, reaching 3.8 percent of GDP. In addition, about 0.4 percent of GDP in unmet commitments were carried over to 2025.

- The macroeconomic outlook continues to be subject to large uncertainty in light of global and regional conflicts. Such risks include international commodity price volatility, lower tourist arrivals, and weak remittance inflows.

C. Macroeconomic Assumptions

6. Macroeconomic assumptions underlying the DSA projections are consistent with the third ECF review and RSF request baseline with changes from the previous DSA (December 2024). The baseline scenario assumes the implementation of sound macroeconomic policies and structural reforms, including climate change adaptation and mitigation measures supported by the RSF arrangement. The key macroeconomic assumptions are as follows (Text Table 3, which also compares the assumptions relative to the previous DSA).

- **Real GDP growth:** Real GDP is projected to further expand by 5.7 percent in 2025, supported by the agriculture, services with the continued recovery in tourism as a key driver of growth,[8] and construction sectors. In the medium and longer term, growth is projected to converge gradually to a steady state of 5 percent, balancing expectations of higher economic activity with the impact of fiscal consolidation (with productive investment maintained while public consumption expenditure should be tightened to some extent).[9] In particular, higher growth prospects are

[7] The agriculture sector continues to be supported primarily by robust performance in the livestock subsector. Additionally, the recovery observed in the fisheries and aquaculture sub-sectors—underpinned by renewed focus on aquacultural development, particularly of perch and other key aquaculture crops—has further contributed to overall sector resilience.

[8] Estimates from the World Tourism and Travel Council suggest that tourism directly contributed about 8.5 percent to GDP and 6.5 percent to employment in 2019. When indirect impacts are factored in, its contribution is much larger, 15.5 percent of GDP and 17.1 percent of employment, or 121,000 people employed. Tourism is also a major source of foreign direct investment, having attracted over US$45 million over the period 2017-2022 (World Bank, 2022. Tourism diversification and resilience in the Gambia. Report No: PAD4876, Washington DC, World Bank).

[9] While the increase in resources transferred to productive investment spending will have a significant effect on stimulating growth in the long term, the tightening of public consumption spending should, to some extent, have a negative effect on growth in the short and medium term, given that this spending has been one of the drivers of growth in recent years.

underpinned by higher production and value-added from the agriculture sector,[10] impacts of ongoing large infrastructure projects (urban and rural road construction, port expansion, energy projects, etc.), sustained public and private construction as well as the effects of robust remittances on private consumption and macroeconomic stabilization,[11] recent important governance reforms (new public procurement and SOE acts with all implementing regulations issued, etc.), improvement in the business environment (bolstered by the vast judicial reform agenda, upcoming digitalization of the business registration process etc.), building resilient economy to climate change, with a number of reforms underway.[12] The additional reforms that will be supported by the RSF will only strengthen the climate resilience of the economy and therefore maintain at least the 5 percent long-term growth potential forecast with the reforms already underway.[13] The issuance of regulations to facilitate private sector participation in the energy sector and the penetration of renewable energy should help boost energy production. The projected long-term economic growth of 5 percent is in line with economic growth in peer countries. For instance, in neighboring ECOWAS countries, average historical growth during 2004-19 stood at 5.4 percent and future long-term growth for 2023-44 is projected at 5.2 percent.

- **Inflation:** Headline inflation is projected to further decline over the medium term and converge to the CBG's medium-term target of 5 percent. The CBG has maintained its monetary policy rate at 17 percent since the September 2023 Monetary Policy Committee meeting.

- **Fiscal policy:** The overall fiscal balance is expected to gradually improve in the medium term, supported by both revenue and spending measures. In the near term, the fiscal consolidation is supported by, among other measures, efforts to adjust domestic fuel prices to address revenue losses,

[10]The agricultural sector is expected to continue to grow thanks to improved agricultural practices, efficiency of fertilizer distribution scheme, access to better seeds quality, and enhanced framework to tackle aflatoxin in groundnuts, maize and rice. Moreover, The Gambia aims to complete the construction of storage facilities to reduce loss from spoilage and the new Gambia Ground Corporation (GGC) factory to increase capacity.

[11]Remittances have been relatively high, exceeding 20 percent of GDP for the last five years on annual average. A study on the impact of remittances on economic growth in The Gambia found a statistically significant positive impact from remittances, mainly through the consumption channel by satisfying households daily needs related to food, water, electricity, education, entertainment, and religious festivals (Ceesay, E.K., Sanneh, T., Jawo, A. Jarju, M., Jassey, O., 2019. Impact of Personal Remittances Received on Economic Growth in the Gambia. Asian Basic and *Applied Research Journal*, ABAARJ, 1(2): 45-58, 2019; Article no. ABAARJ.117). Furthermore, a recent study on the Impact of remittances on the exchange rate in The Gambia found that remittance inflows have a positive significant effect on the real effective exchange rate in the long run, highlighting the extent to which remittances affect not only the country's macroeconomic stabilization but also its external competitiveness (Ceesay, H., Limbe, M. 2024. The Impact of Remittances on the Exchange Rate: Empirical Analysis of The Gambia. https://mpra.ub.uni-muenchen.de/121774/).

[12]Several reforms are underway to strengthen the country's resilience to climate shocks, including (i) the disaster risk management regulations and disaster risk financing regulations, which are expected to ensure that climate change-related threats and responses are integrated into public decision-making and planning; (ii) enhancing urban and coastal resilience and sustainability, (iii) institutional reforms linked to adaption and resilience to climate change; and (iv) introduction of provisions under the new Procurement Act for measures such as e-procurement and sustainable procurement to improve the country's adaptation and resilience to climate shocks.

[13]Discussion of long-term economic growth with and without adaptation and mitigation measures will be tackled in the CCDR currently under preparation.

revenue mobilization, and strict expenditure prioritization. The authorities also expect additional revenue from the Africa 50's Asset Recycling Program. Revenue mobilization measures, currently underway guided by the Domestic Revenue Mobilization Strategy and GRA's Corporate Strategic Plan for 2025-2029, include streamlining tax exemptions, digitalization of tax administration and customs, broadening the tax base, improving compliance and increasing some administrative fees to sustain revenue mobilization over the medium term. The authorities are introducing a 5 percent social security contribution and a new duty on scrap-metal exports. Furthermore, efforts are underway to collect additional resources, including from privatization and the sale of stolen assets under the Janneh Commission. A reform monitoring committee has been put in place to ensure swift implementation of measures required to trigger support from development partners. On the spending side, the OIC-related large infrastructure projects have been completed; and budget execution would be enhanced through better cash management that aligns expenditures with available resources[14] and expenditure controls. The authorities are strengthening their public financial management which would strengthen budget processes and accountability, enhance the efficiency of public spending, and reduce arrears and governance and corruption vulnerabilities. The investment prioritization and selection tool by the Gambia Strategic Review Board (GSRB) will be expanded to domestically financed and PPP projects to enhance efficiency and contain spending. Furthermore, the authorities intend to overhaul the SOE sector to reduce their dependence on the budget and turn them into income-generating assets and consolidate redundant agencies with relevant ministries.

- **Financing needs and assumptions:** The baseline assumes that the financing mix will be consistent with a prudent borrowing strategy, aimed at gradually increasing the share of domestic debt and only seeking new external financing on concessional or semi-concessional terms.
- **External financing:** Financing needs originate mainly from the large development needs, the impact of global and regional conflicts, and the expiration of the debt deferrals.[15] The medium- to long-term external financing will come from multilaterals and official bilateral, which includes the IMF's new ECF lending (US$100 million during 2024-2026) and the RSF lending (US$61.1 million during 2025-2026) as well as the World Bank IDA financing. Total new external financing has an average interest rate of 2 percent, an average of 3-year grace period, and average maturity of 23 years. There will be no new commercial borrowings.
- **Domestic borrowing:** With regard to the instruments used for domestic debt financing, the DSA assumes that over the next five years, 80 percent of all new debt will be financed via T-bills,

[14]One of the ECF's structural benchmarks is to require MDAs to submit quarterly plans and implement a maximum deviation rule. This rule will stipulate that MDAs will not receive allocations exceeding their original submissions beyond a predefined threshold, which we believe will encourage more accurate cash plan submissions. Additionally, the authorities will receive further TA on cash management and forecasting during the summer. More broadly, on PFM, the authorities are developing a comprehensive strategy to identify the shortcomings that contribute to arrear accumulation.

[15] Total debt service relief due to confirmed deferrals from the 2019 negotiations with bilateral creditors amounted to around US$129 million, where most bilateral creditors participated. For more details, please see the Staff Report for the Third ECF review in December 2021. The implication of the expiration of the debt deferral is discussed in paragraph 20 and has also been added under the financing needs.

15 percent via 3-year bonds and the remaining via 5-year bonds. This distribution is very similar to the actual issuance pattern seen over the past year (2021-2022).[16] In the medium and long term, the issuance is projected to shift gradually toward longer-term bond maturities and with up to 65 percent of new debt via T-bills. Total new domestic financing over the next five years has an average interest rate of 10.5 percent, an average of 4-year grace period, and average maturity of 5 years

- **Current account:** In 2024, The Gambia's exports remained high at US$838.4 million, mainly reflecting re-exports, which rose to US$285.3 million in 2023 from US$23.4 million in 2022. With the new facilities of the Gambia National Water & Electric Company (NAWEC) starting operations in January 2023, The Gambia began importing electricity from Senegal and re-exporting it to different regions in Senegal. Total imports in 2023 also increased significantly from 2022, as the increase in the re-exports is mirrored on imports. The current account deficit in 2024 is estimated to be 6.2 percent of GDP (or US$158.3 million), reflecting large OIC-related imports. In 2025, the current account deficit is projected to decrease to 4.8 percent of GDP, as fiscal deficits will decline. In the longer term, the external imbalance is expected to improve, as tourism strengthens, cross-border exports disruptions dissipate, exports increase in groundnuts, and fiscal balances improve in line with the authorities' consolidation efforts. In addition, efforts are underway to increase domestic production of certain key imported commodities such as rice, with the support of the African Development Bank to help the country achieve self-sufficiency in rice production.

- **FX Reserves:** The Gambia's gross international reserves stood at US$533.5 million in 2024 or 4.2 Yes sirmonths of prospective imports. Gross reserves have risen markedly from a trough of US$60 million in 2016. This has been driven by amplified disbursements of external financial assistance (including from the IMF), CA improvements, and FDI inflows of foreign exchange, which have allowed the central bank to rebuild its buffers.

7. The realism of the macroeconomic framework is confirmed based on several metrics (Figures 3 and 4). The projected fiscal adjustment for the next three years is in the top quartile of the distribution of approved IMF-supported programs for LICs since 1990, underpinned by (i) the completion of large infrastructure projects related to the OIC Summit; (ii) revenue mobilization measures; (iii) and non-priority spending restraints; and (iv) development partners' disbursements. The contribution of government investment to real GDP growth is conservative and remains in the order of the historical magnitudes. Regarding the relation between fiscal adjustment and growth paths, the baseline projection deviates at times from the growth paths under the different fiscal multipliers. However, given the development partners' projected support and the strong macroeconomic policies (including under the IMF-supported program), the projected rebound in growth seems reasonable. The drivers of projected medium-term debt-creating flows for public debt are comparable to those underlying the historical outturns.[17]

[16] Most of the government issuance over the last year was oversubscribed.

[17] The residuals in the forecast years for the external and public DSAs reflects time lags between the disbursements of projects grants and their actual use in public spending as well as foreign reserve accumulation.

