



# DEVELOPMENT FINANCE ASSESSMENT – THE GAMBIA



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## ABBREVIATIONS AND ACRONYMS

NDP National Development Plan  
SDGs Sustainable Development Goals  
DFA Development Finance Assessment  
INFF Integrated financing Framework  
SOEs State Owned Enterprises  
MDGs Mellenium Development Goals  
PPPs Private Public Partnerships  
GEF Global Environment Fund  
PEFA Public Expenditure and Financial Assessment  
CPIA Country Policy and Institutional Assessment  
ODA Official Development Assistance  
FDI Foreign Direct Investment  
NTSC National Technical Steering Committee  
NCCP National Climate Change Policy  
ECOWAS Economic Community of West African Countries  
IFAD International Fund for Agricultural Development  
IsDB Islamic Development Bank  
WHO World Health Organisation  
UN United Nations  
UNDP United Nations for Development Programme  
CRS Christian Relief Services  
SME Small and Medium Enterprises  
GBOS Gambia Bureau of Statistics  
PAGE Programme for Accelerated Growth and Employment  
IFMIS Integrated Financial Management and Information System  
OIC Organisation of Islamic Countries  
LGA Local Government Authorities  
AAAA Addis Ababa Agenda for Action  
GIPFZA Gambia Investment Promotions and Free Zones Agency  
GIEPA Gambia Investment and Export Promotion Agency  
GCCCI Gambia Chamber of Commerce and Industries  
AATG Action Aid Gambia  
MRC Medical Research Centre  
EU European Union  
EDF European Development Fund  
MOFEA Ministry of Finance and Economic Affairs  
MTEF Medium Term Expenditure Framework  
ACD Aid Coordination Directorate  
TCAD IV Fourth Japanese Technical Cooperation Agreement for Development  
M&E Monitoring and Evaluation  
GAMNATT Gambia National Think Thank  
GCAA Gambia Civil Aviation Authority  
GPA Gambia Ports Authority  
GIA Gambia International Agency

GAMTEL Gambia Telecommunication Company  
GAMPOST Gambia Post Office and Telegraphic Services  
GRTS Gambia Radio and Television Services  
GPPC Gambia Public Printing Corporation  
GGC Gambia Groundnut Cooperation  
NAWEC National Water and Electricity Company  
GNPC Gambia National Printing Corporations  
UNDAF United Nations Development Framework  
RSCA UNDP Regional Services Centre for Africa  
IMF International Monetary Fund  
WB World Bank  
DAC Development Assistance Committee  
BADEA Arab Bank for Economic Development  
U.K United Kingdom  
VAT Value Added Tax  
TADAT Tax Administration Diagnostic Assessment Tool  
EREP ECOWAS Renewable Energy Policy  
IYCF Infant Young Child Feeding  
NCDS Non-Communicable Diseases  
MMR Maternal Mortality Ratio  
IPP Independent Power Purchase  
T&D Transmission and Distribution  
NSPP National Social Sector Policy  
PWDs Persons With Disabilities  
BReST Building Resilience through Social Protection

# 1. EXECUTIVE SUMMARY

## Introduction

The complex nature of the 2030 Agenda for Sustainable Development, support to strengthening financing frameworks at country level should be taken forward as part of broader efforts to support the implementation of the National Development Plan (NDP). The transformational paradigm set in Agenda 2030 and the African Union Agenda 2063, will present significant challenges for the implementation of the NDP particularly from limitations in traditional fiscal planning, budget constraints and performance. The Gambia prepared both the NDP and the Development Finance Assessment (DFA) to address these concerns.

The Gambia received assistance from the UNDP to update the First DFA to this Second DFA which is occasioned by the need to take into consideration the rapidly changing political, economic and planning contexts. The change in the political context emanating from a peaceful political transfer of power triggered a spiral of changes in virtually all areas including political and economic governance.

The overall goal of the DFA is to provide an overview of development finance flows and the institutions and policies that align this finance with national development priorities and to include recommendations for an action-oriented roadmaps that will lead to the establishment of an Integrated National Financing Frameworks (INFF) and facilitate the implementation of the outcome of this DFA. All this is geared towards the alignment of all financing flows –both public and private to the national development plans and the 2030 agenda, while integrating planning with the budgeting and financing processes.

## The economy and key social indicators

As part of the policy environment, the Gambian economy is briefly discussed. The Gambian economy, measured in terms of GDP of about US \$0.9 billion is relatively small and its growth is influenced by both external and internal factors subjecting it to unpredictable swings. The high population growth of about 2.7% and now 3% and the low growth of real GDP averaging around 3% for the past 15 years has resulted to a rebased GDP with a new real per capita income of about US \$711. By this indication the Gambia is closely edging towards middle-income status.

Fiscal dominance has been a major problem in The Gambia because of the fact that revenue growth was outpaced by high expenditures driven by a high appetite to spend from the past regime leading to large fiscal deficits of magnitudes of 8.6% in 2013 and 9.8% of GDP in 2016. The main challenges were fiscal indiscipline, mismanagement from the past regime that was coupled with failing and financially distressed State Own Enterprise (SOEs).

As a result, there were periods when inflation and the exchange rates experienced wide swings and maintaining macroeconomic stability became difficult especially after 2011. Interest rates too responded to the high demand for Government borrowing and were excessively high.

The social indicators have not shown any better outcomes, as poverty is still very high and a rural phenomena claiming 71% relative to 26% in urban areas. The biggest gains in the fight against poverty reduction was in the decade 2000 to 2010 when, according to the Integrated Household Survey in 2010, poverty was reduced from 58% to 48% between 2003 and 2010. Unfortunately, this gain was reversed due to macroeconomic instability that followed after 2011 induced by drought in that year, poor rains in 2015 and bad governance in general. Access to improved sanitation facilities worsened greatly, dropping from 88 to 40 per cent since 2000. Health outcomes improved. Access to improved water sources also increased. However, inequality of access and use of health services, especially for the rural poor, is still a challenge. Maternal mortality remains very high. The decline in contraceptive use is of particular concern given the high fertility rates and rapidly increasing population.

The New Government adopted an economy in crisis but move quickly to tackle the myriad of problems they inherited. The continued implementation of structural reforms and projects outlined in the NDP will accelerate growth in construction and the service sector, and improving the energy supply is among the government's top priorities.

### **Policy and institutional Framework**

The Country Policy and Institutional Assessment (CPIA) had a hash rating for The Gambia citing a serious relapse in governance as the major cause of its decline. All the institutions: the Judiciary, the National Assembly, The Central Bank, the National Audit Office and others that define a transparent democracy were dysfunctional. The New Government through the NDP will reverse these negative trends.

On Average the Budget is in good standing scoring a C but has some weaknesses that include poor linkages between planning, policy and budget, huge variations between budgeted expenditures and outcomes, weak oversight responsibilities from the National Assembly and on Public Enterprises, absence of reliable budget data from the donors and the lack of use of national systems to capture donor funds into the budget are constraints cited by the 2015 Public Expenditure and Financial Assessment (PEFA).

Furthermore, The Gambia is partially implementing MTEF for its Budget to strengthen the linkage of policy-planning-financing and as of now the MTEF should be fully implemented to go beyond its classification at Programme and sub-programme levels to include the remaining levels of objectives and activities to make the budget more performance and results-oriented. The budgeting process can be made more performance and results oriented if the capacity are enhanced, at sectoral level, to prepare more accurate budgets and align sectoral policies to the NDP.

From the analysis made of the six building blocks it is discovered that the institutional and policy capacity contexts that should support the implementation of the plan are generally weak. The Civil Service suffered from a serious brain drain and quality staff is hard to come by. This weakness in capacity cannot be relied upon to lend support to institutional strengthening. The same policy, capacity and institutional constraints keep featuring for Social Protection, the Health Sector and the Energy Sector and are to be collectively tackled with the ones highlighted for all the sectors and the NDP in general.

## The National Development Plan

The Gambia developed the NDP as a comprehensive development blueprint for the next four years starting in 2018. The vision and overall goal of the NDP will be realized through eight strategic priorities and seven critical enablers complement these strategic priorities. The plan has been developed and has taken into consideration the international obligations of the Gambia with particular reference to the attainment of the SDGs and will be funded through a good financing strategy.

The financing strategy of the NDP has been developed as a resource mobilization strategy to fund the total cost of the plan. The NDP is costed and the total funding requirements is estimated at U.S \$2.4 billion with the main cost drivers being energy and infrastructure (57 per cent), agriculture (11.2 per cent) and human capital (8.34 per cent). Combined, the three strategic priorities account for 76.5 per cent of the total NDP budget. With respect to the highest cost driver, which is infrastructure and energy, most of the financing will be acquired through PPP and other innovative financing models.

Government has identified 42 flagship and priority projects for implementing the plan and the total cost of these flagships and priority projects, after accounting for committed resources is \$US 1.6 billion, of which \$US 157 (9 per cent) is expected to be government contribution, \$US 1.0 billion (62 per cent) from ODA and \$US 471 (29 per cent) from private sector investments. These investments into 42 flagship projects are carefully chosen as a consequence of their potential impacts towards the attainment of the SDGs and plan objectives. From the total NDP budget of \$US 2.4 billion, of which the total cost of the eight strategic priorities flagships is \$US 2 billion or 83 per cent of the gross budget and the cost of the flagships for the Critical Enablers is \$US 345 million or 17 per cent of the budget.

In terms of the yearly resource needs, the plan and financing strategy call for the frontloading of the resource requirements in years 2 and 3 of the plan period and that Year 1 requirement is \$500 million or roughly 20 per cent of the gross total funding requirement. Based on the information collected to determine the committed resources for each flagship/priority project, the funding gap for each flagship has been estimated. According to the findings of the Financing Strategy, the total funding gap is estimated at \$US 1.6 billion. The committed resources have been estimated at \$US 750 million. This is 33% of the gross budget of the flagships and priority projects.

The main sources for the committed funds are the UN system through the UNDAF and GEF, World Bank, EU, and other partners. The Governance strategic priority has

secured not so insignificant “seed” resources for this important flagship from the UN System. Similarly, resources committed by the World Bank through the Gambia Electricity Restoration and Modernization Project lays a strong basis to addressing the chronic electricity shortage. Also important is the European Union contributions to the flagships on youth migration and on social protection.