Text Table 3. The Gambia: Selected Macroeconomic Indicators
(2023– 2030)

	2023	2024	2025	2026	2027	2028	2029	2030	15-year average[1]
Real GDP Growth (percent)									
Current DSA	4.8	6.0	5.7	5.1	5.0	5.0	5.0	5.0	5.0
Previous DSA [5]	4.8	5.8	5.9	5.0	5.0	5.0	5.0	5.0	5.0
Exports of goods and services growth (percent)[2]									
Current DSA	169.4	16.4	4.4	4.5	6.8	7.4	7.7	9.0	8.7
Previous DSA	169.4	3.3	5.8	7.0	7.2	7.9	8.4	9.5	7.8
Imports of goods and services growth (percent)[2]									
Current DSA	64.4	13.6	-2.2	4.6	4.8	5.2	5.6	5.4	7.5
Previous DSA	64.4	3.5	3.9	3.6	3.6	6.8	6.3	6.5	6.6
CA deficit (percent of GDP)[3]									
Current DSA	5.4	6.2	4.8	4.0	3.4	2.8	2.3	1.3	2.1
Previous DSA	5.4	5.8	5.3	3.4	2.0	2.0	1.6	0.9	0.5
Public investment (percent of GDP)									
Current DSA	11.2	9.6	8.9	9.9	9.8	10.4	10.4	10.2	8.4
Previous DSA	11.2	9.3	9.2	9.8	9.7	9.9	10.0	9.3	7.6
Overall fiscal deficit[4]									
Current DSA	3.5	3.8	0.9	0.4	0.4	0.4	0.4	0.4	0.4
Previous DSA	3.7	2.7	1.3	0.4	0.4	0.4	0.4	1.0	0.4

Sources: The Gambian authorities; and IMF staff estimates and projections.
[1] Defined as the simple average of the last 15 years of the projection (2030-44).
[2] In current dollar terms, including re-exports.
[3] Includes worker's remittances and grants.
[4] Includes grants.
[5] Previous DSA numbers are taken from the Second ECF Review Staff Report.

COUNTRY CLASSIFICATION AND DETERMINATION OF STRESS TEST SCENARIOS

8. **This DSA uses the CI vintage October 2024 WEO and 2023 CPIA, which assess that The Gambia's debt carrying capacity remains classified as "medium" (Text Table 4).** The classification of the Gambia's debt carrying capacity is based on a CI score of 3.03, which is higher than the previous DSA. The import coverage of reserves is the most significant contributor to the CI score, followed by the CPIA value, which reflects the quality of institutions and policies. The relevant thresholds applicable to public and publicly guaranteed external debt are 40 percent for the PV of debt-to-GDP ratio,180 percent for the PV of debt-to-exports ratio, 15 percent for the debt service-to-exports ratio, and 18 percent for the debt service-to revenue ratio. For the PV of total public debt-to-GDP ratio, the benchmark is 55 percent.

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

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

Country	Gambia, The
Country Code	**648**

Debt Carrying Capacity	**Medium**

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Medium	Medium	Medium	Medium
	3.03	3.01	2.99

Note: Until the October 2018 WEO vintage is released, the previous vintage classification and corresponding score are based solely on the CPIA per the previous framework.

Calculation of the CI Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.079	1.19	39%
Real growth rate (in percent)	2.719	4.892	0.13	4%
Import coverage of reserves (in percent)	4.052	43.806	1.78	58%
Import coverage of reserves^2 (in percent)	-3.990	19.190	-0.77	-25%
Remittances (in percent)	2.022	14.983	0.30	10%
World economic growth (in percent)	13.520	2.984	0.40	13%
CI Score			3.03	100%
CI rating			**Medium**	

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	180
GDP	40
Debt service in % of	
Exports	15
Revenue	18

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	55

EXTERNAL DSA

10. **Under the baseline scenario, one of the four external debt indicators breaches the threshold within the forecast horizon** (Figure 1). The PV of external debt-to-GDP, the PV of external debt-to-exports, and the debt-service-to-exports ratio remain below the threshold level of 40, 180, and 15 percent, respectively over the projection horizon similar to the previous DSA (the December 2024). This is mainly due to the projected improvement in GDP and exports.[18] The external debt service-to-revenue ratio breaches the threshold level of 18 percent between 2025-30, before falling below the threshold for the

[18] The increase in exports for 2023, as discussed above, has affected export projections beyond 2023 and it also raises the estimated standard deviation of The Gambia's exports. The standard deviation of the annual export growth rate during 2014–2023 is 0.63, but it falls to 0.41 when the step increase in re-exports in 2023 is excluded.

remainder of the forecast horizon as the increase in debt services outweigh the expected increase in revenues. The improvements in the external debt service-to-revenue ratio relative to the December 2024 DSA are due to the reduction in relatively expensive domestic financing.

11. Under the stress test scenarios, external debt indicators are sensitive to multiple shocks, particularly exports. With the combined bound test, the PV of debt-to-GDP breaches the threshold level of 40 percent in 2026 and falls below the threshold in 2029. With the bound test of exports, the PV of debt-to-exports breaches the threshold level of 180 percent in 2026 and remains above the threshold over the projection horizon.[19] With the bound test of exports, the debt-service-to-exports ratio breaches the threshold level of 15 percent in 2026 and remains above the threshold for the remainder of the forecast. With the combined bound test, the debt-service-to-revenue ratio breaches the threshold level of 18 percent in 2025 and remains above the threshold for the remainder of the forecast horizon.

PUBLIC DSA

12. Under the baseline scenario, the PV of total public debt-to-GDP ratio is temporarily in breach of the benchmark in the near term.

- Under the baseline scenario, the PV of total public debt-to-GDP breaches the benchmark level of 55 percent in 2025 but falls within the benchmark level in 2026 and continues to decline thereafter throughout the forecast horizon. Two other indicators of public debt, namely the PV of debt-to-revenue and debt service-to-revenue are on a declining trend for the entire duration of the forecast horizon in the baseline scenario.

- Under the stress scenario, the PV of total public debt-to-GDP ratio is extremely sensitive to export shocks,[20] followed by GDP shocks, and other flow shocks. With the bound test of exports, the PV of total public debt-to-GDP ratio remains above the threshold of 55 percent until 2032. With the bound test of other flows, the ratio remains above the benchmark until 2029.

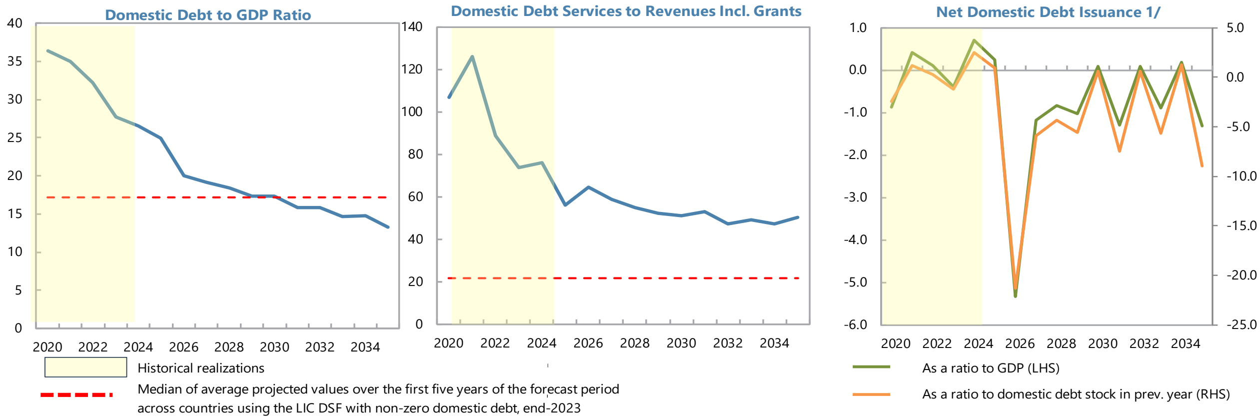
13. Domestic public debt is projected to decline significantly. Under the baseline scenario, the reduction in domestic debt comes amid an ambitious fiscal consolidation in the baseline under the program, such that domestic public debt-to-GDP ratio and its related service are expected to fall, approaching the median of LICs by 2032 (Text Table 5).

[19] The threshold for the PV external debt-to-export ratio is breached starting 2025 and remains above the threshold over the projection horizon while in the previous DSA for the 2023 Staff Report, this ratio falls below the threshold by 2029. This mechanical breach of the threshold is, however, driven by the large export data revision for 2023, resulting larger exports shocks in the stress test. The data revision, mostly due to re-export increases described above, artificially raises the estimated standard deviation of The Gambia's exports.

[20] This is also driven by the significant data revision of total exports for 2023, inducing larger-magnitude export shocks in the stress test.

Text Table 5. The Gambia: Indicators of Domestic Public Debt, 2020–2034

(Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	22%
Short-term	78%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	6.9%
Avg. maturity (incl. grace period)	3
Avg. grace period	2
Domestic short-term debt	
Avg. real interest rate	2.0%

Sources: Country authorities; and staff estimates and projections.

1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

14. **While the banking sector is highly exposed to public sector indebtedness,[21] it remains capable of financing the government, as it continues to be stable with healthy financial soundness indicators.** The sector is adequately capitalized and liquid. Although credit concentration risks remain, the stress test results conducted by the central bank in June 2024 indicated that overall market risk is low, and the banking industry remains resilient.[22] Nonetheless, the large exposure of banks to public sector (claims on government have averaged 60 percent of banks' domestic assets over the last 10 years) and the heavy dependence of their income on government securities could have an impact on the stability of the banking system, as highlighted in The Gambia Financial Sector Assessment Program of June 2022. Bank profitability

[21] As of end-2024, outstanding public domestic debt reached US$636 million (35.3 percent of total outstanding public debt), which was held in T-bonds (36.2 percent), T-bills (40.7 percent), and SAS bills or Islamic bills (5.3 percent). T-bonds include 3-year securities with 24 percent of the total at an average interest rate of 15.7 percent, ahead of 30-year securities with 17.1 percent of the total at an interest rate of 7 percent, 5-year securities with a total of 5.9 percent at an average interest rate of 8.9 percent, and 2-year securities bonds with a total of 4.5 percent of the total at an average interest rate of 17.8 percent.

[22] The banking system remains adequately capitalized and liquid. The aggregate risk-weighted capital adequacy ratio stood at 28.5 percent at end- 2024, and all banks were above the minimum regulatory requirement of 10 percent. The liquidity ratio was 76.5 percent at end-2024, above the prudential requirement of 30 percent. Banks' non-performing loans increased to 14.6 percent in December 2024, from 3.3 percent in December 2023, primarily due to a single large borrower default, an indication of high concentration risk.

could decline in case of a rapid fall in rates on government securities, as they did in 2020 when negative real interest rates on government securities reduced earnings from the bulk of banks' assets. This adds to other vulnerabilities in the banking sector.[23]

CLIMATE CHANGE RISKS

15. Under the baseline scenario, public debt is expected to remain sustainable in the long term. The baseline scenario (¶6) implicitly incorporates the expected impact of reforms supported by the RSF, including the adoption of a climate framework law, green PFM measures, and sectoral bills on coastal resilience and water management. Accordingly, the baseline framework assumes that growth in key sectors such as agriculture and tourism remains relatively resilient to climate change over the forecasting horizon and that the long-term growth potential of 5 percent is maintained. Moreover, since accessing RSF and other concessional financing would replace more expensive domestic financing, the public debt trajectory improves over the medium and long term. However, the outlook is vulnerable to extreme weather events as a tailored natural disaster event scenario below illustrates (natural disaster scenario). Staff's analysis using a DIGNAD model shows that frontloading investments in resilient infrastructure could alleviate the negative effects of natural disasters in The Gambia (adaptation and reform scenario).

16. Given the country's vulnerability, a natural-disaster event scenario suggests that The Gambia's debt sustainability, while relatively resilient to one-off shocks, could be significantly imperiled in the long term absent decisive climate action. Climate change risks are incorporated into the DSA using a customized natural disaster stress test, in line with the baseline scenario used for the IMF DIGNAD model which assumes government does not invest in climate-resilient infrastructure.[24] A one-off shock is calibrated to simulate a catastrophic flood event which is worse than the one experienced in the country in 2022, assuming a 6 percent decline in real GDP in 2026 relative to the baseline and then real GDP gradually reaches its potential GDP growth of 5 percent by 2029.

17. The PV of debt-to-GDP ratio would increase under this natural disaster customized stress test. The overall fiscal balance is projected to worsen by an average of 1.3 percent of GDP over the medium term while current account balance deficit would average 4.1 percent of GDP (text Table 6). Under this scenario, the PV of total public debt-to-GDP breaches the benchmark level of 55 percent through 2027 but falls within the benchmark level in 2028.

[23] Such as (i) the systemic risk posed by the high concentration of deposits in funding portfolios; (ii) liquidity risks, as government securities are not particularly liquid due to the lack of a secondary market; (iii) longstanding structural issues that hinder bank financial intermediation, including information asymmetries, weak contract enforcement, and foreclosure issues. The tailored contingent liabilities stress test reflects accurately the risks from the banking sector and that the financial sector shock of 5 percent of GDP accurately reflecting this risk.

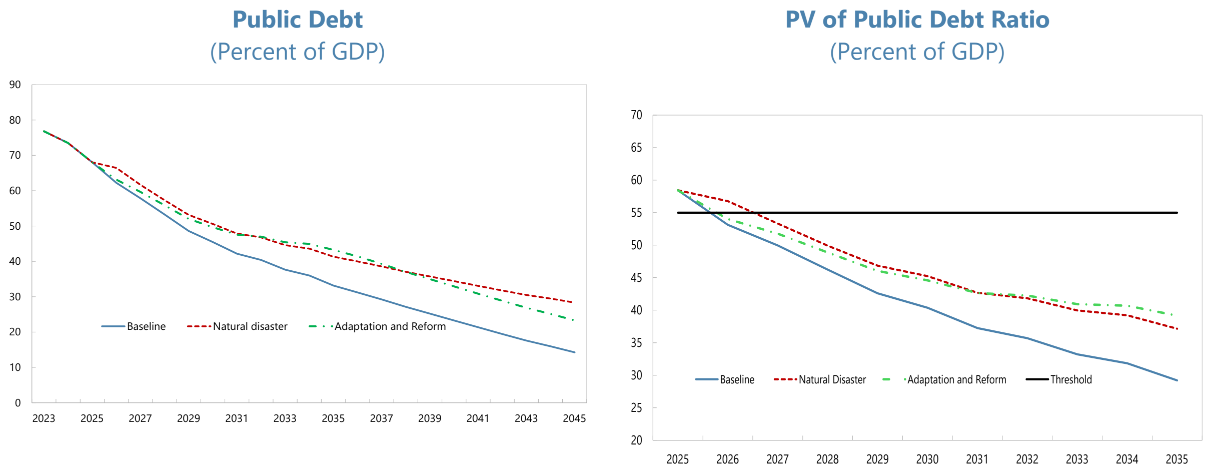
[24] Annex IV, included in the IMF third ECF review and RSF request, draws lessons from the IMF-Debt, Investment, Growth, and Natural Disasters (DIGNAD) model to illustrate the impact of pre-emptive investment in resilient infrastructure on post-disaster output growth and public debt. The scenarios illustrated in the DSA are in line with the baseline and the adaptation and reform scenarios used for the IMF-DIGNAD model.

Text Table 6: The Gambia: Selected Macroeconomic Indicators Under Different Scenarios (2025– 35)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	15-year average[1]
Real GDP Growth (percent)												
Baseline	5.7	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Natural disaster	5.7	-1.1	6.0	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Adaption and reforms	5.7	5.2	5.1	5.2	5.2	5.2	4.2	4.2	4.2	4.2	4.2	4.7
CA deficit (percent of GDP) [2]												
Baseline	4.1	4.0	3.4	2.8	2.3	1.3	1.9	2.5	2.5	2.2	2.3	2.1
Natural disaster	4.1	4.6	3.2	2.9	2.2	1.0	1.3	1.7	1.7	1.5	1.6	1.4
Adaption and reforms	4.1	4.6	4.0	3.6	3.2	2.2	2.6	2.9	2.7	2.2	2.0	2.0
Public investment (percent of GDP)												
Baseline	8.9	9.9	9.8	10.4	10.4	10.2	10.2	10.2	9.4	9.0	8.6	8.4
Natural disaster	8.9	10.4	10.1	10.7	10.9	10.7	10.8	10.7	9.9	9.5	9.0	8.8
Adaption and reforms	8.9	10.9	10.8	11.3	11.3	11.1	11.2	11.2	10.5	10.2	9.8	9.1
Overall fiscal deficit[3]												
Baseline	0.9	0.4	0.4	0.4	0.4	0.4	0.4	0.9	1.0	0.9	0.8	0.4
Natural disaster	0.9	0.8	1.3	1.6	1.6	1.4	1.9	2.1	2.0	2.0	1.8	1.6
Adaption and reforms	0.9	1.4	1.5	1.5	1.5	1.5	2.0	2.2	2.2	2.2	2.1	1.2

Sources: The Gambian authorities; and IMF staff estimates and projections.
[1] Defined as the simple average of the last 15 years of the projection (2031-45).
[2] Includes worker's remittances and grants.
[3] Includes grants.

Text Figure 3. The Gambia: Public Debt Under a Pessimistic Natural Disaster and Adaptation and Reforms Scenarios



Source: IMF staff estimates.

18. **Since the slow-moving impact of climate change can also have severe macroeconomic implications, an additional scenario was calibrated to assess the impacts of climate change and adaptation policies on debt sustainability over the long-term.** The scenario is based on the simulations of the impacts of slow-moving, long-term climate change on macroeconomics variables, while also factoring in the cost of adaptation policies. The analysis is in line with the adaptation and reform scenario used for the IMF DIGNAD model in which the country undertakes reforms related to climate public investment and financial management and increases VAT tax collection efficiency gradually in five years. Under this scenario, the cost of additional climate-related investment is assumed at 1 percent of GDP annually for the next 10 years, which is assumed to mitigate the impact on GDP by 2036 by 1 percent (text

Table 6). About half of the additional financing needs would be covered with medium- and long-term domestic borrowing, with the remaining part being covered by external debt.

19. Under this scenario, public debt is projected to remain stable over the long term. Similar to the baseline, the PV of total public debt-to-GDP breaches the benchmark level of 55 percent through 2025 but falls within the benchmark level by 2026. However, since long-term real GDP growth under this scenario is projected to be lower relative to the baseline while the overall fiscal balance is higher due to additional public capital spending, public debt is projected to be higher relative to the baseline.

RISK RATING AND VULNERABILITIES

20. The Gambia's external debt has a high risk of distress but is sustainable. All external debt indicators are on a declining trend over the medium to long term under the policy settings in the ECF- and RSF-support program. However, since external debt service-to-revenue ratio breaches its threshold over the medium term under the baseline, The Gambia is assessed to be at high risk of external debt distress. These breaches reflect the expiration of the debt-service deferrals negotiated with creditors, leading to higher debt-service payments coming due starting in 2025 and tighter liquidity. The resumption of external debt servicing obligations is expected to absorb significant resources from much-needed social and infrastructure investments expenditure. Also, the sharp exchange rate depreciation has increased risks. This highlights The Gambia's limited space for additional borrowing in the near term and emphasizes the need to continue to build ample buffers to face the increased debt-service burden that lies ahead.

21. The liquidity risk can be mitigated by some factors. This DSA underscores the importance of continued fiscal discipline and structural reforms, and prudent financing choices. To address higher future debt service, the authorities are implementing measures that are expected to bolster further domestic revenue mobilization in the near and medium term, in line with their Domestic Revenue Mobilization Strategy and GRA's Corporate Strategic Plan for 2025-2029. In addition, they are overhauling the SOE sector to reduce fiscal burdens and generate revenue while reducing external financing needs. The authorities are also making efforts to further develop the tourism sector and diversify exports, which would generate more forex inflows. Moreover, the policies that aim at supporting foreign exchange reserves and the improvement in tourism and remittances inflows will also help address liquidity constraints. Furthermore, to mitigate the liquidity risk related to domestic borrowing, the authorities plan to bring more private investors (including commercial banks, insurance companies, social security fund and microfinance institutions) to invest in government securities, with an investors' relationship forum scheduled in the course of 2025.

22. The Gambia's overall public debt position is also assessed at high risk of debt distress but remains sustainable, based on the public DSA and the external DSA.[25] The PV of total public debt-to-GDP continues to follow a firmly downward sloping path, remains within the benchmark from 2026 onwards, continuing to decline thereafter. Since the indicator falls below the benchmark within two years of the projection horizon and remains under benchmark thereafter, the overall debt position is deemed

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

sustainable. Public debt is deemed sustainable due to a set of factors, including a continued downward sloping path underpinned by fiscal consolidation, reliance on grants and concessional loans, and support from development partners. The authorities are addressing risks related to debt service by implementing a debt management policy that reduces roll-over risks, including by lengthening maturity of domestic debt instruments. They have started implementing this measure as part of their medium-term debt strategy (MTDS). Currently, the government domestic borrowing through bonds is developing which aims to mitigate the government's exposure to refinancing risks.

23. This assessment, however, is subject to downside risks. Risks stem from an escalation or spread of global and regional conflicts that could adversely impact global commodity prices, tourist arrivals, and remittance inflows, worsening The Gambia's external position. This would adversely affect the debt profile. Risks related to climate change are also important, as evidenced by the major flooding in July 2022, for example. In a downside scenario, growth could fall by about 1 percentage points below the baseline in the near term. The fiscal deficit would widen due to higher spending and lower revenues, increasing financing needs and pushing PV of total public debt to fall below the benchmark level of 55 percent two years later than under the baseline. Moreover, foreign exchange reserves would come under pressure, creating challenges to external debt servicing capacity. Nonetheless, if domestic revenue mobilization efforts are strengthened and successful, they could help mitigate these risks to debt vulnerabilities.

24. Factors that could affect future assessments include data revisions, availability of concessional financing for infrastructure projects and the potential decline in donor support. As highlighted in previous ECF staff reports, further efforts are needed to bolster data collection and reconciliation, both for debt as well as external sector statistics. Uncertainty over data quality and timeliness could hamper future assessments in a timely and comprehensive fashion. Strengthening inter-agency coordination and data sharing on public debt and grants data would be important to address data collection and reconciliation issues. Meanwhile, there are indications that the authorities intend to implement a new wave of some infrastructure projects, including rural roads. Financing plans with respect to these projects should remain within the ceilings of the external borrowing plan. Any deviation from the borrowing plan could pose risks to the debt outlook. Additionally, any significant change in future disbursements of donor grants towards budget support or key infrastructure project financing will also have implications for The Gambia's debt profile. The World Bank will continue to support debt management, SOEs, and public investment management under the planned Public Administration Modernization Project (PAMP, P176924) with reform actions complemented through the pipeline Development Policy Financing operations and SDFP.[26]

[26] As part of IDA's Sustainable Development Finance Policy (SDFP) Policy Performance Actions (PPAs) for FY22, The Gambia successfully approved of a three-year public investment program (PIP) for selected priority sectors (i.e., health, education, agriculture, infrastructure, energy, and environment) to rationalize public investment and anchor debt sustainability and ensured that new borrowing remained within the ceilings on of the external borrowing plan. The Gambia has also successfully implemented FY23 PPAs focusing on (i) improving debt transparency by having the annual public debt bulletin for 2022, including a table on government guarantees extended to all SOEs, published, (ii) improving fiscal and debt sustainability by preparing and publishing the first Fiscal Risk Statement (FRS), and (iii) enhancing debt sustainability by ensuring that any new external borrowing remains concessional. FY24 PPAs focused on (i) improving debt transparency by publishing a report on outstanding arrears between Government and SOEs and