Government will pursue three pathways to close the funding gap for the National Development Plan, namely: domestic Resources, ODA/Concessional financing and private sector investments. According to the financing strategy, Government should contribute 9%, ODA to meet about 62% and the private sector to provide the remaining 29%. The strategies to pursue under each of these are further developed in the sections below.

It must be stated that it is highly commendable to have organized a very successful Round Table Conference on the NDP in Bruxelles on the 22<sup>nd</sup> May. The resources mobilized in the form of pledges stand at Euros 1.45 billion which is historic in all of The Gambia’s resource mobilization efforts. However, pledges alone are not sufficient but delivering on those pledges so that the NDP can be implemented unhindered is more important. It is therefore important for a reliable and effective follow up mechanism to be developed to ascertain the uninterrupted inflows of these commitments based on the Paris Declaration of mutual accountability.

### **Current Financing Landscape**

Official Development Assistance (ODA) flows to developing countries have been declining in general and The Gambia is no exception to this. Development finance inflows into the Gambia during the period under review 2006 to 2016 was derived from domestic public revenues and domestic borrowing, Official Development Assistance, Remittances, Climate Change, Public Private Partnerships (PPPs) and Foreign Direct Investment (FDI). Although important in 2006, accounting for over 12% of GDP, FDI was on a downward slide like ODA due in the main to governance issues. Domestic Credit to the public and private sectors was the fourth largest source of funding after remittances, public revenues and ODA. Remittances were the single most important inflows with an annual growth rate of about 15% in the past decade and accounting for the largest contribution to GDP of 22% in 2016. Public Private Partnerships and Climate change funds are smaller in nature and PPPs inflows only had one transaction recorded in 2008 when Gamtel/Gamcel deal with Spectrum International worth U.S \$35 million in the Telecommunication sub- sector, was struck. Inflows from Global Environment Fund (GEF), although small, are used as a proxy for Climate Change funds.

### **CONCLUSION AND RECOMMENDATIONS**

This DFA has as broad objectives of establishing the baseline for assessing the extent to which an INFF or some of its six building blocks exist or are at work in The Gambia. It also provides the roadmaps for implementing the recommendations of the Second DFA including the establishment of an INFF. Key messages from the DFA emphasize the



fact that among the building blocks of the INFF there are some strong points that require consolidating but weaknesses in policy, capacity and institutions should be addressed if the maximum impact of the plan were to be realized. The Gambia can proceed with the establishment of an INFF to be housed by the Aid Coordination Directorate of the Ministry of Finance and Economic Affairs. The expected time frame for establishing an INFF is one and half years.

The opportunity for The Gambia to harness more development finance to effectively and efficiently implement the NDP could not have been better now after a successful transition of political power from a regime generally marred with dictatorship, poor economic governance, declining ODA and FDI to say the least, to a political dispensation that is full of hope and opportunities of reconnecting with all the providers of development finance on improved terms. In fact ODAs, FDI and PPS can be a huge source of funding the NDP if Government acted as recommended by the financing strategy.

Government should develop and implement several interrelated policies, strategies and programmes to address social protection challenges. The DFA recommends that social protection spending be increased from its marginal ratio of 0.95% of GDP in 2018 to 2.5% in 2019 and thereafter increased by 0.5% of GDP annually up to 2021 and by 1% of GDP from 2022 to 2026 to reach to 9.5% which is close to the 10% of GDP target set in the social protection policy. The institutional set up of social protection is missing and should be established.

The financing envelop as proposed by the Health Sector Strategy with an annual average of U.S \$8 million for 2018 to 20202 is grossly inadequate and **the study appeals to the donors to urgently build consensus as to the total amounts of resources to be provided to the sector as a step gap measure so that delays are avoided in loosing time in implementing the milestones of the health sector priorities for the NDP.**

**The sector will greatly achieve its goals if investments are doubled or quadrupled in the three key areas of procurement of medicines and vaccines, purchase of equipment, and enhancement of key health personnel. The other area that needs at least doubling of resources is in the area of Universal Primary Health Care.**

Taking queue from the Energy Sector Road Map by the World bank, the biggest challenge for this sector is the electricity sub-sector and as such, the road map puts the total cost of financing of this subsector up to 2025 at U.S.\$574 with U. S. \$224 to be provided by the private sector and U.S \$350 to come from the public sector which already has committed U.S\$185 million and still has a financing gap of U.S \$165. Solving this electricity problem is critical as electricity is the nerve of the economy and its regularity in availability and affordability will have a reverberating effect on all the economy and will be one major achievement of the NDP. Governance issues affected the energy sector and making NAWEC financially viable are eminent steps to be taken to attract PPPs through competitive IPPs in generation.

The recommendations of the Second DFA for The Gambia are structured in four broad areas in line with DFA objectives as: how to improve the linkages between planning and budgeting, how to strengthen multi-stakeholder participation, mobilizing financing by identifying opportunities and effectively utilize the resources and how to effectively manage financing to maximize impact including the establishment of an Integrated Financing Framework (INFF). In this regard the recommendations are:

a) [Strengthen the link between planning and financing](#)

**MTEF is critical in establishing the linkages of policy-planning-financing and should be fully operationalized by moving from its current programme and sub-programme budget classification to a more performance based-budgeting with objectives and activities.** MTEF implementation in The Gambia should target achieving four broad objectives: 1) to improve the accuracy of the sectoral budgets; 2) improve inter-sectoral budgetary allocations to broadly reflect strategic policy priorities of the NDP; 3) introduction of demand side discussions for better budgeting within the executive; and 4) emphasis the need for better budget execution and procurement process.

**The weak capacities in preparing accurate sectoral budgets, in fully taking charge of the oversight responsibility by the National Assembly and Cabinet, in being fully engaged in a constructive way by the civil society and the updating of sectoral strategies (e.g the Ministries of Health and Petroleum and Energy) to align them with NDP priorities should be added in the must do list.**

**The Governance issues of some sectors such as health and SOEs should also be addressed and the urgent completion of the on-going health sector assessment to inform future health policy and programmes. Even though the electricity sub-sector is aligned to the NDP, its Road Map should be implemented to permanently resolve the energy crisis this country has had for long.**

**Another constraining factor to deliver financing for results is the fact that the IFMIS had difficulties reporting the progress in PAGE implementation even for Government's own contributions. This weakness stems from the lack of mapping out on the IFMIS system a reporting format that can incorporate the various pillars of PAGE and must be addressed for the NDP.**

**Restores fiscal discipline and implement fiscal consolidation measures to avoid wasteful expenditure and redirect the additional resources from these reforms to impactful NDP priorities. Utilize Government revenues for spending in the social sectors and social protection and other Government operations as this source is more predictable and sustainable in the long run.**

**Re-channel ODA inflows that were directed to the Civil Society due to Governance issues back to the budget for better targeting and more impact. This will help in determining the MTEF Resource envelop for the medium term.**

b) Strengthen multi-stakeholder participation in financing dialogue

**Establish a Public Private Dialogue (PPD)**, under the auspices of the Gambia Chamber of Commerce and Industry (GCCCI) with backstopping from GIEPA, to bring together the private sector and the Government at the highest level to identify and remove critical bottlenecks to local competitiveness. **The Business Council was established to fulfil similar objectives and therefore its focus can be re-oriented and its efforts institutionalized through more frequent meetings which is not the case now.**

**The Health sector and its donors should therefore conduct an emergency consultation to provide temporal funding to at least cater for the procurement of medicines and vaccines, equipment, capacity building of doctors nurses and lab technicians and scaling up of resources for PHC.** This is justified by the modest estimates of an annual average of U.S. \$8 million in the Health Strategy which is hardly sufficient for is the procurement of medicines and vaccines alone. If nothing is done in anticipation of pending health sector assessment and updating requirement of the health strategy, valuable time will be lost in implementing the NDP.

Establishing an INFF will require that a forum between Government and the donor community be created to discuss the INFF reports and other PFM reforms for better targeting and utilisation of development finance.

c) Effectively managing finance to maximize sustainable development impacts

**GEIPA's investment promotion activities to be focused on attracting FDI in Agro-processing mainly for groundnuts and cashew, fisheries and ICT** as recommended by the 2017 UNCTAD Investment Policy Review in The Gambia.

**Although Remittances is expected to decline due to the deportation schemes and the reversal of migrations due to improved governance, it** should be better organised and restructured with the establishment of a Diaspora Fund and a Diaspora Bond to maximize its use to make these funds more impactful. As of 2016 Remittances of about 22% of GDP, was the most influential source of development finance for The Gambia.

**Avoid poorly structured PPPs and learn from recently past ones which were very costly. In order to maximize its impact, the capacity of the PPP Directorate should be built. The Inflows of PPP can be most effective in financing the infrastructure deficit, which is reflected in the NDP Flagship projects.**

**Channel FDI inflows to agro-processing and light manufacturing** mainly in fish, groundnut and cashew processing, other value chain services as well as in glass manufacturing and ICT for more impact.

**The institutional set up for social protection is now established at the Office of The Vice President** and ensuring that there is the necessary institutional framework to adequately response to the national social protection needs in an efficient and effective way becomes paramount.

**Strengthen key Institutions with legislation, capacities and restructuring by establishing a National Capacity Building and Institutional Support project.** The Priority institutions include Managers of the Economy and (Ministry of Finance, GBOS, and Central Bank, National Audit), the Judiciary, State Owned Enterprises and Local Government Authorities and oversight institutions like the National Assembly. The capacities of civil society should be enhanced if they are to play their due role in holding government accountable in its deliverables.

**Use ODAs for capacity building and institutional strengthening, for financing of public goods and other investments that are unattractive to the private sector as detailed out in the NDP Flagship projects.**

**Although strong elements of each building blocks of INFF in The Gambia, there are weak areas that call for urgent improvement if an INFF were to be established.** It is therefore imperative to **establish an INFF Office by expanding the mandate and capacity of the Aid Coordination Directorate to ascertain that all the six building blocks of the INFF are met.**

**The PFM reforms agenda in The Gambia must be updated to take into account the key reforms highlighted in this DFA** with particular emphasis on establishing and strengthening an Integrated Financial Framework as a more strategic and performance mechanism of ensuring maximum impact of the NDP implementation.

d) [Mobilizing Financing: identify opportunities to access and effectively use finances](#)

**The performance of The Gambia Revenue Authority is so far satisfactory, although much could be done to raise the domestic revenue to GDP ratio. This should be complemented with additional development resources from local banks,** Local Government Authorities, SOEs and sustained through continued fiscal consolidation. However, a recent Tax Administration Diagnostic Tool (TADAT) by the IMF has poorly rated tax administration in The Gambia and this coupled with relatively high tax rates and multiplicity of taxes at both the central and local government levels can affect tax collection through low compliance and also inhibit foreign direct investments and other forms of investments into the country. Therefore, there is some urgency in reforming tax administration in The Gambia.

**There has been coordination concerns in mobilizing ODA for the Gambia** from Office of the President, the Ministry of Foreign Affairs and the Ministry of Finance and Economic Affairs. To tackle this conflict the latter should assume the lead in all aid mobilization. The change in political dispensation provides The Gambia a huge political

capital that can be cashed in, in exchange for ODA. More efforts should be put in mobilizing resources from emerging sources from bilateral countries like China, Turkey, South Korea and others like the climate change funds, Pops, Millennium Challenge account (MCA), OIC and existing sources such as the Japanese TCAD IV. In fact the OIC meeting presents a unique opportunity to frontload some of the infrastructure projects of the NDP

**The restrictions on borrowing only highly concessional loans to make the debt sustainable should be used to mobilize more grants and only use loans to finance mainly projects that have good income streams so that these projects can be self-financing.**

**Make more beneficial GEIPA's investment promotion activities in order to attract more FDI by rebuilding the battered image of the country and also lull in companies that provide various value chain segments in SSA.** FDI is likely to play a leading role in financing the NDP thanks to the rapidly changing political and economic landscapes that will positively impact the business environment.

**PPPs like ODA and FDI grace on good governance and have a huge potential of financing the infrastructure deficit and in supporting some of the key SOEs.**

**The potential of Climate Change Funding is still under-utilized** and can be better harnessed by developing an integrated resource mobilization strategy for climate change, building capacity to access climate funds and establishing The Gambia Climate Fund.

**The reduction in Government's spending can be substituted for more credit to the private sector for investments into the real sector.** Already, the banking sector has developed more innovative products to diversify their investments away from Treasury Bills. Other innovative financial inclusion measures as suggested by the UNCDF scoping Mission are to be implemented.

**South-South Cooperation and PPPs can be explored to fund investments in the health sector.**

**Restructure the finances of NAWEC to make it attractive to PPPs and in particular IPPs.** The financial situation of NAWEC is in very distressed situation with a loan totalling about D9 billion.

**Government and partners to send a very strong policy message on social protection by raising its spending** from its estimated level of 0.95% of GDP in 2018 to 2.5% of GDP in 2019 and thereby increasing it by 0.5% of GDP up to 2021 and thereafter by 1% annually up to 2026, to be able to reach the policy target of 10%. Further pursue opportunities in forging partnerships with donors for social protection intervention in health, education, social development, employment and livelihood promotion, illegal migration and agriculture.

**It is imperative to put a reliable monitoring mechanism to ensure that the total pledged amount from the Bruxelles Round Table is fully delivered.**

### **Roles and Responsibilities: Government and Development Partner.**

In order to adequately prepare itself for this and to address the shortfalls identified in the DFA, Government is determined to adopt a broad agenda to address the following challenges: establish an INFF Office through expansion of the mandate and capacity of the Aid Coordination Directorate; Fully implement the MTEF and map out IFMIS reports to suit NDP reporting requirement; Maintain equity in the delivery of social services; attract Public Private Partnerships and FDI through improved business environment; be aggressive in mobilizing the total financing for the NDP; deepen the reforms in the financial sector to accommodate innovative financing mechanism; establish a Public Private Dialogue (PPD); improve civil society and citizen's engagement in development and create a National Project for Policy, Capacity and Institutional Strengthening.

The development partners on their part should also enhance their leveraging and catalytic powers to appropriately contribute to the effectiveness and efficiency of development finance by: Providing best practices from other countries of evidence-based policy making for results and knowledge sharing; support the Government with financial and technical assistance to address the key policy, institutional and capacity constraints; Improve aid coordination issues; support sectors to align their plans with the NDP and commit to mutual accountability in delivering the pledged resources.

## **SECOND DFA ROAD MAP**

The DFA proposes the following sets of action oriented follow up activities that are summarized in Table 18 below which when implemented will yield the intended impact of achieving the SDGs and NDP priorities.

### **2. INTRODUCTION**

#### **A. The Country and Political Context**

The Gambia, one of the smallest countries in Africa is situated in West Africa and occupies an area of 11,300 sq km. A small tropical country, with two distinct dry and rainy seasons, is located between latitudes 13°28N and 16°36W. The country is surrounded by the Republic of Senegal in all sides except to the West where lies an 80 km coastline with an exclusive fishing zone of 200 nautical miles. The country's borders roughly correspond with the path of the River Gambia. The capital city is Banjul and English is the Official language. The country has mainly eight ethnic groups and prides herself of being one of the best examples of religious tolerance. The constitution recognises it as a secular state even though Islam accounts for 96 percent of the population and Christianity 3.8 per cent and other traditional religions

less than one percent. According to the 2013 Census, the total population was estimated at 1,857,181 inhabitants with an average annual growth rate of 3.1 per cent.

The Gambia gained her independence in 1965 and became a Republic in 1970. It is a multiparty democratic Government with a unicameral legislature called the National Assembly. Political power had shifted only three times since 1965 with President Jawara dominating the reigns of power from 1965 to 1994 with his rule brought to end by a bloodless military coup that saw President Jammeh with his heavy handed and dictatorial leadership for a period of 22 years.

In January 2017, the third President Adama Barrow took over power, in a peaceful transition. He defeated Jammeh in a stiffly contested democratic election, under the banner of the Coalition Government. Presidential and parliamentary elections are held every 5 years and the country is a secular state guaranteed in the 1997 Constitution and has remained a shining example of being a peaceful country in Africa.

The ground breaking development that followed the December 2, 2017 Elections is still an imagination to many that The Gambia, after a 22 years of dictatorship, can peacefully transfer power to a democratically elected Government. This historic event ushers in renewed hopes of expanded freedoms, much more conducive economic and business environments, a more committed reform agenda to decentralization and the protection of individuals and their properties with better security and safety guarantees for all residents of The Gambia. As a result, the new Government is confronted with daunting tasks of urgently addressing an economy in crisis, increased security challenges, a total collapse of national institutions and the rule of law, frustrated youthful population and in general, a demoralized and traumatized population.

## B. The Socio-Economic Context

### i) The Economy

The economy is emerging from gross mismanagement and severe threats and occurrences of macroeconomic instability and significantly falling Official Development Assistance and FDI, due to political and economic governance issues, to an improved country with huge political capital that can be cashed in for a scaled up development finance funding under a stable macroeconomic condition that has substantial prospects of ameliorating the standard of living of Gambians. This anticipated economic environment can only happen after the quick restoration of fiscal and monetary discipline, broader economic reforms such as broadening the tax base, strengthening the governance structures of the State own enterprises (SOEs) and making them more performance oriented, better targeted investments in the productive sectors to drive further growth among others.

As part of the policy environment, the Gambian economy is briefly discussed. The Gambian economy, measured in terms of GDP of about US \$0.9 billion is relatively small and its growth is influenced by both external and internal factors subjecting it to

unpredictable swings. The high population growth of about 2.7% and now 3% and the low growth of real GDP averaging around 3% for the past 15 years has resulted to a rebased GDP with a new real per capita income of about US \$711. By this indication the Gambia is closing edging towards middle-income status.

Listed among the internal factors are the vagaries of the weather particularly the impact of rain fall on agriculture output which sector employs about 70% of the population and accounts for about 28% of GDP on the one hand, and how this sector impacts overall growth on the other. Growth has also been affected by the way the economy and the country at large have been managed over time as the economic and political governance dictated the conduciveness of the business environment as well as the much needed development finance inflows into the country. External factors such as the oil price shocks of 2009 and the impact of the Ebola crisis on tourism in 2013 and 2014 are blamed for negatively impacting on growth.

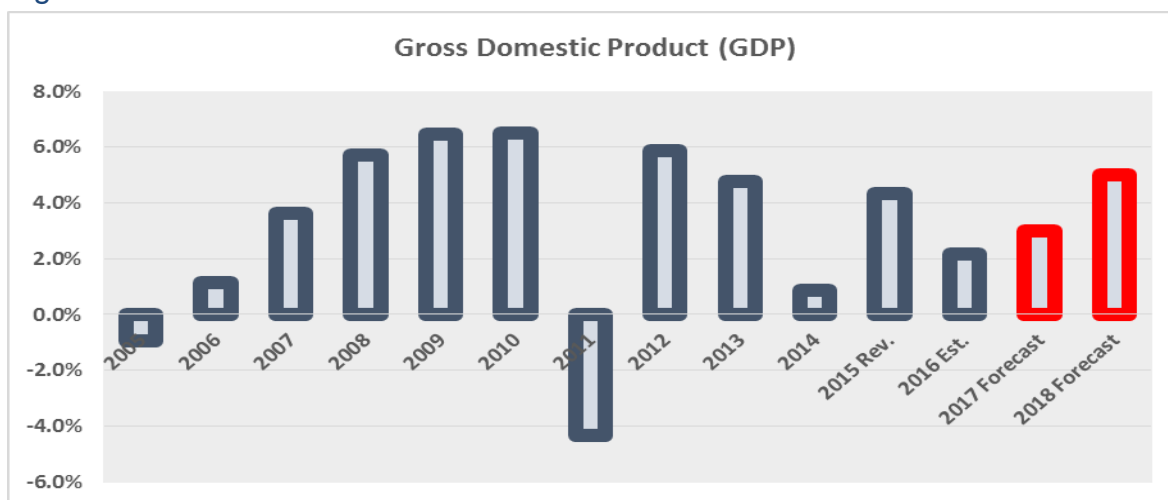
The figure1 below shows that real growth was very strong in the years 2007 to 2010 averaging nearly 6%, the drought in 2011 resulted to negative growth of above 4% and this held back growth in the immediate subsequent years coupled with the adverse effects of the Ebola crisis and bad governance in general. While the strong growth in the cited years were mainly from the sectors and sub-sectors that were considered growth drivers such as energy, telecommunications, tourism, construction, agriculture and relatively better economic governance that was propelled by the investments made in preparation of the African Union Meeting in The Gambia in 2006. These very gains started to unwind after 2011 and the last two years before 2017.