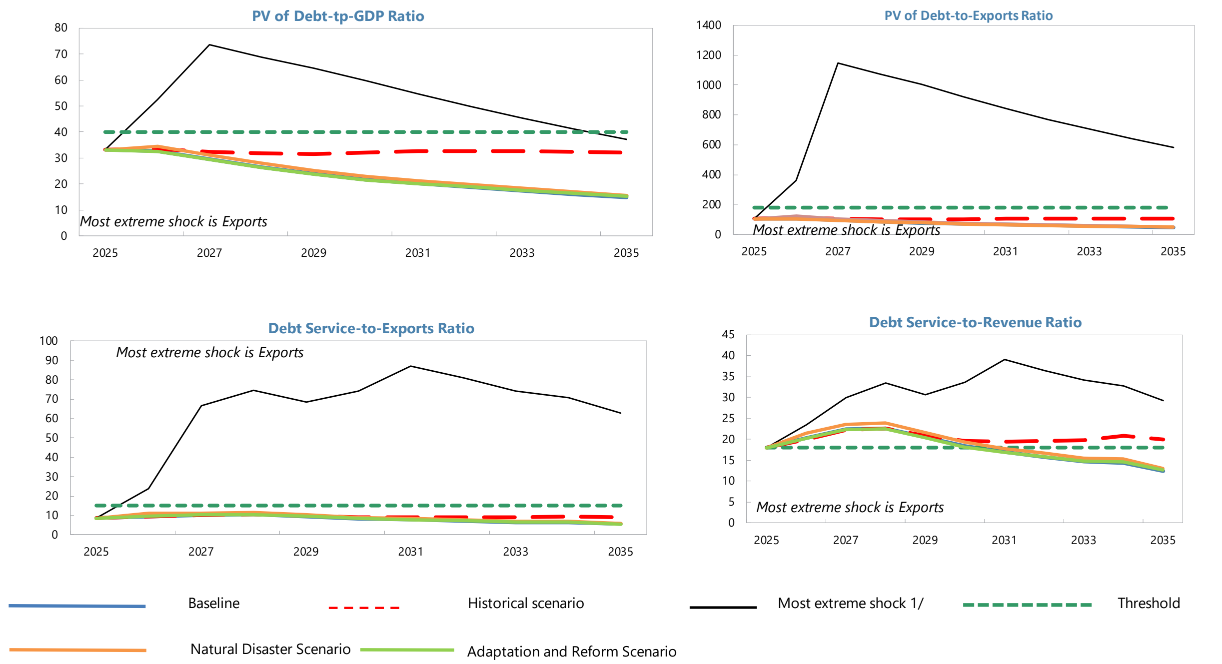
(continued)

Authorities' Views

25. The authorities agreed with staff's views on the DSA. They concurred with the urgency of ensuring a sustained and credible fiscal adjustment over the medium term. They emphasized that they are taking important steps in this direction, including through the adjustment of the 2025 budget expenditure envelope to remain in line with program objectives. They are committed to continuing to prioritize grant resources, seeking only highly concessional financing, and ratifying only loans within the agreed annual ceiling even after the current ECF-supported program ends to safeguard debt sustainability. In relation to longstanding external arrears, progress is being made in discussions with Libyan authorities to reconcile the debt amount. Simultaneously, The Gambian authorities are engaging with Venezuelan authorities to resume repayments of existing debt arrears.

among SOEs and issuing a circular institutionalizing the publication of arrears as part of the annual debt issued, (ii) reducing fiscal risks by adopting through a circular or similar regulatory instrument a credit risk assessment score card for the provision of public guarantees and on lending to SOEs, and (iii) improving debt sustainability by ensuring that new external borrowing remains concessional. FY25 PPAs focused on (i) boosting tax revenue collection by approving and publishing a Duty Waiver Policy establishing structured rules on the administration, monitoring, and reporting of duty exemptions, (ii) improving governance, performance and oversight of SOEs by issuing and publishing the State-Owned Enterprises Regulations establishing a performance monitoring framework for SOEs, and (iii) improving debt sustainability by ensuring that new external borrowing remains concessional.

Figure 1. The Gambia: Indicators of Public Guaranteed External Debt Under Baseline and Alternative Scenarios, 2025–2035



Customization of Default Settings	Size	Interactions
Tailored Tests		
Combined CLs	No	
Natural Disasters	n.a.	n.a.
Commodity Prices [2/]	n.a.	n.a.
Market Financing	n.a.	n.a.

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

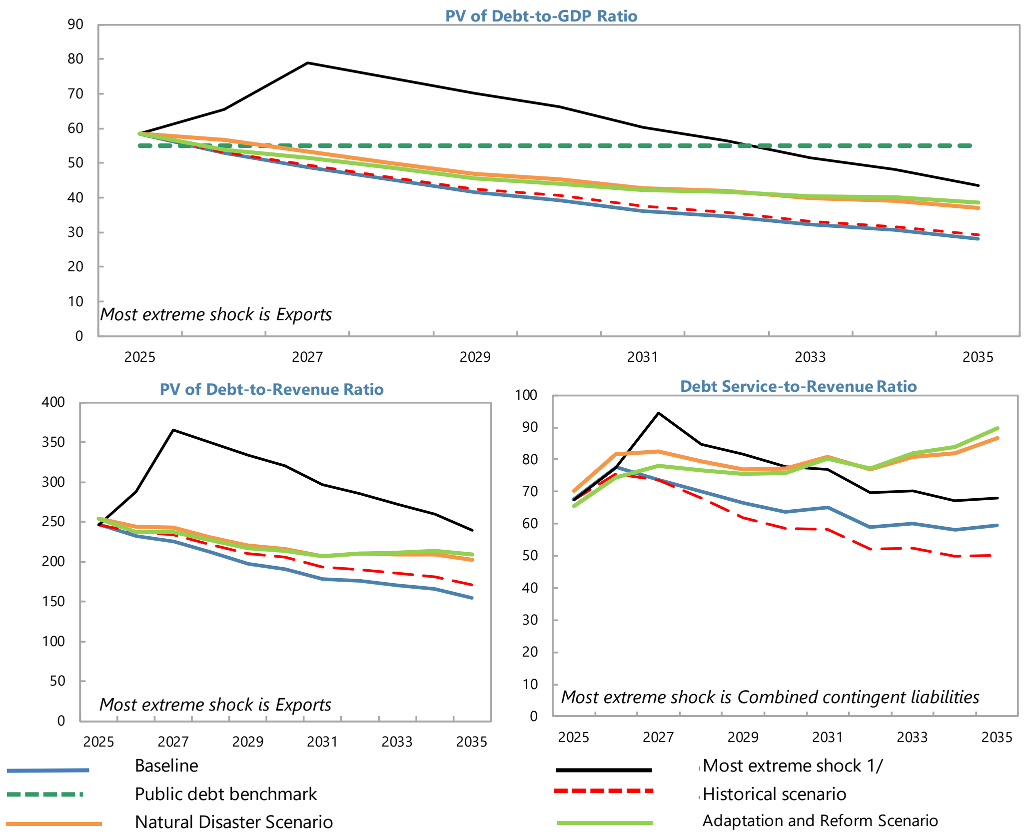
Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.6%	1.6%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	23	23
Avg. grace period	3	3

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

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. Stress tests with one-off breaches are also presented (if any), while these one-off breaches are deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented. The mechanical breach of the PV external debt-to-export ratio relative to the 2023 DSA is driven by the large export data revision for 2023, resulting larger exports shocks in the stress test.

Figure 2. The Gambia: Indicators of Public Debt Under Alternative Scenarios, 2025–35



Borrowing Assumptions for Stress Tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	17%	17%
Domestic medium and long-term	18%	18%
Domestic short-term	65%	65%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.6%	1.6%
Avg. maturity (incl. grace period)	23	23
Avg. grace period	3	3
Domestic MLT debt		
Avg. real interest rate on new borrowing	6.9%	6.9%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	2
Domestic short-term debt		
Avg. real interest rate	2.0%	2.0%

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

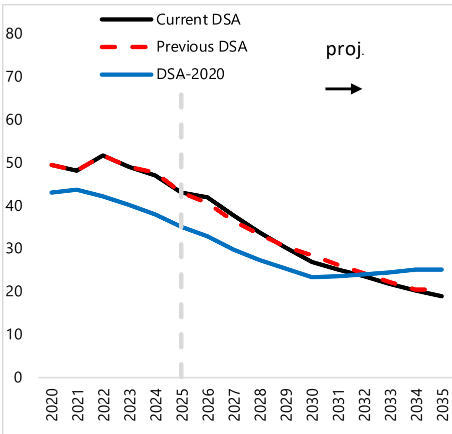
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

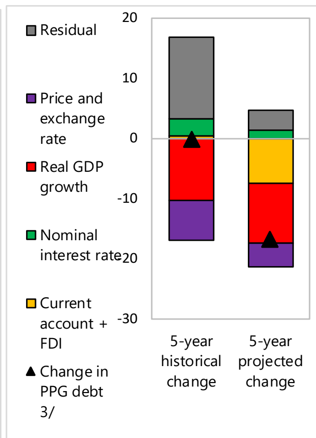
Figure 3. The Gambia: Drivers of Debt Dynamics- Baseline Scenario

External Debt

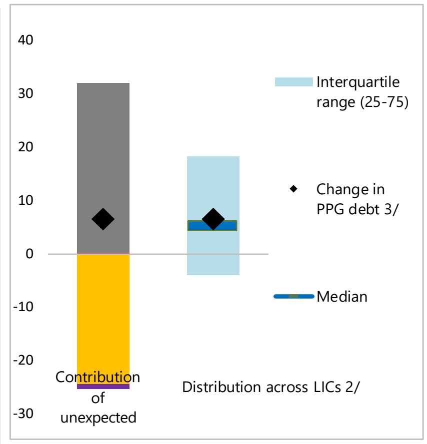
Gross Nominal PPG External Debt
(in percent of GDP; DSA vintages)



Debt-Creating Flows
(percent of GDP)

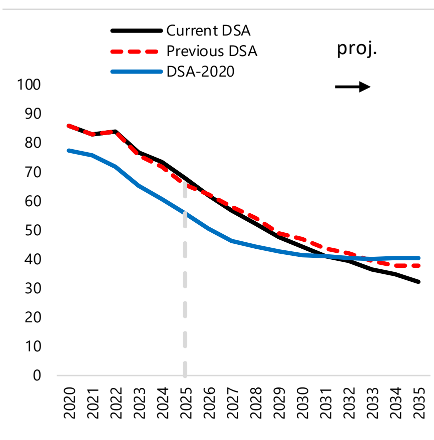


Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)

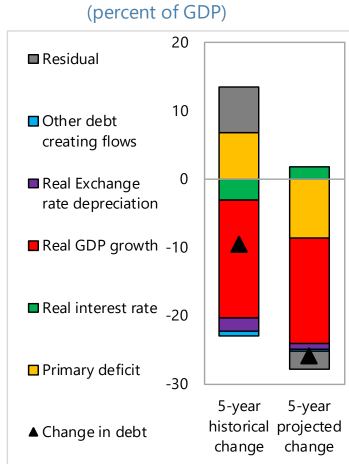


Public Debt

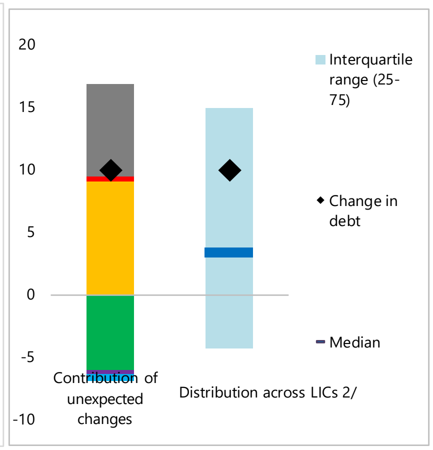
Gross Nominal Public Debt
(in percent of GDP; DSA vintages)



Debt-creating flows
(percent of GDP)



Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)



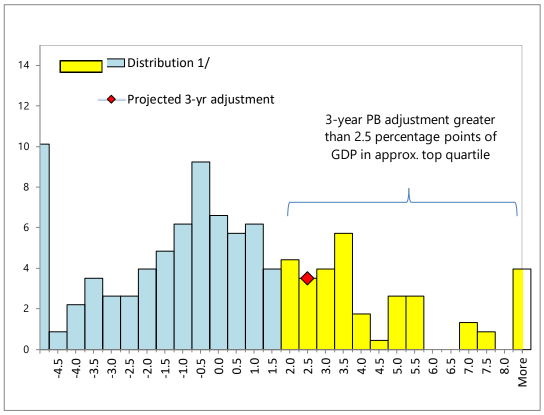
1/ Difference between anticipated and actual contributions on debt ratios.