Provisional estimates from the Gambia Bureau of Statistics (GBOS), indicated a growth rate of 2.2 percent for the Gambian economy in 2016, compared to 4.3 percent recorded in 2015. The decline was mainly attributable to late and inadequate rains and its effect on agriculture, policy slippages and uncertainty surrounding the end-December 2016, presidential elections.

However, projection for 2017 is more promising with growth estimated at 3.0 percent slightly below the Sub-Saharan Africa forecast of 3.3 percent in 2017 by IMF. The 2018 growth forecast of 4.8 percent is above the Sub-Sahara Africa forecast of 3.5 percent, and is premised on steady growth in tourism and agricultural sector, particularly crop production.



Figure 1: Real GDP Growth



Source: MOFEA MTEFF

Gambia's real GDP growth is projected to accelerate over the medium term, driven primarily by agriculture and the service sector. In 2017, normal rainfall patterns and the continued recovery of the service sector are expected to push the GDP growth rate to 3.0 per cent. Agricultural activity is projected to increase over the medium term, spurred by investments in irrigation schemes and the development of value chains for groundnut, cashew, sesame, rice, and horticultural projects as part of the new NDP strategy. While tourism activity is expected to rebound as the disruptive impact of the political crisis wanes, this will be a gradual process, and the reputational effects of the crisis are expected to linger.

The continued implementation of structural reforms and projects outlined in the NDP will accelerate growth in construction and the service sector, and improving the energy supply is among the government's top priorities. However, industrial activity remains subdued in 2017. Overall, the GDP growth rate is projected to gradually increase to 3.5 per cent in 2018 and 4.5 per cent in 2020, exceeding its 10-year average of 3.6 per cent. The anticipated completion of a regional hydropower project in 2020 will further accelerate economic growth over the long-term.

The generally positive economic outlook will hinge on the country's ability to restore and maintain macroeconomic stability and improve the efficiency of the public sector. Key objectives of government will include sharply reducing domestic financing of the deficit, mobilizing external concessional resources, continuing a gradual fiscal consolidation from 2018 onward and stabilizing inflation under the 5 per cent target. Furthermore, the fiscal risks posed by both the debt and SOEs is worthy of special mention and hence their discussion below.

### Public Debt

The Gambia's heightened debt stock of 130 per cent of GDP that the new government inherited is a serious challenge. The total public debt stock increased from 83.3 per

cent of GDP to 120.3 per cent between 2013 and 2016. This increase in the public debt has been fuelled by fiscal dominance. The external public debt stock is estimated at 52.4 per cent of GDP and is largely concessional. However, the domestic debt stock rose from 37.1 per cent of GDP in 2013 to 53.9 in 2015 and reached 67.9 per cent in 2016. Rollover risks are high, as more than 62.4 per cent of domestic debt consists of T-bills with maturities of less than one year and the short-term foreign currency debt to reserve ratio is also high at 31.6%, due to external obligations. In December 2016, central government liabilities to the CBG were consolidated into a single 30-year bond at a 5 per cent interest rate to be paid off in 60 biannual instalments starting in March 2017. The total debt stock as at end 2016 stood at GMD48.2 billion equivalent to USD1.102 billion.

As a proportion of total debt service, the external component declined from 36.6 per cent to 22 per cent while the domestic portion increased from 63.3 per cent in 2015 to 78 per cent in 2016. This indicates a decline in external debt service payment for the past year whereas the debt service payment on domestic debt for the same period increased drastically.

Total debt service as a percentage of total domestic revenue increased from 47.8 per cent in 2015 to 52.3 per cent in 2016. The percentage change in the proportion of debt service to revenue was due to an increase in debt service payments over the year from GMD 3.6 billion to GMD 3.99 billion while total revenue remains almost the same for 2015 and 2016.

The public debt to GDP ratio has been growing recently and currently at about 124% of GDP. With the trend in the growth of the debt to GDP, fiscal sustainability is a priority for the government. As highlighted in the recent Debt Sustainability Analysis on the Gambia, by the IMF, there is limited fiscal space for borrowing.

### The State Owned Enterprises (SOEs)

The Gambia Government wholly owns 13 Public Enterprises spread across air sea, land and marine transport: Gambia Civil Aviation Authority (GCAA), Gambia Ports Authority (GPA), Gambia International Airlines (GIA), telecommunications: Gambia Telecommunications Company (Gamtel), Gambia Postal Services (GAMPOST), Gambia Radio and Television Services (GRTS), Gambia Printing and Publishing Corporation (GPPC), agriculture: Gambia Groundnut Cooperation (GGC), Energy and Water: National Water and Electricity Company (NAWEC) and Services: Asset Management and Recovery Corporation (AMRC), Gambia National Petroleum Corporation (GNPC) as well as Social Security and Housing Finance Corporation (SSHFC).

In 2009 oversight of SOEs shifted from the Gambia Divestiture Agency to the Ministry of Finance and Economic Affairs (MOFEA). The lapse in oversight arrangements and executive interference continued to undermine measures aimed at monitoring SOE performance, to anticipate needed corrective action, and to identify and manage fiscal

risks. Over the last two years, MOFEA had intervened (some of which were loans) to cover losses incurred by NAWEC, GAMTEL/GAMCEL and GGC and by guaranteeing their other debts.

Gambia SOEs have become a major burden on the government budget and pose critical risks to fiscal and debt sustainability. Challenges include poor corporate governance and accounting practices together with weak oversight. An extensive network of cross-debts between the central government and SOEs also weighs on tax collection and the viability of this sector. Financial controls and procedures throughout the SOE sector have been particularly inadequate and have provided opportunities for the misuse of funds and other assets, with growing evidence of massive embezzlement emerging from the previous regime.

Because of poor governance and gaps and conflicts relating to oversights, inter-PE relationships, mandates, and legal framework (the Public Enterprise Act of 1990) the performance of the SOE sector has been poor as indicated by the debts incurred by the SOEs in Table 8.

The poor financial performance of the SOE sector is compounded by their inefficiencies and imposition of non-commercial public service obligations and below cost pricing formulas without any compensation from Government. At the national level, arrears, and the absence of transparent budget allocations to cover non-commercial public service obligations obscures the priorities for public expenditure and investment.

The consolidated performance of the SOE sector declined steadily over the four-year period from 2010-2013. While total sector income increased from GMD 3.8 billion in 2010 to GMD 6.4 billion in 2014, post-tax losses over the same period increased from GMD 0.3 billion to GMD 1.7 billion, equivalent to 1 per cent of GDP in 2010 and 5 per cent of GDP in 2013.

Seven SOEs were unprofitable in 2013, with NAWEC registering the largest deficit at GMD 1.4 billion in 2013. Others in the same situation were GAMCEL (GMD 244mn), GAMTEL (GMD 132mn), GCAA (GMD 99mn), GGC (GMD 41mn), GRTS (GMD 13 mn) and AMRC (GMD 0.2 mn).

During the same period, the sector's net worth fell from GMD 7.9 billion in 2010 to GMD 5.5 billion in 2013. This primarily reflected the large build-up in SOE liabilities in recent years, which expanded by an average of 21 per cent per year from 2011 through 2013. Total assets posted strong gains, expanding by an average of 8.6 per cent during the same period however, the pace of expansion substantially lagged that of liabilities.

**Table 8: SOEs Debt as a percentage of GDP**

SOE/Project	2010	2011	2012	2013	2014
Grand Total (% share of GDP)	6.4	8.7	10.0	11.5	12.5

Source: MOFEA: Loans and Debt Department

In the energy sector, the urgent short-term need is to achieve financial equilibrium and “stop the bleeding.” The Port of Banjul still has a competitive advantage despite the competition from the Dakar Port. To make the best of this competitive edge, government must mobilize private funding through a PPP akin to the landlord PPP model with BOT Structure as recommended by the IFC.

With the other SOEs that are relatively stable, the government will initiate performance contracts to ensure that they run cost-effective operations. This, coupled with the implementation of the 2017-19 SOE reform program agreed with the World Bank, will put them on a more robust footing so that they can eventually pay dividend to the budget.

Public Enterprises such as the Gambia Ports Authority, GAMTEL/GAMCEL are potential candidates for PPPs for at least two reasons. The first being the dire financial situation and the desire to uplift their deplorable conditions in order to salvage them from eminent bankruptcies. The second stems from the fact that some of the SOEs need strategic partnerships to upgrade and modernize their aging infrastructure, which require huge financial resources that are domestically unrealizable in the short-term.

## Fiscal Performance

Fiscal dominance has been a main feature of economic management in The Gambia especially after 2009 when the civil service started to bulge in numbers particularly from the security forces, at a time when recurs was made to the National Budget by the State Own Enterprises, the diplomatic missions expanded both in numbers and scope and wasteful consumption expenditure by the former regime became the order of the day. This notwithstanding, the period 2006 to 2009 demonstrated fiscal restraint and some of the best periods in terms of economic growth of this country.

Total revenues and grants of 17.3% of GDP in 2006 was raised up to about 24% in 2012 due to increased grants and domestic revenue mobilization efforts, further witnessed a decline to 19.3 in 2016. Domestic revenue collection in the medium term is projected to increase with an average growth rate of 9.9 per cent from D9, 181.7 million in 2018 to 11,561.5 in 2021. This is attributed mainly to various tax administration reforms to improve revenue collections, such as strengthening compliance and further broadening the tax base, and the review of exemptions to reduce the magnitude of revenue loss and abuse.

Expenditure from wages, other charges and capital were expansionary and more so from the earlier mentioned two components of expenditure at the expense of the latter. Expenditure to GDP ratio was broadly above 25% from 2006 to 2016, commencing from 22.9% of GDP in 2006 and reaching its highest level of 29.1% of GDP in 2016. Total Expenditure in the medium term is projected to increase with an average growth rate of 2 per cent from D9.5 billion in 2018 to D10.7 billion in 2021. This projected increase in expenditure is lower than the projected domestic revenue mobilization within the same

period with an average fiscal deficit of D36 million. This growth in expenditure is largely expected to be as a result of increased current and capital expenditure. Growth in current expenditure has been led by spending on Personnel Emolument and Debt Service Expenditure. Growth in Capital Expenditure will be increased as a result of spending on the development projects highlighted in the NDP.

The overall fiscal deficit of the country mirrored the trends in revenues and expenditures with the largest fiscal deficits registered in 2013 of 8.6% and in 2016 of up to 9.8% of GDP. The deficit hovered around 5% or below in the years starting from 2006 to 2012 and thereafter rose significantly above 5% of GDP. However, the Government's fiscal position improved significantly in 2017 due to fiscal consolidation efforts, tighter expenditure controls, revise travel plan, budget support from donors just to mention few.

Going forward, the government remains committed to fiscal consolidation and will continue to reinforce the implementation of strict expenditure measures aimed at controlling government spending and implementing the requisite structural reforms.

Net domestic borrowing has significantly reduced from more than 10 percent of GDP to below 1 percent of GDP, leading to a decline in interest rates with the average T-bill rates dropping from 17.4 percent in October 2016 to 5.5 percent in 2017. Government aims to gradually reduced Net Domestic Borrowing to zero percent in the medium term.

Achieving fiscal sustainability is brought to sharper focus by the unsustainable size of the public debt which imposes a constraint on future borrowing by putting the Gambia at the level of high risk of debt distress as recently concluded by the IMF Debt Sustainability Analysis on The Gambia. It also calls for additional fiscal efforts by improving the quality of expenditure through the reduction of discretionary and wasteful expenditures on salaries, operations of multiple diplomatic missions and making the State Own Enterprises more viable and less dependent on the budget. These reforms are currently ongoing in the form of civil service and SOEs reforms, restraining government borrowing strictly to highly concessionary loans, rationalization of the diplomatic missions and improving the quality and effectiveness of government expenditure.

Therefore minimizing wasteful expenditures by rationalizing and streamlining Ministries and Diplomatic Missions, huge spending in maintaining and operating Government Vehicles and a very high civil service wage bill will create such a huge fiscal space that can be directed in targeted spending in order to achieve the NDP goals.

## Inflation

End period inflation rate was 4.8% in 2005 and remained benign for the period up to 2008 when it reached 6.8 in 2008 then to above 5% in 2010 and the years succeeding 2012. Consumer Price Inflation decelerated to 6.9 percent in December 2017 compared to 7.9 percent at end 2016.

## Exchange rates

Under The IMF Article 4, The Gambia had pledged to maintain a floating exchange rate and this pledge was disregarded on several occasions and instead the Executive kept tampering with the exchange rate, the latest being in mid 2016. This therefore made the exchange rate very volatile and thereby making business decisions very unpredictable. For instance the Dalasi depreciated by about 20.6% in 2007 and appreciated by similar magnitudes by 2008. After the 2016 Elections, the Dalais depreciated against all the major trading currencies in 2017, although the fallout from the political impasse and self-correcting exchange rate were partly responsible. Demand pressures moderated considerably during the year as the market overturn to an improved supply. However, with renewed confidence in both the political and macroeconomic policies, inflows are expected to improve markedly in the short to medium term even though expansion in business activities could come with its associated demand for foreign exchange to cover imports.

Furthermore, efforts to build the NIR may come with a cost of hiking exchange rates. Based on the foregoing, the Dalasi is expected to remain under pressure in the short to medium term, which is expected to moderate in the long term.

## External sector

The overall balance of payment has been oscillating from a deficit situation of US \$11.5 million in 2010, U S \$6.5 million in 2013, US \$55.5 million in 2014 and US \$17 million in 2015 to a surplus position of US \$30 in 2011 and U. S \$34.5 million in 2012. Preliminary balance of payments estimates for 2017 indicates a surplus of US\$3.2 million, in comparison to US\$1.1 million recorded in 2016. This increase is on account of improvements in both the current and capital and financial accounts.

### ii). Social Context

The social indicators have not shown any better outcome, as poverty is still very high and a rural phenomena claiming 71% relative to 26% in urban areas. The biggest gains in the fight against poverty reduction was in the decade 2000 to 2010 when, according to the Integrated Household Survey in 2010, poverty was reduced from 58% to 48% between 2003 and 2010. Unfortunately, this gain too was reversed immediately after that due to macroeconomic instability induced by subsequent years that were characterized by the 2011 drought and the poor rains in 2015 and bad governance in general.

The 2012 labor force survey in The Gambia indicates that the unemployment rate stands at 29% nationally and unemployment is highest among the uneducated (28%), middle school dropouts (36%) and the youth (38%). The frustration in youth unemployment is translated into a high migration rate and explains the disproportionate share of Gambians featuring among the African migrants going to Europe via the Mediterranean Sea. Similar conclusions were made about the country's social and

economic indicators from the Mid Term Review of the PAGE and the last report on the MDGs.

A Mid Term Evaluation of PAGE that was conducted showed mixed results. While the broad economic and poverty reduction objectives were not likely to be achieved due in the main to the 2011 drought, lack of donor support and very ambitious projections, that of improving and modernising infrastructure in energy, transportation and ICT were largely achieved as on-going road projects were completed and The Africa Coast to Europe (ACE) project to facilitate broad band connectivity was operational, albeit with restrictions. Similar progress were recorded in access to quality basic services: education, health, water, sanitation and universal access to primary education and gender parity (1:1) in primary and secondary schools achieved. Access to health services and doctors had improved registering gains in reducing child and maternal mortality.

Efforts to improve governance and fight corruption went in vein as the World Bank CPIA rating saw The Gambia drop points from 3.5 out of a maximum of 6 in 2010 to 3.3 in 2013. The country had done better than the CPIA average on Public Sector Management and Institutions, but lost ground on quality on public administration and transparency, accountability, and corruption in Public Sector between 2011 and 2013. The decentralization agenda too had experienced considerable setbacks due to lack of political commitment.

The institutional arrangements proposed by PAGE were hardly implemented and planning units instrumental at the sector level barely had the human and material resources to perform. Sustainability of PAGE financing was constrained, as taxes were already deemed too high, debt burden increasing, and official development assistance were gradually drying up. The requisite institutional framework and processes such as a Medium-Term Expenditure Framework (MTEF) and Programme Based Budgeting (PBB) to strengthen sustainability were relatively weak. On Cross-Cutting issues, the Gambia registered a myriad of achievements that put gender equality and women empowerment on a sound legal and institutional footing. With respect to environment and natural resources, Gambia's forests have been steadily degraded over the past two decades due to human intrusion.

Overall, PAGE was found to be highly relevant to stakeholders, but effectiveness in achieving development results and consolidating macroeconomic management was low. The effectiveness of PAGE regarding results on Education, Health and Water was rated high while growth sources to achieve PAGE targets and selected global indices under all other Pillars were moderate. The effects of poor rain on agricultural output, that of Ebola on trade and tourism in 2014 coupled with the lowest ebb in the relation between the Gambia and her donors in particular and the international community at large, were to blame from the poor outcomes of PAGE implementation.

Similar conclusions on the social indicators were reached by the MDG progress report on The Gambia, although it highlighted the unfinished business of the MDGs



mainly in the quality of education and adult literature, inequality of access and use of health services, particularly for the poor and in the fight against poverty. The incidence of poverty is not only high, at 48.6 per cent, but also increased in absolute terms; since 2010, rapid population growth added 150,000 people to those living below the poverty line. Poverty is higher and deeper in rural areas, where 70 per cent of the population is poor.

Access to improved sanitation facilities worsened greatly, dropping from 88 to 40 per cent since 2000. Health outcomes improved. Investments in immunization and disease control helped reduce infant and child mortality. Malaria deaths declined, access to insecticide-treated nets improved, births attended by skilled health personnel increased, and HIV prevalence reduced. Access to improved water sources also increased. However, inequality of access and use of health services, especially for the rural poor, is still a challenge. Maternal mortality remains very high. The decline in contraceptive use is of particular concern given the high fertility rates and rapidly increasing population.

The development of the National Development Plan (NDP) spanning the period 2018 to 2021, as a successor to the PAGE for the period 2011 to 2015 but extended to 2016 reflects the aspirations of New Gambia. The plan takes into account the country's international obligations as articulated in the African Union Agenda 2063, Istanbul Plan of Action and the Sustainable Development Goals as a successor of the Millennium Development Goals.

### C. Policy and Institutional Context

#### **The Plan Framework**

The new Government has developed The National Development Plan to take into account changing socio-economic, planning and political landscapes. The plan suggests further fiscal and macroeconomic consolidations and strategic investments in the form of flagship projects to address the development challenges of the country and meet the SDGs priorities. The financing of the plan calls for the scaling of ODAs, FDI and the use of PPPs to be able to fully implement and meet the NDP priorities. The plan framework comprises a vision, a goal, the strategic priorities and critical enablers that together provide a roadmap for the plan.

#### **The Vision**

The Government's vision for the "new Gambia" is a country that upholds the highest standard of governance, accountability and transparency; where social cohesion and harmony prevails among communities; citizens enjoy a standard of living and access to basic services to enable them to lead decent and dignified lives; youth, women, children realize their full potential, and a nurturing and caring environment exists for the



vulnerable; there is an enabling environment for our private sector to thrive; and our natural heritage is nurtured and preserved for future generations.

## **The Goal**

The goal of Government under the plan is to “deliver good governance and accountability, social cohesion, and national reconciliation and a revitalized and transformed economy for the wellbeing of all Gambians”.