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

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

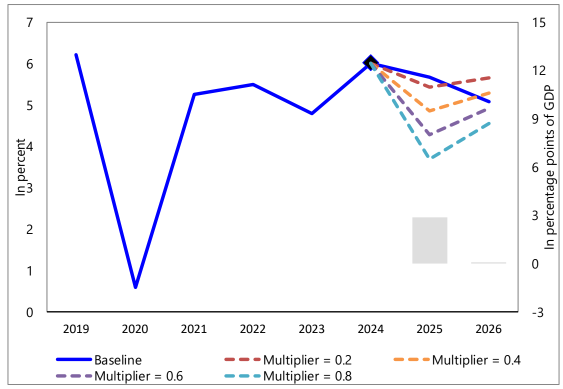
Figure 4. The Gambia: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



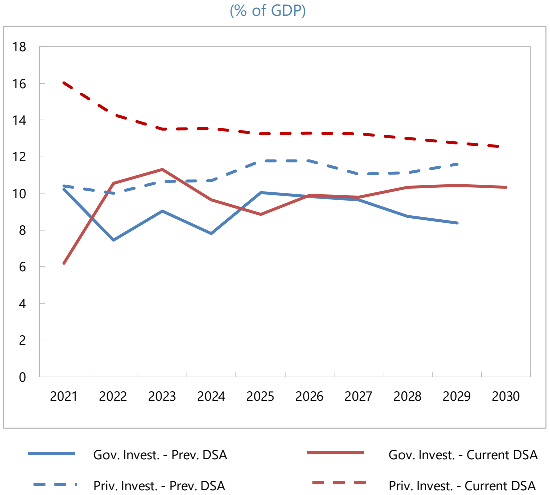
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



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

Public and Private Investment Rates
(% of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

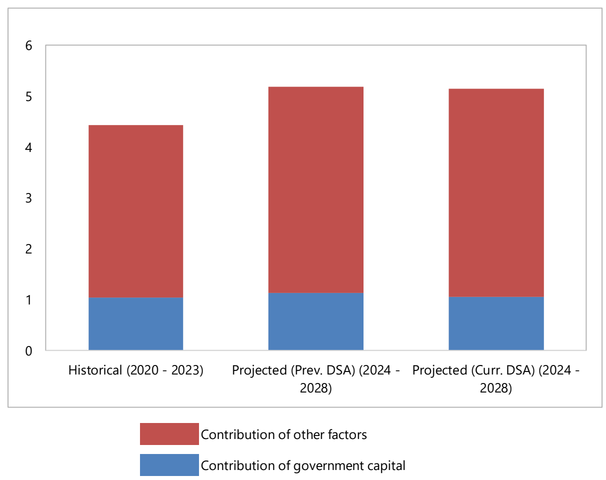
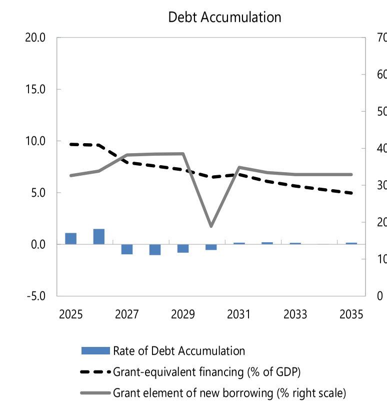
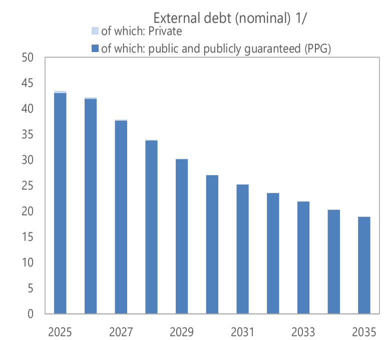


Table 1. The Gambia: External Debt Sustainability Framework, Baseline Scenario, 2022–2045
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 9/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
External debt (nominal) 1/	53.0	50.0	47.6	43.5	42.2	37.9	34.0	30.3	27.1	19.0	8.8	47.3	29.5
of which: public and publicly guaranteed (PPG)	51.7	49.1	47.0	43.0	41.9	37.7	33.8	30.2	27.0	18.9	8.8	45.9	29.4
Change in external debt	3.4	-3.0	-2.4	-4.1	-1.3	-4.3	-3.9	-3.7	-3.2	-1.3	-0.8		
Identified net debt-creating flows	-2.6	-3.4	-2.2	-2.6	-2.6	-3.2	-3.8	-3.9	-4.1	-2.1	-5.2	-1.4	-3.0
Non-interest current account deficit	3.7	4.9	5.7	3.9	3.8	2.9	2.3	2.2	0.9	2.0	-2.0	6.2	2.3
Deficit in balance of goods and services	26.3	27.5	27.7	23.1	22.7	21.7	20.6	19.6	18.2	16.5	11.5	23.1	19.4
Exports	12.5	30.7	32.7	31.6	31.0	30.9	30.9	31.0	31.4	30.9	32.0		
Imports	38.8	58.2	60.5	54.7	53.7	52.6	51.5	50.6	49.5	47.4	43.5		
Net current transfers (negative = inflow)	-23.6	-23.3	-21.5	-20.1	-19.7	-19.2	-18.7	-18.2	-17.7	-14.7	-10.4	-17.9	-17.5
of which: official	-1.9	-2.8	-1.7	-1.9	-1.6	-1.3	-1.2	-1.1	-1.0	-0.5	-0.2		
Other current account flows (negative = net inflow)	1.0	0.7	-0.6	0.9	0.8	0.5	0.4	0.7	0.4	0.2	-3.1	1.0	0.4
Net FDI (negative = inflow)	-4.7	-4.1	-4.1	-4.1	-4.5	-4.6	-4.8	-4.6	-4.0	-3.5	-2.8	-4.9	-4.1
Endogenous debt dynamics 2/	-1.6	-4.2	-3.7	-2.4	-1.9	-1.5	-1.3	-1.5	-1.0	-0.6	-0.3		
Contribution from nominal interest rate	0.5	0.5	0.5	0.1	0.2	0.4	0.5	0.1	0.4	0.3	0.1		
Contribution from real GDP growth	-2.6	-2.3	-2.7	-2.5	-2.1	-2.0	-1.8	-1.6	-1.4	-0.9	-0.4		
Contribution from price and exchange rate changes	0.5	-2.4	-1.5	...	...	...	...	...	...	...	...		
Residual 3/	6.0	0.4	-0.2	-1.5	1.3	-1.2	-0.2	0.2	0.9	0.8	4.4	2.0	0.4
of which: exceptional financing 4/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	34.8	33.2	32.5	29.5	26.5	23.9	21.7	14.9	6.3		
PV of PPG external debt-to-exports ratio	...	...	106.3	105.0	105.0	95.5	85.8	77.2	69.2	48.0	19.6		
PPG debt service-to-exports ratio	29.4	13.5	5.9	8.6	9.5	10.3	10.5	9.5	8.4	5.5	2.8		
PPG debt service-to-revenue ratio	30.8	34.1	14.7	18.0	20.2	22.3	22.6	20.5	18.4	12.4	6.5		
Gross external financing need (Million of U.S. dollars)	57.2	115.5	110.9	84.1	77.3	57.4	31.1	26.0	-14.8	12.4	-549.6		
Key macroeconomic assumptions													
Real GDP growth (in percent)	5.5	4.8	6.0	5.7	5.1	5.0	5.0	5.0	5.0	5.0	5.0	4.6	5.1
GDP deflator in US dollar terms (change in percent)	-1.0	4.8	3.1	2.4	1.3	1.9	2.3	2.3	2.7	3.6	3.6	2.9	2.8
Effective interest rate (percent) 5/	1.0	1.1	1.1	0.3	0.5	1.1	1.4	0.2	1.4	1.7	1.7	1.3	1.2
Growth of exports of G&S (US dollar terms, in percent)	89.3	169.4	16.4	4.4	4.5	6.8	7.4	7.7	9.0	8.5	9.8	25.4	7.4
Growth of imports of G&S (US dollar terms, in percent)	14.2	64.4	13.6	-2.2	4.6	4.8	5.2	5.6	5.4	7.7	9.0	15.5	5.6
Grant element of new public sector borrowing (in percent)	...	...	...	32.6	33.8	38.2	38.4	38.5	18.9	32.9	32.9	...	33.4
Government revenues (excluding grants, in percent of GDP)	12.0	12.1	13.2	15.1	14.6	14.2	14.3	14.4	14.4	13.8	13.7	12.8	14.3
Aid flows (in Million of US dollars) 6/	148.3	190.5	175.2	252.2	258.6	242.0	242.0	244.5	249.5	312.8	380.2		
Grant-equivalent financing (in percent of GDP) 7/	...	...	...	9.7	9.6	7.9	7.6	7.2	6.5	5.0	2.6	...	7.0
Grant-equivalent financing (in percent of external financing) 7/	...	...	...	82.1	77.4	91.2	89.5	88.1	86.4	81.6	84.5	...	83.6
Nominal GDP (Million of US dollars)	2,135	2,345	2,563	2,773	2,952	3,158	3,391	3,642	3,928	5,947	13,761		
Nominal dollar GDP growth	4.4	9.8	9.3	8.2	6.5	7.0	7.4	7.4	7.9	8.8	8.8	7.7	8.0
Memorandum items:													
PV of external debt 8/	...	...	35.4	33.6	32.8	29.7	26.7	24.0	21.8	14.9	6.3		
In percent of exports	...	...	108.1	106.3	106.0	96.1	86.2	77.5	69.4	48.2	19.8		
Total external debt service-to-exports ratio	29.4	13.5	8.4	10.3	10.8	11.2	11.1	10.0	8.7	5.6	2.8		
PV of PPG external debt (in Million of US dollars)			891.3	919.3	960.6	932.3	899.3	871.9	851.8	883.2	863.8		
(PVt-PVt-1)/GDPt-1 (in percent)				1.1	1.5	-1.0	-1.0	-0.8	-0.6	0.2	-0.1		
Non-interest current account deficit that stabilizes debt ratio	0.3	7.9	8.0	8.1	5.1	7.3	6.2	5.9	4.0	3.3	-1.2		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

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

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

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

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

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

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

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

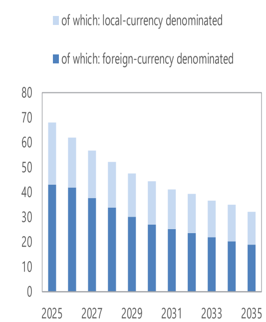
9/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 2. The Gambia: Public Sector Debt Sustainability Framework, Baseline Scenario, 2022–2045
(In percent of GDP, unless otherwise indicated)