## **The Strategic Priorities**

The vision and overall goal of the NDP will be realized through eight strategic priorities: 1) Restoring good governance, respect for human rights, the rule of law, and empowering citizens through decentralization and local governance; 2) Stabilizing our economy, stimulating growth, and transforming the economy; 3) Modernizing our agriculture and fisheries for sustained economic growth, food and nutritional security and poverty reduction; 4) Investing in our people through improved education and health services, and building a caring society; 5) Building our infrastructure and restoring energy services to power our economy; 6) Promoting an inclusive and culture - centred tourism for sustainable growth; 7) Reaping the demographic dividend through an empowered youth; and 8) Making the private sector the engine of growth, transformation, and job creation.

The strategic priorities are complemented by seven critical enablers, namely: A public sector that is efficient and responsive to the citizenry; Empowering the Gambian woman to realize her full potential; Enhancing the role of the Gambian Diaspora in national development; Promoting environmental sustainability, climate resilient communities and appropriate land use; Making The Gambia a Digital Nation and creating a modern information society; A civil society that is engaged and is a valued partner in national development; and Strengthening evidence-based policy, planning and decision making.

A robust accountability framework will be put in place to ensure greater clarity on the roles of different stakeholders in the plan’s implementation, which includes for the first time the involvement of regional, ward and village level structures. Monitoring of the plan will be done at three levels, to ensure that plan objectives are attained: Executive level, through a Presidential Dashboard; Sector level Monitoring and Evaluation processes; and mechanisms to strengthen government-citizens’ engagement.

Government will pursue a number of strategies to ensure implementation; these include the Prioritization and sequencing of actions: addressing regional disparities in access to basic services and strengthening integrated urban planning; realignment of sector strategies and action plans to the overall orientation of the National Development Plan; regional integration and cross-border cooperation; and capacity development.

The National Development Plan of The Gambia (2018-2021) has been prepared against the backdrop of implementing PAGE and will draw lessons from it as well as

take cognizance of a combination of endogenous and exogenous factors. The endogenous factors are the recent political developments in the country and internal economic and social challenges stemming from decades of dictatorship and bad governance. Exogenous factors include the global environment and regional and international frameworks the country has committed itself to implement i.e. the African Union Agenda 2063, Istanbul Plan of Action, and the Sustainable Development Goals (SDGs). These factors briefly highlighted below, underpin and inform the priorities of Government over the plan period.

The plan will be resourced through a multi-pronged financing strategy, including among other actions, traditional development assistance, domestic resources mobilization; innovative financing instruments; and concessionary financing.

### Resource Mobilization to Finance The NDP

The financing strategy of the NDP is a resource mobilization strategy to fund the total cost of the plan. It involves analyzing the funding requirements for the National Development Plan flagships and priority projects by detailing out the total budget, the committed resources, and the existing funding gap. Based on the assessed gaps, the various sources and strategies for closing these gaps are identified and recommended.

### Plan Costs

A financing Strategy to cover the total cost of fully implementing the NDP has been prepared by the Government as a separate document. The NDP is costed and the total funding requirements is estimated at U.S \$2.4 billion with the main cost drivers being energy and infrastructure (57 per cent), agriculture (11.2 per cent) and human capital (8.34 per cent). Combined, the three strategic priorities account for 76.5 per cent of the total NDP budget. With respect to the highest cost driver, which is infrastructure and energy, most of the financing will be acquired through PPP and other innovative financing models.

Government has identified 42 flagship and priority projects for implementing the plan. The total cost of these flagships and priority projects, after accounting for committed resources is \$US 1.6 billion, of which \$US 157 (9 per cent) is expected to be government contribution, \$US 1.0 billion (62 per cent) from ODA and \$US 471 (29 per cent) from private sector investments – see **Table 1**. Fuller details are provided in the Financing Strategy of the National Development Plan.

**Table 1: Summary of NDP funding sources and Gaps**

	Total	Committed	Funding Gap	Financing Modality		
	Budget	Resources	\$US		\$US	

	\$US	\$US	('000,000)		('000,000)	
	('000,000)	('000,000)		Government	ODA	Private
						Sector
<b>Strategic</b>	2,053	670.66	1382.37	123.54	816.98	441.85
<b>Priorities</b>						
<b>Critical</b>	345.72	79.72	266.00	33.48	206.45	29.29
<b>Enablers</b>						
<b>Total</b>	2398.75	750.38	1648.37	157.03	1023.43	471.15

The Plan further develops these investments into 42 flagship projects that are carefully chosen as a consequence of their potential impacts towards the attainment of the SDGs and plan objectives. The gross funding requirements for the flagships and Priority Projects are also summarised in the Table 2 and it details out the yearly total costs, committed resources, funding gaps and contributions from government, ODA and private sector for all the flagships and priority projects as presented in Table 3.

**Table 2: Funding Requirements of NDP Flagships and Priority Projects**

Consolidated Funding Requirements for NDP Flagships and Priority Projects					
Strategic Priority	IMPLEMENTATION YEAR AND BUDGET				TOTAL COST (USD)
	2018	2019	2020	2021	
Restoring good governance, respect for human rights, the rule of law, and empowering citizens through decentralization and local governance	21,376,893.36	29,283,323.04	26,330,984.04	31,409,484.04	108,400,684.48
Modernizing our agriculture and fisheries for sustained economic growth, food and nutritional security and poverty reduction	22,960,756.25	92,617,327.30	103,122,856.84	51,849,059.61	270,550,000.00
Investing in our people through improved education and health services, and building a caring society	60,350,778.60	52,468,544.00	52,874,288.78	36,505,322.78	202,198,934.16
Building our infrastructure and restoring energy services to power our economy	367,130,000.00	357,008,000.00	335,308,000.00	321,444,000.00	1,380,890,000.00
Promoting an inclusive and culture-centered tourism for sustainable growth	150,000.00	200,000.00	350,000.00	300,000.00	1,000,000.00
Reaping the demographic dividend through an empowered youth	21,000,000.00	36,500,000.00	21,000,000.00	11,500,000.00	90,000,000.00
<b>Total for Strategic Priorities (SP)</b>	<b>492,968,428.22</b>	<b>568,077,194.34</b>	<b>538,986,129.66</b>	<b>453,007,866.42</b>	<b>2,053,039,618.64</b>
<b>Critical Enablers</b>					
A public sector that is efficient and responsive to the citizenry	621,875.00	1,221,834.00	1,148,500.00	944,125.00	3,936,334.00
Empowering the Gambian Woman to realize her full potential	3,000,000.00	6,000,000.00	12,000,000.00	9,000,000.00	30,000,000.00
Enhancing the role of the Gambian diaspora in national development	5,000,000.00	6,250,000.00	7,500,000.00	6,250,000.00	25,000,000.00
Promoting environmental sustainability, climate resilient communities and appropriate land use	16,485,500.00	33,767,500.00	40,376,000.00	41,026,000.00	131,655,000.00
Making The Gambia a Digital Nation and creating a modern information society	570,000.00	70,180,000.00	55,090,000.00	25,000,000.00	150,840,000.00
Strengthening evidence-based policy, planning and decision-making	4725000	8758000	5519000	10289000	29,291,000.00
<b>Total for Critical Enablers (CE)</b>	<b>25,402,375.00</b>	<b>119,927,334.00</b>	<b>114,133,500.00</b>	<b>86,259,125.00</b>	<b>345,722,334.00</b>
<b>Grand total (SP + CE)</b>	<b>518,370,803.22</b>	<b>688,004,528.34</b>	<b>653,119,629.66</b>	<b>539,266,991.42</b>	<b>2,398,761,952.64</b>

**The Financing Strategy intends to fully provide the funding for the total NDP budget of \$US 2.4 billion, of which the total cost of the eight strategic priorities flagships is \$US 2 billion or 83 per cent of the gross budget and the cost of the flagships for the Critical Enablers is \$US 345 million or 17 per cent of the budget.**

In terms of the yearly resource needs, the plan and financing strategy call for the frontloading of the resource requirements in years 2 and 3 of the plan period and that Year 1 requirement is \$500 million or roughly 20 per cent of the gross total funding requirement. Based on the information collected to determine the committed resources for each flagship/priority project, the funding gap for each flagship has been estimated. According to the findings of the Financing Strategy, the total funding gap is estimated at \$US 1.6 billion. The committed resources have been estimated at \$US 750 million. This is 33% of the gross budget of the flagships and priority projects. The main sources for the committed funds are the UN system through the UNDAF and GEF, World Bank, EU, and other partners. The Governance strategic priority has secured not so insignificant “seed” resources for this important flagship from the UN System. Similarly, resources committed by the World Bank through the Gambia Electricity Restoration and Modernization Project lays a strong basis to addressing the chronic electricity shortage.

Also important is the European Union contributions to the flagships on youth migration and on social protection.

As a proportion of total committed resources, infrastructure is the highest (\$US 567 million or 76% of the committed resources – mostly attributable to energy), followed by environment and climate change (\$US78 million or 10%), and human capital (\$US 63 million or 8.4%). Together these three sectors account for 94.4 per cent of the committed resources.

Committed resources are 41 per cent of the gross budget of the flagships/priority projects under the infrastructure and energy strategic priority, which is the highest. Among the strategic priorities, only the tourism flagship has no committed resources, while for the flagships under the critical enablers, there is no commitment of resources for women’s empowerment and ICT.

The high number of flagships with committed resources is an indication of good prospects for securing additional resources. This in turn could potentially translate into high implementation rates for the NDP.