	Actual			Projections												Average 7/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2045	Historical	Projections
Public sector debt 1/	83.9	76.8	73.5	68.0	61.9	56.8	52.2	47.5	44.4	41.1	39.3	36.6	35.0	32.2	13.3	80.7	46.8
of which: external debt	51.7	49.1	47.0	43.0	41.9	37.7	33.8	30.2	27.0	25.2	23.6	21.9	20.3	18.9	8.8	45.9	29.4
Change in public sector debt	0.8	-7.0	-3.3	-5.5	-6.1	-5.1	-4.6	-4.7	-3.1	-3.3	-1.7	-2.7	-1.6	-2.8	-1.7		
Identified debt-creating flows	1.5	-9.2	-4.6	-6.2	-4.2	-4.5	-3.7	-3.9	-2.4	-2.4	-0.9	-2.1	-1.0	-2.3	-1.5	-3.1	-3.0
Primary deficit	3.6	1.5	0.9	-2.1	-2.1	-1.8	-1.4	-1.2	-1.1	-0.5	-0.3	-0.3	-0.3	-0.4	-0.9	0.9	-1.1
Revenue and grants	18.9	20.3	20.0	23.7	22.8	21.7	21.3	21.0	20.6	20.4	19.7	18.9	18.6	18.2	16.1	18.2	20.6
of which: grants	6.9	8.1	6.8	8.6	8.2	7.4	7.0	6.6	6.2	5.9	5.3	5.0	4.7	4.4	2.4		
Primary (noninterest) expenditure	22.5	21.7	20.8	21.6	20.6	19.8	19.9	19.8	19.5	19.9	19.4	18.6	18.2	17.8	15.2	19.1	19.6
Automatic debt dynamics	-2.0	-10.1	-5.5	-5.2	-2.4	-2.0	-1.8	-2.1	-1.7	-1.6	-1.5	-1.4	-1.3	-1.2	-0.5		
Contribution from interest rate/growth differential	-5.4	-6.4	-5.1	-5.2	-2.4	-2.0	-1.8	-2.1	-1.7	-1.6	-1.5	-1.4	-1.3	-1.2	-0.5		
of which: contribution from average real interest rate	-1.1	-2.5	-0.7	-1.2	0.9	0.9	0.9	0.3	0.6	0.5	0.5	0.4	0.5	0.5	0.2		
of which: contribution from real GDP growth	-4.3	-3.8	-4.4	-4.0	-3.3	-3.0	-2.7	-2.5	-2.3	-2.1	-2.0	-1.9	-1.7	-1.7	-0.7		
Contribution from real exchange rate depreciation	3.4	-3.7	-0.4	...	...	...	...	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	-0.6	0.0	1.1	0.3	-0.6	-0.5	-0.5	0.4	-0.3	0.9	-0.3	0.6	-0.7	-0.1	-0.1	0.0
Privatization receipts (negative)	0.0	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other) 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	1.1	0.3	-0.6	-0.5	-0.5	0.4	-0.3	0.9	-0.3	0.6	-0.7	-0.1		
Residual	-0.8	2.2	1.3	0.7	-1.9	-0.6	-0.9	-0.8	-0.8	-0.9	-0.9	-0.7	-0.6	-0.6	-0.2	3.3	-0.7
Sustainability indicators																	
PV of public debt-to-GDP ratio 3/	...	...	62.3	58.4	52.8	48.9	45.2	41.5	39.3	36.2	34.6	32.2	30.8	28.2	10.9		
PV of public debt-to-revenue and grants ratio	...	...	311.8	246.4	232.1	225.5	211.7	197.7	190.3	177.6	175.5	169.9	166.0	154.7	67.6		
Debt service-to-revenue and grants ratio 4/	108.2	94.3	85.8	67.5	77.5	73.6	70.2	66.4	63.8	65.0	58.9	60.1	58.1	59.6	25.1		
Gross financing need 5/	24.0	20.0	18.0	15.0	15.8	13.5	13.1	12.2	12.5	12.4	12.2	10.7	11.0	9.7	3.0		
Key macroeconomic and fiscal assumptions																	
Real GDP growth (in percent)	5.5	4.8	6.0	5.7	5.1	5.0	5.0	5.0	5.0	4.99	4.99	4.99	5.0	5.0	5.0	4.6	5.1
Average nominal interest rate on external debt (in percent)	1.1	1.2	1.1	0.3	0.5	1.1	1.4	0.2	1.4	1.6	1.5	1.4	1.6	1.7	1.7	1.4	1.2
Average real interest rate on domestic debt (in percent)	-3.2	-8.4	-1.4	-1.3	6.6	6.5	5.6	4.9	4.5	3.8	3.8	3.7	3.8	3.8	4.9	1.0	4.2
Real exchange rate depreciation (in percent, + indicates depreciation)	7.4	-7.5	-0.8	...	...	...	...	...	...	...	...	...	...	...	...	-1.5	...
Inflation rate (GDP deflator, in percent)	8.8	15.6	11.7	7.7	3.5	4.0	4.6	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	8.0	4.8
Growth of real primary spending (deflated by GDP deflator, in percent)	28.3	1.4	1.6	9.7	0.2	0.9	5.6	4.1	3.8	6.7	2.6	0.8	2.8	2.6	3.6	7.9	3.6
Primary deficit that stabilizes the debt-to-GDP ratio 6/	2.8	8.5	4.2	3.4	4.0	3.3	3.2	3.5	2.0	2.8	1.4	2.4	1.3	2.4	0.8	5.2	2.7

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	No

Public sector debt 1/



Sources: Country authorities; and staff estimates and projections.

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

2/ Includes relief under CCRT.

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

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

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

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

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

Table 3. The Gambia: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2025–2035

(In percent)

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of debt-to GDP ratio											
Baseline	33.2	32.5	29.5	26.5	23.9	21.7	20.2	18.7	17.4	16.0	14.9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	33.2	33.6	32.4	31.8	31.6	32.1	32.7	32.8	32.6	32.4	32.2
B. Bound Tests											
B1. Real GDP growth	33.2	33.8	31.8	28.6	25.8	23.4	21.8	20.2	18.7	17.2	16.0
B2. Primary balance	33.2	33.0	30.8	28.3	26.0	24.1	22.8	21.4	20.1	18.8	17.6
B3. Exports	33.2	**52.5**	**73.6**	**68.8**	**64.6**	**59.8**	**54.7**	**49.9**	**45.4**	**41.1**	37.3
B4. Other flows 3/	33.2	39.2	**42.4**	39.0	36.1	33.1	30.5	28.0	25.6	23.3	21.4
B5. One-time 30 percent nominal depreciation	33.2	**41.0**	31.5	27.9	24.8	22.1	20.7	19.4	18.1	16.8	15.7
B6. Combination of B1-B5	33.2	**49.0**	**48.7**	**44.9**	**41.5**	37.8	34.8	31.9	29.2	26.6	24.4
C. Tailored Tests											
C1. Combined contingent liabilities 4/	33.2	33.4	30.8	28.1	25.9	23.8	22.5	21.2	19.9	18.6	17.5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	105.0	105.0	95.5	85.8	77.2	69.2	64.4	60.1	55.9	51.6	48.0
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	105.0	108.4	104.6	102.9	101.7	102.3	104.2	105.0	105.0	104.6	104.0
B. Bound Tests											
B1. Real GDP growth	105.0	105.0	95.5	85.8	77.2	69.2	64.4	60.1	55.9	51.6	48.0
B2. Primary balance	105.0	106.6	99.5	91.4	84.0	76.8	72.6	68.7	64.7	60.5	56.9
B3. Exports	105.0	**361.9**	**1148.2**	**1073.6**	**1004.6**	**919.9**	**842.4**	**771.2**	**704.2**	**639.5**	**581.6**
B4. Other flows 3/	105.0	126.6	137.1	126.2	116.4	105.5	97.2	89.6	82.4	75.3	69.1
B5. One-time 30 percent nominal depreciation	105.0	105.0	80.8	71.5	63.4	56.0	52.4	49.3	46.2	43.0	40.3
B6. Combination of B1-B5	105.0	**202.8**	139.4	**258.7**	**238.7**	**214.9**	**197.9**	**182.4**	167.6	153.1	140.4
C. Tailored Tests											
C1. Combined contingent liabilities 4/	105.0	107.6	99.7	91.0	83.4	76.0	71.8	67.9	64.1	60.0	56.6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	8.6	9.5	10.3	10.5	9.5	8.4	7.8	7.3	6.6	6.4	5.5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	8.6	9.4	10.2	10.5	9.7	9.0	8.9	9.1	8.9	9.3	8.9
B. Bound Tests											
B1. Real GDP growth	8.6	9.5	10.3	10.5	9.5	8.4	7.8	7.3	6.6	6.4	5.5
B2. Primary balance	8.6	9.5	10.3	10.5	9.7	8.7	8.2	7.8	7.1	7.0	6.1
B3. Exports	8.6	**23.7**	**66.6**	**74.7**	**68.5**	**74.4**	**87.1**	**81.2**	**74.1**	**70.7**	**62.9**
B4. Other flows 3/	8.6	9.5	10.7	11.3	10.4	10.4	10.7	10.0	9.1	8.8	7.7
B5. One-time 30 percent nominal depreciation	8.6	9.5	10.3	10.1	9.2	8.2	6.8	6.3	5.7	5.6	4.8
B6. Combination of B1-B5	8.6	13.6	**22.3**	**22.9**	**21.0**	**22.7**	**21.8**	**20.4**	**18.5**	**17.8**	**15.6**
C. Tailored Tests											
C1. Combined contingent liabilities 4/	8.6	9.5	10.3	10.5	9.6	8.6	7.9	7.4	6.7	6.6	5.7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	18.0	**20.2**	**22.3**	**22.6**	**20.5**	**18.36**	16.89	15.8	14.7	14.4	12.4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	18.0	**20.0**	**22.2**	**22.6**	**20.9**	**19.7**	**19.4**	**19.6**	**19.8**	**20.9**	**19.9**
B. Bound Tests											
B1. Real GDP growth		**21.0**	**24.1**	**24.4**	**22.2**	**19.8**	**18.2**	17.0	15.8	15.5	13.4
B2. Primary balance		**20.2**	**22.4**	**22.8**	**20.8**	**18.9**	17.7	16.8	15.8	15.7	13.7
B3. Exports	18.0	**23.5**	**30.0**	**33.4**	**30.6**	**33.6**	**39.1**	**36.4**	**34.2**	**32.8**	**29.2**
B4. Other flows 3/	18.0	**20.2**	**23.4**	**24.5**	**22.3**	**22.6**	**23.2**	**21.6**	**20.2**	**19.6**	17.2
B5. One-time 30 percent nominal depreciation	18.0	**25.5**	**28.2**	**27.6**	**25.1**	**22.4**	**18.5**	17.3	16.0	15.8	13.5
B6. Combination of B1-B5	18.0	**22.5**	**27.2**	**27.8**	**25.3**	**27.7**	**26.5**	**24.7**	**23.1**	**22.4**	**19.6**
C. Tailored Tests											
C1. Combined contingent liabilities 4/	18.0	**20.2**	**22.5**	**22.8**	**20.8**	**18.6**	17.2	16.1	15.0	14.7	12.7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.
4/ Shock set at 8.7 percent of GDP (5 percent of GDP represents a financial sector shock and 3.7 percent of GDP accounts for non-guaranteed SOEs debt).

Table 4. The Gambia: Sensitivity Analysis for Key Indicators of Public Debt, 2025–2035

	Projections 1/										
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
	PV of Debt-to-GDP Ratio										
Baseline	**58.4**	52.8	48.9	45.2	41.5	39.3	36.2	34.6	32.2	30.8	28.2
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	**58**	53	49	46	43	41	37	36	33	32	29
B. Bound Tests											
B1. Real GDP growth	**58**	**55**	54	51	48	47	44	43	41	41	39
B2. Primary balance	**58**	**57**	**56**	52	49	46	43	41	38	36	34
B3. Exports	**58**	**66**	**79**	**74**	**70**	**66**	**60**	**56**	52	48	44
B4. Other flows 3/	**58**	**60**	**62**	**58**	54	51	47	44	40	38	35
B5. One-time 30 percent nominal depreciation	**58**	**59**	54	49	45	41	37	34	31	29	26
B6. Combination of B1-B5	**58**	55	51	44	41	38	35	34	31	30	28
C. Tailored Tests											
C1. Combined contingent liabilities 4/	**58**	**59**	**55**	51	47	45	41	40	37	35	33
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
	PV of Debt-to-Revenue Ratio										
Baseline	246.4	232.1	225.5	211.7	197.7	190.3	177.6	175.5	169.9	166.0	154.7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	246	237	233	222	211	205	193	190	185	181	171
B. Bound Tests											
B1. Real GDP growth	246	240	244	234	224	221	212	215	214	215	208
B2. Primary balance	246	250	261	246	231	223	209	207	201	196	184
B3. Exports	246	288	365	349	333	320	296	285	272	259	239
B4. Other flows 3/	246	262	285	271	256	246	228	222	214	206	191
B5. One-time 30 percent nominal depreciation	246	268	257	238	218	205	186	177	167	158	143
B6. Combination of B1-B5	246	244	239	208	194	187	174	172	167	163	152
C. Tailored Tests											
C1. Combined contingent liabilities 4/	246	261	254	240	225	217	204	201	196	191	179
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Debt Service-to-Revenue Ratio										
Baseline	67.5	77.5	73.6	70.2	66.4	63.8	65.0	58.9	60.1	58.1	59.6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	68	76	74	68	62	58	58	52	52	50	50
B. Bound Tests											
B1. Real GDP growth	68	79	79	78	77	76	80	76	80	79	83
B2. Primary balance	68	77	87	91	84	81	81	73	74	71	72
B3. Exports	68	77	75	73	69	70	75	69	70	67	68
B4. Other flows 3/	68	77	74	71	68	67	69	63	64	62	63
B5. One-time 30 percent nominal depreciation	68	76	75	72	68	65	65	59	59	58	59
B6. Combination of B1-B5	68	76	73	69	66	63	64	58	59	57	59
C. Tailored Tests											
C1. Combined contingent liabilities 4/	68	77	95	85	82	78	77	70	70	67	68
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

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

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

3/ Includes official and private transfers and FDI.