**Table 3: Consolidated Funding gap and sources of financing**

Consolidated Funding Requirements for NDP Flagships and Priority Projects						
Strategic Priority	Budget (USD million)	Committed/Available Resources	Funding Gap	Financing Modality		
				Government	ODA	Private Sector Investment
	Budget (USD million)	Committed/Available Resources	Funding Gap			
Restoring good governance, respect for human rights, the rule of law, and empowering citizens through decentralization and local governance	108.40	11.89	96.51	14.48	82.03	0.00
Modernizing our agriculture and fisheries for sustained economic growth, food and nutritional security and poverty reduction	270.55	17.18	253.37	19.13	219.23	15.00
Investing in our people through improved education and health services, and building a caring society	202.19	63.45	138.74	21.69	112.21	4.85
Building our infrastructure and restoring energy services to power our economy	1,380.89	567.03	813.86	58.78	333.08	422.00
Promoting an inclusive and culture-centered tourism for sustainable growth	1.00	0	1.00	0	1.00	0
Reaping the demographic dividend through an empowered youth	90.00	11.11	78.89	9.47	69.42	0.00
<b>Total for Strategic Priorities (SP)</b>	<b>2,053.03</b>	<b>670.66</b>	<b>1,382.37</b>	<b>123.54</b>	<b>816.98</b>	<b>441.85</b>
<b>Critical Enablers</b>						
A public sector that is efficient and responsive to the citizenry	3.94	1.12	2.82	0.42	2.40	0.00
Empowering the Gambian Woman to realize her full potential	30	0	30	4.5	25.5	0
Enhancing the role of the Gambian diaspora in national development	29.63	4.63	25	2.5	22.5	0
Promoting environmental sustainability, climate resilient communities and appropriate land use	131.65	77.95	53.70	10.61	36.63	9.68
Making The Gambia a Digital Nation and creating a modern information society	150.84	0.00	150.84	15.08	116.15	19.61
Strengthening evidence-based policy, planning and decision-making	29.29	0.65	28.64	2.864	25.776	0
<b>Total for Critical Enablers (CE)</b>	<b>345.72</b>	<b>79.72</b>	<b>266.00</b>	<b>33.48</b>	<b>206.45</b>	<b>29.29</b>
<b>Grand total (SP + CE)</b>	<b>2,398.75</b>	<b>750.38</b>	<b>1,648.37</b>	<b>157.03</b>	<b>1,023.43</b>	<b>471.15</b>

From Table 4, a total of 41 flagships and priority projects have been identified for implementation - 32 for the strategic priorities and 9 for the critical enablers. This table

also shows the distribution of the flagships among the strategic priorities and from it infrastructure and energy has the highest number (11, representing 34%), followed by building human capital (8, representing 25%) and agriculture and fisheries (7, representing 22%). Combined these strategic priorities account for 81% of all the flagships. No flagships have been identified for macroeconomic stabilization and private sector.

Of the 9 flagships identified for the critical enablers, 4 of them (44%) focused on environment, climate and land use, reflecting the potential this strategic priority has in mobilizing external resources. With the exception of civil society organizations, flagships have been developed for all the critical enablers. A major focus is given to environment and climate change due to the scope and depth of challenges faced in this area, as well as in consideration of the potential this sector has to tap global resources.

**Table 4: Distribution of flagships among the NDP strategic priorities**

<b>Strategic Priority</b>	<b>No. Of Flagships</b>	<b>% Of total</b>
Restoring good governance, respect for human rights, the rule of law, and empowering citizens through decentralization and local governance	3	9.4
Stabilizing our economy, stimulating growth, and transforming the economy;	N/A	N/A
Modernizing our agriculture and fisheries for sustained economic growth, food and nutritional security and poverty reduction	7	21.9
Investing in our people through improved education and health services, and building a caring society	8	25
Building our infrastructure and restoring energy services to power our economy	11	34
Promoting an inclusive and culture-centered tourism for sustainable growth	1	3.1
Reaping the demographic dividend through an empowered youth	2	6.2
Making the private sector the engine of growth, transformation, and job creation	N/A	
<b>Total</b>	<b>32</b>	<b>100</b>

### Linkages and synergies

The flagships have been selected and designed to strengthen linkages and synergy. A few examples illustrate this:

The construction of rural roads under the infrastructure strategic priority will have a major impact on rural development and agriculture. It will facilitate agricultural commercialization, enable better market access and open up rural areas to trade and transport. Improved rural roads will also contribute to better delivery of health care and education services; and

The revitalization of river transport will directly contribute to the improvement of the country's transport system. On the other hand it could also contribute in a significant way to the diversification of tourism products and development of new niches for the sector.

### Financing Options of The NDP

Government will pursue three pathways to close the funding gap for the National Development Plan, namely: domestic Resources, ODA/Concessional financing, and private sector investments. According to the financing strategy, Government should contribute 9%, ODA to meet about 62% and the private sector to provide the remaining 29%. The strategies to pursue under each of these are further developed in the sections below.

Diversification of various sources and options (government, official development assistance or private investments) is important to ensure that the risks of failure to receive funding from any one particular source are minimized, there is an optimal matching of source to flagships/priority projects and fiscal risk is minimized.

The Gambia's economy is passing through a challenging period with limited fiscal space to directly fund key societal priorities by government. The National Development Plan will therefore initially be largely funded with external assistance with Government contributions increasing gradually as the net impacts of reforms kick in, and as the economy improves and becomes more robust.

### Domestic Resources

Reliance on domestic resourcing is becoming increasingly important for meeting the financing needs of developing countries. At the Third International Conference for Financing Development, held in Addis Ababa, Ethiopia (2015), mobilizing domestic resources was agreed as a major strategy to fund development including the SDGs. It is also a key strategy for financing the First 10-year implementation plan of African Union (AU) Agenda 2063.

The Gambia already relies heavily on taxation to finance government expenditure. But because of its debt servicing obligations, government has been unable to allocate significant resources to finance development. In the context of the plan, three measures will be adopted to increase government's contribution to implement its development agenda:

- Continue the path of prudent fiscal management, sound monetary policy and structural reforms which is expected to rationalize the budget;
- Prudent debt management, especially domestic borrowing which will lead to increased fiscal space; and

- More efficient revenue collections mechanisms and simplifying and expanding the tax base.

The medium-term forecasting for the 2017-2021 assumes no major policy changes with regards to new tax measures. It is mainly predicated on the buoyancy of the economy as confidence is restored and the reopening of previously closed businesses and the blossoming of many new businesses.

**Table 5: Medium Term Revenue Projections**

	2017	2018	2019	2020	2021
Revenue	12,243	12,937	14,054	14,974	15,954
Tax Revenue	8,103	8,537	10,397	11,540	12,809
Direct Taxes	1,876	2,064	2,586	2,791	3,012
Indirect Taxes	6,227	6,473	7,811	8,748	9,797
Tax on International trade	4,312	4,401	5,409	6,058	6,785
Tax on goods and services	1,915	2,071	2,402	2,690	3,013
Nontax Revenue	957	993	669	735	808
Grants	3,183	10,212	2,988	2,699	2,438

Total revenues and grants are projected to grow from D12 Billion in 2017 to D15 Billion in 2020 as in Table 10, which represents a growth of between 25 - 30% over the plan period. Public Domestic Revenue, which is made up of Tax and non-tax but excludes grants, will grow from D9.06 billion in 2017 to D12.7 billion showing a growth of about 40%.

Based on the above projections of revenues, three scenarios (Scenario 1, Scenario 2, Scenario 3) were developed to estimate Government's contribution to the NDP as 6%, 9% and 15% of the funding gap which translates to U.S \$83 million to U.S \$ 157 million to U.S \$247 million respectively (Table 6). This is a modest level by global and regional standards but is dictated by the high indebtedness of the country and the resulting tight fiscal space.

**Table 6: Scenarios for Government contributions to closing the NDP Funding Gap.**

Funding Source	Financing Modality (US\$ Million)		
	Scenario 1 (Baseline - 6%) (US\$ Million)	Scenario 2 (Intermediate - 9%) (US\$ Million)	Scenario 3 (Optimistic - 15%) (US\$ Million)
Government	83.30	157.03	247.26
ODA	1,093.93	1,023.43	929.97
Private Sector Investment	471.15	471.15	471.15
Total	1,648.37	1,651.60	1,648.37



With the prospect of renewed growth of The Gambian economy, scenario 3 is a realistic projection. This would result in ODA funding requirements of \$US 929 million or 38% of the gross budget of \$US 2.4 billion after discounting committed resources and private sector investments.

### ODA/Concessional Financing

As shown in the previous sectors, ODA/Concessional financing will play a key central role in the financing of the National Development Plan. This would vary from 45% of gross budget under scenario 1 (baseline), to 42% under scenario 2 (intermediate), to 38% under the optimistic scenario 3. The decade 2005–2014 witnessed major fluctuations in ODA receipts influenced by local, regional and international events. The Financing Strategy therefore proposes a serious re-engagement of the New Government with all the partners in development as there is very limited fiscal space imposed by high debt servicing. Government has to rely on grants and loans of a highly concessionary nature, in order to avoid further exposure, increasing the fiscal risks and vulnerability of the economy. Government will work with both traditional and non-traditional partners to secure the necessary financing.

### Private Sector and Innovative Financing

To ensure a successful implementation of the National Development Plan, critical focus must be anchored on alternative and more innovative ways of financing for development. Public Private Partnerships, Capital Markets, Blended Finance among other means must be explored as priorities to ensure sustainability and efficiency, especially considering the modern economy and the global financing agenda moving away from aid.

The main determinants of FDI are: the economy size, growth outlook, economic stability, institutional quality, the degree of openness of the economy (exports plus imports), and income level. Among these variables, The Gambia has a mixed record but mention is only made to the doing business index of the World Bank which tries to define the business environment. For instance, the country is ranked 151 out of 189 in the 2016 World Bank's Doing Business publication. The Gambia's recent performance in this ranking has not improved as shown below in Table 7. With the exception of tax payment, The Gambia's ranking in all categories worsened between 2015 and 2016. This deterioration in the Doing Business ranking reflects slippages in institutional quality that are captured by similar measures such as the 2016 Mo Ibrahim Foundation index of governance. With the New Government came new hopes for an improved business environment.

**Table 7: Gambia’s Ranking on the Ease of Doing Business. The rankings are out 189 countries.**

	2013 Rank	2014 Rank	2015 Rank	2016 Rank
<b>Starting a Business</b>	123	130	159	169
<b>Dealing with Construction Permits</b>	87	104	71	117
<b>Getting Electricity</b>	116	120	138	153
<b>Registering Property</b>	118	117	113	142
<b>Getting Credit</b>	162	165	160	162
<b>Protecting Investors</b>	178	178	162	163
<b>Paying Taxes</b>	183	184	180	177
<b>Trading Across Borders</b>	99	99	77	104
<b>Enforcing Contracts</b>	60	60	49	110
<b>Resolving Insolvency</b>	110	108	102	111

**Source: Doing Business, The World Bank.**

### **Public-Private Partnerships (PPPs) and other financing mechanisms**

The demand for basic infrastructure services in the Gambia has outstripped the Government’s capacity to supply. The participation of the private sector through Public Private Partnerships (PPPs) and other financing mechanisms is therefore required and must be pursued as part of Government’s commitment to employing innovative financing mechanisms for development in the context of the plan. The transport, energy, health and affordable housing sub sectors are areas that have significant opportunities for PPP and innovative financing mechanisms (infrastructure or service delivery) that can offer best value for money and timely delivery, while fully protecting the public interest.