4/ Shock set at 8.7 percent of GDP.

THE GAMBIA

June 2, 2025

THIRD REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUESTS FOR A WAIVER OF NONOBSERVANCE OF A PERFORMANCE CRITERION, MODIFICATIONS OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

A. The Gambia's Vulnerability to Climate Change

1. **The Gambia has demonstrated notable economic improvements since its democratic transition in 2017 but still faces structural constraints, exacerbated by high climate vulnerability.** The Gambia's economic growth expanded by 5.0 percent on annual average over 2017-2024, higher than the 2.8 percent annual average over 1990-2016. Growth has been supported by steadfast implementation of reforms, infrastructure investment, and increased development assistance. Despite this progress, economic growth remains fragile, due to a combination of structural weaknesses that hinder productivity growth and external shocks. These constraints are compounded by high climate vulnerability, which is expected to undermine agricultural productivity, strain public infrastructure, and reduce labor productivity through increased heat stress and adverse health outcomes.

2. **The Gambia is acutely vulnerable to the gradual impacts of climate change and the increasing frequency of natural disasters.** The average annual temperature has increased by almost 2°C, the average number of extremely hot days (Heat Index above 35°C) in a year have increased from less than 5 days to above 50 days per year. Average rainfall has decreased in the past 60-70 years and the rainy season is getting more erratic, impacting negatively in agricultural cycles. These changes have led to rising incidence of droughts and floods, which are accompanied by the country's low-lying topography, shaped by the Gambia River, which worsens its susceptibility to sea-level rise and salinization of water and land.

These climate-related changes severely impact agricultural productivity, which is critical for the economy and food security. The escalating frequency and intensity of extreme heat events further threaten key sectors such as agriculture, tourism, and fishing, thereby undermining the livelihoods of Gambians and affecting overall macroeconomic stability. The economic costs associated with sea-level rise and coastal erosion are substantial, with estimates reaching $70 million by 2050, highlighting the urgent need for adaptive measures in the coastal zones.

3. **With one of the lowest elevations globally, The Gambia ranks among the top ten countries most at risk from sea-level rise**. Approximately one-third of its population lives below ten meters above sea level. The Greater Banjul area, home to around 1.4 million residents, is particularly vulnerable, facing potential inundation from a projected half-meter sea-level rise by 2050. A one-meter rise could lead to significant portions of the capital being submerged during storms and high tides, further worsening issues of freshwater aquifer salinization and coastal erosion. The economic costs associated with sea-level rise and coastal erosion are substantial, with estimates reaching $70 million by 2050, highlighting the urgent need for adaptive measures in the coastal zones.

4. **The frequency and severity of these disasters are expected to increase due to climate change, leading to considerable economic and welfare losses**. For instance, the 2011/2012 and 2014/2015 droughts resulted in a 50 percent decline in crop output, which severely impacted food security and increased food imports. Another notable example is the 2022 flash flood, which caused approximately $82 million in damages, equivalent to about 3.8 percent of the nation's GDP. Such disasters not only damage infrastructure but also strain fiscal resources, as recovery efforts divert funds from productive areas. The lack of appropriate waste collection and hazardous waste management led to secondary disasters, including an oil spill at NAWEC's Brikama power plants.

5. **Agriculture, a cornerstone of The Gambia's economy, is particularly susceptible to climate change as its heavily reliant on rain-fed production**. The sector accounts for about half of total employment and over 22% of GDP, yet it faces increasing risks from climate hazards that disrupt the seasonal calendar and reduce land productivity. Climate impacts such as rising temperatures, shifting rainfall patterns, and saline water intrusion threaten agricultural yields, exacerbating food security concerns. As a result, agricultural losses are expected to rise significantly; indeed the most recent 2024 agricultural season widespread crop failures in the key sustenance (rice) and cash (groundnut) crops. This situation poses not only a challenge to food security but also to the country's balance of payments, as declining local production coincides with rising demands for imports.

6. **The Gambia is a small emitter, contributing less than 0.01 percent to the global CO2e emissions; mitigation policies would help achieve development goals**. The increase in emissions in the last two decades reflected primarily population growth and more recently carbon intensity. The main source of emissions is the agricultural sector with about a third of total emissions, with livestock as a major contributor. Mitigation policies would also support energy security and development. The Gambia is highly dependent on fossil fuel imports for its energy supply, making it vulnerable to oil market disruptions and price volatility. Increasing renewable energy generation

capacity is key to improving energy security. It could also help to facilitate access to electricity, clean fuels for cooking, and reduce air pollution.

B. Government Commitments in Terms of Climate Change Mitigation and Adaptation

7. **On the adaptation front, The Gambia recognizes its high vulnerability to climate change impacts.** The NDC emphasizes the exposure and vulnerability macro-critical sectors, such as agriculture, fisheries, and tourism. The adaptation component of the NDC is based on four pillars: 1) Developing an enabling environment for climate resilience in The Gambia, 2) Climate-resilient land use mapping, planning and information systems, 3) Developing climate-resilient infrastructure, services and energy systems 4) Developing integrated approaches to build rural climate resilience in The Gambia. These strategies focus on integrated planning and action, addressing the specific vulnerabilities faced by communities and ecosystems. By prioritizing adaptation, The Gambia aims to safeguard livelihoods and ensure food security in the face of increasing climate variability.

8. **The Gambia's Nationally Determined Contribution (NDC) outlines a comprehensive approach to mitigation, targeting a substantial reduction in greenhouse gas emissions across various sectors.** The country's projections indicate a business-as-usual emission scenario of 6 617 tCO_2e by 2030. However, by implementing 13 new mitigation measures, The Gambia aims to reduce its emissions to 3 327 tCO_2e. Key sectors such as agriculture, forestry, energy, transport, and waste management are at the forefront of this effort, with specific strategies designed to enhance efficiency and promote renewable energy sources. The unconditional measures, funded domestically, aim for a modest reduction of 169 tCO_2e, while conditional measures that require external funding are projected to achieve a more substantial reduction of 3 121 tCO_2e. This highlights the necessity of international cooperation and funding to support the country's climate ambitions.

C. Financial Challenges

9. **The measures outlined in the NDC have the potential to build resilience and mitigate greenhouse gas emissions, but they require significant resource mobilization.** According to the NDC, The Gambia requires approximately $316 million (about 12.6 percent of GDP, equivalent to around 50 percent of the total budget in 2024) to fulfill its climate objectives. The costing of the mitigation actions of the NDC is not included in the document, therefore this amount would only address adaptation challenges. One out the four pillars of the adaptation component takes up more than half of the estimated budget, specifically addressing climate-resilient infrastructure, services and energy systems. In the short term, the NDC actions need a $121 million (about 4.8 percent of GDP) financing or about $24 million (about 1 percent of GDP) per year. In face of this, since 2020 the average disbursement has been less than half of that -- about $10.6 million (about 0.4 percent of GDP) a year.[1] Therefore, mobilization will be required to complement official sources. However,

[1] OECD DAC, climate-related development finance data.

several factors hinder the development of private climate finance, including high uncertainty regarding economic and climate policies, along with underdeveloped financial markets, with liquidity constraints preventing the establishment of a stock market.

D. The World Bank's Engagement in Climate Change

10. The World Bank is actively engaged in addressing climate change challenges in The Gambia. This includes support of adaptation and mitigation priorities identified in the Gambia's NDC and other strategic documents, through lending, technical assistance, and knowledge instruments, including support to overarching initiatives such as the forthcoming Climate Change Bill. Many of the RSF reform measures have been identified with coordination between World Bank and Fund staff to make sure the efforts complement and reinforce each other. Recent activities include:

- **The World Country Climate and Development Report (CCDR)**: The Bank is completing its flagship diagnostic tool for The Gambia, based on the recently concluded mission. The CCDR analyzes how decarbonization and adaptation goals can complement development efforts and suggests ways forward to prioritize investment opportunities to ensure the largest value for money. The CCDR provides a detailed modelling of the water-energy nexus, the coastal economy and the private sector reactions. Based on the modelling exercise, it provides a macroeconomic estimate of the likely costs of climate change and also examines way to raise financing to face the risks.

- **Renewable energy:** One of the most notable recent achievements of the World Bank in The Gambia has been the commissioning the Jambur solar power plant with a 23 MWp capacity in March 2024. This was part of the Gambia Electricity Restoration and Modernization Project, a joint effort by the World Bank, the European Union and the European Investment Bank. Through recently commissioned regional infrastructure, The Gambia commenced benefitting from hydro power imports from Guinea enhancing the penetration of renewables in the sector. Combined, these initiatives have propelled the Gambia from 0% renewable energy production in 2023 to 30% in Q1, 2025. Further steps will involve further enhancing renewable energy capacity and modernizing the transmission and distribution lines and infrastructure. On distributed generation, the World Bank is supporting the implementation of feed-in-tariff and net metering regulations in The Gambia.

- **Improved resilience to disasters**: The latest approved financing end-2024 from the World Bank included a pillar, which targeted reforms aimed at increasing social and climate resilience, notably through improved disaster risk management and financing framework and adopting an adaptive social protection system. The pillar also included a gendered component to ensure that the needs of women and girls are met. In 2024, the World Bank also worked with the National Social Protection Secretariat to achieve universal registration in the social registry.

- **Coastal resilience:** The Gambia is part of the World Bank's West African Coastal Areas (WACA) Management Program. Under the umbrella of the program, a comprehensive flood and coastal risk assessment was completed for the Greater Banjul area, which led to identification of five hotspots and priority risk reduction interventions. The Kotu stream was selected as a primary target for intervention including for physical, social and institutional investments. In addition, West Africa Coastal Areas Resilience Investment Project targets enhancing the regional and national coordination, strengthening the policy and institutional framework, physical and social investment and enhance national coordination.

- **Climate-smart agriculture:** The Gambia Inclusive and Resilient Agricultural Value Chain Development Project (GIRAV) aims to enhance agricultural productivity through improved water management, land tenure system and other innovations including seed of high-yielding, early-maturing, drought-resistant varieties and in some cases with tolerance to saline conditions. The increased productivity is achieved by lowering emissions and making agriculture more climate change resilient. The broader goals of the project include transitioning from substance to commercial agriculture. Tangible results are being observed.

Statement by Mr. Wautabouna, Executive Director
on The Gambia
June 18, 2025

Introduction

1. Our Gambian authorities appreciate IMF management and staff for their valuable engagement. They broadly agree with staff's assessment and policy priorities.

2. The Gambian economy remains on a strong recovery path with robust growth despite challenging circumstances from multiple shocks. The authorities are making significant progress in implementing reforms while consolidating the gains made under the previous Extended Credit Facility (ECF) arrangement. Further, the Resilience and Sustainability Facility (RSF) will strengthen long-term balance-of-payments and macroeconomic stability and resilience of the country. The reform measures under the RSF, centered on the legal framework and enabling institutional environment, green PFM, climate data and transition taxonomy, adaptation and resilience enhancement, and energy transition, would support the authorities' climate agenda and complement the ECF arrangement. Consequently, the authorities view the Fund's support under the ECF and RSF arrangements as instrumental in strengthening resilience and achieving the objectives of the Recovery Focused National Development Plan (RF-NDP), 2023-2027.

Program Performance

3. Program performance has been broadly satisfactory. Six out of seven quantitative performance criteria (QPCs) for end-December 2024 were met, including floors on the stock of net usable international reserves (NIR), the domestic primary balance and the zero-ceiling on non-concessional external debt contracted and guaranteed by the government. However, the adjusted ceiling on net domestic borrowing (NDB) was missed by 0.3 percent of GDP due to the spending pressures that accumulated during the year. Meanwhile, all indicative targets (ITs) for end-December 2024 were met, including the floor on total tax revenue, the ceilings on central bank credit to the central government and the central bank's net domestic asset, and the floor on poverty-reducing expenditure.

4. On the structural benchmarks (SBs), four out of seven were met, including the preparation of a study on rationalizing and consolidating subvented agencies with MDAs; the finalization and enactment of regulations of the recently passed public procurement and SOEs Acts; and completing the expansion of the social registry to Banjul and Kombo. Others include cabinet approval of the roadmap for implementation of program-based budgeting and its roll-out for the implementation of the 2025 draft budget with pilot ministries. However, the adoption of the National Audit Office (NAO) Bill and the Gambia Investment and Export Promotion Agency (GIEPA) Act, as well as the completion and publication of a report on the central government's domestic arrears and unsettled commitments for end-2024, were missed. That said, while the GIEPA Act and NAO Bill have been finalized, they are expected to be approved by end-September 2025. Similarly, a report on arrears by end-March 2025 was prepared but considered incomplete, and the authorities proposed that the related SB be modified and rescheduled to end-December 2025 to allow enough time for a comprehensive exercise.

5. The authorities are implementing corrective measures to address the spending overruns which led to missing the NDB target for end-December 2024. To this end, they have redesigned the fiscal

strategy to tackle slippages, incorporated corrective actions and aligned the 2025 fiscal targets with the agreed program. Further, they are tackling new spending pressures from pending 2024 commitments, providing additional support to National Water and Electricity Company (NAWEC), accounting for transfers of earmarked revenue not previously included in the budget, and revising the overall fiscal deficit.

6. The authorities are strengthening the fiscal accounting system that uses a centralized data sourcing and an advanced unified system. Going forward, the authorities will continue to strengthen the coordination between the fiscal unit, Treasury Department, and the Central Bank. Also, a system is being developed to ensure that the senior management of these institutions cross-check and verify relevant data before their transmittal to the Fund. They are also strengthening the capacity of fiscal reporting unit and have requested a TA from the IMF Statistics Department to review the coverage of fiscal accounts and any discrepancies in the fiscal reporting, which could lead to revisions of past data. Given the satisfactory program performance and strong commitment, **the authorities seek the Executive Directors' support in completing the third Review Under the Extended Credit Facility Arrangement, and related Requests, and for their Request for an Arrangement Under the Resilience and Sustainability Facility.**

Recent Economic Developments and Outlook

7. The economy remains resilient and economic activity has strongly rebounded in 2024. To this end, real GDP is projected at 6 percent and 5.7 percent in 2024 and 2025, respectively. Growth is supported by strong recovery in the tourism sector and good performance of the agricultural and construction sectors. In the medium term, growth is projected to stabilize at around 5 percent. This growth is however subject to downside risks, including geopolitical and trade tensions, commodity price volatility, natural disasters and global uncertainty. These may impact tourist arrivals and remittance inflows, exerting inflationary and exchange rate pressures.

8. Inflation peaked at 18.5 percent (y-o-y) in September 2023 but has since declined to 10.2 percent (y-o-y) at the end of 2024, and toa single digit value of 8.1 percent in April 2025. This trend is expected to continue as prices of key international commodities decline further.

9. The current account deficit remains elevated, due to a larger increase in imports relative to exports. However, international reserves are projected to remain at a comfortable level of above 4 months of prospective imports in the medium term, supported by disbursements from the Fund and other development partners and coupled with strong inflows of remittances.

Fiscal Policy and Debt Sustainability

10. Against the background of spending overruns in 2024 due to the hosting of the Organization of Islamic Cooperation (OIC) summit and the support given to the electricity sector, the authorities are committed to achieving the 2025 fiscal targets and adhering to the ECF program. They plan to strengthen revenue collections, tighten control, and reallocate spending to priority areas. Accordingly, the Cabinet has approved adjustments to the 2025 budget expenditures to cover the unfunded spending pressures resulting from MDAs' 2024 unpaid commitments of approximately GMD 660 million that will be carried over to 2025. Additionally, MDAs are expected to modify their 2025 budget allocations for these amounts and in the same expenditure categories by reducing

spending on goods, services, and transfers. Further, the authorities will postpone planned investments in roads, procurement of vehicles, and other discretionary expenditures to be reflected in the 2026 budget. Relatedly, office operating expenses will be streamlined, and planned equity participations and capital contributions to multilateral institutions will be postponed while protecting poverty-reducing spending. In addition, the phase-out of Karpower as an electricity supplier to NAWEC will reduce the burden on the budget in the future.

11. Our Gambian authorities remain committed to strengthening Domestic Revenue Mobilization. They are finalizing the Domestic Revenue Mobilization Strategy (DRMS) by modernizing the tax system such as VAT and maintaining adequate balance between tax policies and administrative measures. They will take advantage of the falling oil prices to keep petrol and diesel prices above full passthrough levels in 2025 to enhance revenue collections and are working on the full digitalization of VAT collection with the introduction of smart invoice technology. They are also making significant progress on a revenue assurance system for mobile network operators and are implementing an Integrated Tax Administration System (ITAS) and electronic filing to boost revenue collection. The authorities plan to revise the GIEPA Act to streamline tax incentives. They will develop an in-house capacity to use data and models to perform assessments for other taxes, including PIT, CIT, and VAT and strengthen revenue collection. Similarly, they are expanding the tax base and enhancing rental tax collection. In the context of large VAT policy and compliance gap, the authorities will review the VAT to modernize its design and operation and enhance its revenue productivity.

12. Cognizant of the high risks of overall and external debt distress, the authorities are implementing fiscal consolidation measures to ensure debt is on a sustainable path. In this regard, they plan to use innovative options, including the Africa50 Asset Recycling Program, to finance infrastructure projects without worsening debt vulnerabilities and creating fiscal risks. They remain committed to keeping the new concessional borrowing below the agreed concessional borrowing limits under the ECF program while avoiding non-concessional borrowing. Further, they will plan and closely monitor the progress of the projects financed by foreign creditors to maintain external debt sustainability while meeting their development needs.

Monetary, Exchange Rate, and Financial Sector Policies

13. The Central Bank of The Gambia (CBG) is committed to ensuring price stability by keeping a tight monetary policy stance to sustain the declining inflation. The central bank will continue to implement a data-driven monetary stance and forward-looking analysis to bring down inflation to the CBG's medium-term target of 5 percent. The authorities will closely monitor inflation developments and global uncertainties and adjust, as necessary, using a combination of policy tools, including CBG bills, the deposit window, and reserve requirement ratio. They are committed to pursuing an exchange rate that fully reflects market forces and will continue to implement the new forex policy introduced to prevent a recurrence of shortages and wedges with the parallel market. They are also finalizing and publishing a forex intervention policy that limits forex market interventions to alleviating excess market volatility and addressing disorderly market conditions.

14. While the banking sector remains sound, solid, and well-capitalized, the authorities remain committed to enhancing supervision to address pockets of vulnerabilities. In this regard, they are closely monitoring the elevated NPLs and concentration risks, enhancing the application of risk-based supervision, and establishing a credit reference bureau. Further, they are adopting the Basel Capital Frameworks to improve the assessment of capital requirements for banks, with the initial

focus on the implementation of Pillar 1 of Basel II. Further, they are augmenting banks' minimum regulatory capital by GMD100 million by end-December 2025.

15. The authorities remain committed to preserving the Central Bank's autonomy. In this context, they will enshrine an ex-ante legal framework of temporary emergency lending to the government with strict conditions in catastrophic circumstances, in consultation with the Fund, as stated in the CBG Act. They will approve the amendments to the CBG Act in line with the IMF safeguards recommendations followed by the Cabinet's approval and onward submission to the National Assembly.

Structural Reforms

16. The authorities remain committed to the objectives of the RF-NDP, 2023-2027, to tackle the country's development challenges. They aim to strengthen macroeconomic stability and implement deep structural reforms through significant investments in priority sectors. In this regard, they are enhancing the business environment to promote private sector participation, create jobs, and boost growth. They plan to set up a digital platform for business registration to promote business creation and create formal sector employment. Further, they will adopt a land policy to facilitate transparent and fair access to land and finance.

17. The authorities are strengthening the public financial management (PFM) system to support fiscal discipline. They plan to institutionalize and rephrase the arrear stocktaking in line with the Fund's TA recommendations, including comprehensive domestic arrears reporting and a clear definition of expenditure arrears. They plan to publish a payment schedule of all arrears, which includes provisions on how to manage arrears clearance starting with the 2027 budget. To improve expenditure efficiency while aligning spending with available resources, the authorities required all MDAs to present quarterly updates to their cash plans through the Integrated Financial Management Information System (IFMIS) and implement a 'maximum deviation' rule. The IFMIS will be extended to four multilateral-donor projects and all government-funded projects implemented after January 1, 2025. The authorities will also ensure that budget planning is in line with best practices and avoid misclassification errors.

18. The authorities are also implementing measures to transform the state-owned enterprises (SOEs) into a revenue-generating sector. They are enhancing SOE oversight and have signed eight performance contracts with SOEs in April 2025. In this regard, a new performance contract negotiation with NAWEC has been completed with ambitious key performance indicators (KPI) along multiple dimensions. They are also working on the design of competitive tenders for two projects that will help decrease the electricity cost once on stream: a 50 MW solar plant and a 30 MW dual fuel plant. They are also working on a plan to make the national GMC service provider attractive to investors towards its privatization.

19. The authorities are strengthening governance and enhancing the effectiveness of the anti-corruption framework. They are implementing the recommendations from the governance diagnostic report and are establishing the anti-corruption commissioners in compliance with the Anti-Corruption Act. At the same time, the authorities are advancing digitalization and enhancing transparency in public service delivery. To this end, they are moving key public services online, including the procurement of birth certificates, passports, and driver's licenses. They plan to ease access to public information such as laws, reports, and procedures. To this end, the Ministry of Justice will compile all laws through end-2024 on its website. Furthermore, the government-

audited annual financial accounts will be published in the Gazette and posted on the Ministry of Finance’s website.

20. The authorities’ engagement with the Fund under the RSF renewed their commitment to enhancing long-term macroeconomic stability and resilience to climate change while boosting policy space and reducing fossil fuel externalities. They benefited from technical assistance in areas, including the Climate Policy Diagnostic and the Climate-Public Investment Management Assessment (C-PIMA) and identifying reforms to adapt to the impacts of climate change and support a sustainable green transition. Although these reforms are in line with the economy's vulnerability to climate change, they are categorized in areas including institutional frameworks, green PFM, climate data and green financial sector, enhancing adaptation and resilience, and energy transition. At the same time, the authorities are strengthening the governance of climate change. They will draft a new bill designed to establish a whole-of-government approach, clarify responsibilities, and improve coordination concerning climate governance and policy.

21. The authorities are cognizant of the country’s vulnerability to climate-related risks and employ the RSF to foster resilience in multiple areas. In this context, they plan to approve insurance regulations focusing on increasing the financial inclusion for the most vulnerable farmers, given the contribution of agriculture to the economy. They will update zoning regulations to incorporate climate criteria, including the coast and larger portions of the Gambia River to enhance coastal resilience and management, as well as the definition of setback distances and no-development zones in at-risk areas. In addition, the authorities plan to issue regulations that will govern licensing procedures, enabling them to effectively control groundwater abstraction and impoundment while strengthening and ensuring the sustainable exploitation of groundwater resources.

Conclusion

22. The Gambian authorities remain on track in advancing the needed reforms despite the multiple challenges. They have reinforced their commitment to the ECF arrangement while consolidating the gains made under the previous ECF program. The Fund remains instrumental in anchoring the reforms aimed at strengthening macroeconomic stability and resilience to climate-related shocks as formulated in the authorities’ RF-NDP (2023-2027). To this end, the authorities seek the Executive Directors’ support in completing the third ECF review and associated requests to help catalyze additional donor support and address remaining structural challenges.