There is only one short-term PPP that is signed for the energy sector and that is the KARPOWERSHIP which is for 2 years with NAWEC. This deal is a short-term and has the potential of being extended for the long run. There are no signed PPP deals yet even though negotiations are on-going in the development of the Gambia Sea Port, a Toll Bridge for the Trans-Gambian Bridge and Roads. This source of funding is hugely under utilized and should be fully tapped to finance major NDP projects.

The Government is better placed to execute PPP deals now that a PPP Directorate has already been established in the Ministry of Finance and Economic Affairs and a comprehensive PPP policy developed. This PPP Policy has established a broad framework for implementation in financing infrastructure and services while being sensitive to public needs and national priorities.

## Other instruments

These cover development of The Gambia's capital markets and use of blended finance. The Resource Mobilization Strategy also examples of how other countries have financed capital investment projects worldwide. These could also have relevance for The Gambia.

All 41 flagship projects in the NDP, made up of 32 flagship projects of the NDP objectives and 9 flagship projects for the critical enablers, are clustered around 4 broad areas: agriculture, human capital development, infrastructure and governance.

**It must be stated that it is highly commendable to have organized a very successful Round Table Conference on the NDP in Bruxelles on the 22<sup>nd</sup> May. The resources mobilized in the form of pledges stand at Euros 1.45 billion which is historic in all of The Gambia's resource mobilization efforts. However, pledges alone are not sufficient but delivering on those pledges so that the NDP can be implemented unhindered is more important. It is therefore important for a reliable and effective follow up mechanism is developed to ascertain the uninterrupted inflows of these commitments based on the Paris Declaration of mutual accountability**

## 3. DFA OBJECT AND METHODOOGY

### 3.1 The Context for Development Finance Assessment

The ambitious and transformative 2030 Agenda and the African Union Agenda 2063 comes with its own challenges particularly for Governments and their respective fiscal planning processes, at a time when many developing countries are faced with increasing and complex development finance landscape to manage at national level.

At the July 2015 Conference on Financing for development in Addis Ababa, calls were made for the mobilization of the substantial financial resources that are needed to achieve the Sustainable Development Goals (SDGs). This Addis Ababa Action Agenda (AAAA), as it is fondly called, expects countries to better use their own national development strategies and plans to meet the SDGs and also calls for the establishment of Integrated National Financing Frameworks.

The Government of The Gambia, through the Ministry of Finance and Economic Affairs with the support of the UNDP, has conducted the First DFA and is now conducting the Second DFA to inform both the policy and institutional reforms necessary for establishing a more integrated management mechanism of the multiple sources of development finance to meet her national priorities and SDGs as stipulated in the National Development Plan (NDP) spanning 2018-2021.

The Second DFA is also occasioned by the need to update the First DFA that was conducted in 2016 to take into consideration the rapidly changing political, economic and planning contexts. The change in the political context triggered a spiral of changes in virtually all areas.

### 3.2 Terms of Reference

The country-led DFA study is being funded and facilitated jointly by UNDP RSCA's Aid Effectiveness Project and UNDP Gambia. The consultant is expected to undertake the second phase of the DFA study in close collaboration with the national consultant working on the finalization of the NDP, development of the financing strategy, flagship programs and donor round table conference materials that is working under a complementary project that is not part of this assignment. This work is carried out in consultations with key stakeholders of development finance and in particular to receive guidance from the Directors of Development Planning (DPP), Aid Coordination Directorate and Public Private Partnerships (PPP) at the Ministry of Finance (MOFEA) and in close collaboration with the UNDP Regional Service Centre for Africa (RSCA) Specialist and the UNDP Gambia. The Oversight Team will be constantly consulted for technical input in the course of the assignment.

### 3.3 OBJECTIVES AND SCOPE OF THE ASSIGNMENT

The overall goal of the DFA is to provide an overview of development finance flows and the institutions and policies that align this finance with national development priorities and to include recommendations for a roadmap that will establish Integrated National Financing Frameworks (INFF) and increase the alignment of all financing flows –both public and private to the national development plans and the 2030 agenda, while integrating planning with the budgeting and financing processes.

The specific objectives of the Gambia DFA Phase II include the following:

Provide an overview of the flows of financing for development and their contribution to national priorities and results. This work will entail the provision of complementary information in each of the currently assessed financing flow and their specific contribution to development priorities, as expressed through the NDP.

The overview will look to how systems can be strengthened to better align finance with the current National Development Plan (NDP) priorities and the Sustainable Development Goals (SDGs), including through the NDP costing framework. In particular the DFA will assess the role of the planning and budgeting process in linking both public and private finance with results, in the context of the NDP and the SDGs.

Assess the roles and responsibilities of national institutions and their associated policies in managing the different financial flows to directly contribute to the NDP and SDGs. DFA will also provide an analysis of the interface between the different flows and their complementarities to contribute to achieve the NDP and the SDGs

The assessment will explore practical ways and suggest concrete recommendations for strengthening the alignment of financing for development with national development priorities and the SDGs towards the establishment of Integrated National Financing Frameworks.

Building on the broad objectives the following will be illustrated:

- i) A clear mapping and analysis of financing for development flows and their associated policy and institutional frameworks. This will include an analysis of the level of policy and institutional coherence and how well they are integrated with the planning and budgeting process with the planning and budgeting process for alignment with the NDP and SDGs.
- ii) Assessment of national planning and budgeting systems and their results orientation. The DFA Phase II will build from the previous assessment of the different financing flows as potential means to finance The Gambia's NDP. The assessment will seek to identify how priorities have been formulated in plans and strategies in the recent planning cycle at thematic levels in relation with current budgeting processes and the different potential financing flows, including the draft costing strategy. The analysis will include an assessment from the financing perspective of how results frameworks function in practice; the coherence between

en sector/thematic plans and the SDGs; and the extent to which multiple stakeholders are involved in the planning, budgeting and monitoring process.

- iii) Roadmap to establish an INFF for achieving the national development goals and SDGs. The DFA will look into the 6 building blocks for the establishment of INFF and provide the government with policy and institutional recommendations for strengthening the alignment of development finance flows with the NDP national priorities and results.
- iv) In depth analysis of policy and institutional options covering the health, energy, social protection sector plans and strategies for strengthening the alignment of priority flows and projections of future trends with these selected flows to the extent possible. The analysis will target 3 potential areas as per the NDP and provide projections of the future evolution of potential financing flows that can be prioritized to cover and respond to this sector related priorities into the next 5-10 years.

Therefore the DFA sets out to establish an INFF that records Government resources and all other funding sources and strengthens the policy, capacity and institutional gaps to optimally use these resources for the achievement of the NDP and SDG goals.

### 3.4 Study Approach & Methodology

The assessment methodology will be informed by the TOR and will make use of focused consultations with the Oversight Team and parties recommended by the Oversight Team (OT) made up of the DPP, ACD and PPP Directorates of MOFEA, the RSCA and UNDP Gambia for the successful implementation of the assignment. The consultations will be conducted with the use of semi-structured questionnaires and the study will draw from the previous DFA outcomes and recommendations.

### 3.5 Definition of Development Finance Assessment

Development Finance Assessments are action-oriented tools that provide the basis to establish evidence and analysis, and introduce both policy and institutional reforms of managing the increasing complexity of domestic and external development finance from either public or private sources. It seeks to put together the different and fragmented approaches to the use of multiple sources of development funding that may not all be primarily dedicated to address development. DFAs provide decision makers with the much needed data and analysis on the quality of their national development strategies, plans and country results frameworks, changing trends in development finance and their alignment with national priorities and results. It also makes recommendations on how to improve national systems and institutions to better manage the multiple sources of development funding in a coherent framework, to better support the implementation of the SDGs.

### 3.6 Methodology

Stakeholder consultations and consensus building to ensure ownership of the forthcoming study findings will be ascertained as the study plans to foster collaboration between the UNDP, key Government Ministries such as the Ministry of Finance and other stakeholders. The Second DFA will conduct stakeholder consultations with relevant stakeholders such as the Planning, Aid Coordination, Budget and the Public Private Partnership directorates of the Ministry of Finance, the UNDP and others to inform the DFA outcomes and recommendations.

The study will conduct a comprehensive desk review of the existing literature with particular mention to DFA methodologies, DFA Phase I, private sector development studies, aid policy, coordination and effectiveness studies on The Gambia, the NDP, resource mobilization and round table documents and other literature on economic governance such as the PEFA, CPIA etc. The Second DFA is justified by the need to link the recently completed National Development Plan and its objectives of attaining the Social Development Goals to the various sources of development finance and their comparative uses to derive maximum benefits and results out of this process. This calls for a review of key assessments of development finance effectiveness such as the Doing Business Indicators of The World Bank, Aid Effectiveness Studies, PEFA and the CPIA ratings, the results framework of the NDP etc to gauge the levels policy of coherence and institutional strengths and weaknesses to be able to chart the way forward.

The methodology establishes a link between the multiple sources of the development finance and the planning and budgeting process and, determines how these resources are to be effectively used taking their relative strengths and weaknesses in funding certain aspects of the development agenda. This involves Identifying donor complementarities and building partnership for the direction of aid into priority areas of the NDP. The DFA will propose to establish an Integrated Financial Framework as a mechanism for the coordination of a resource mobilization strategy backed by costed activities linked to NDP and SDGs visions with implementation timelines within the life of the NDP. The need for specific donors to be identified for each activity and budget and such donors to be presented with tangible proposals and the mainstreaming of sector activities and budgets into the national planning process for better coordination and monitoring of progress and impact base on the NDP and SDGs. Assess the existing reporting and monitoring infrastructure against the recommended results framework for a better aid coordination and monitoring architecture.

This Second DFA will also focus on the three identified key sectors: energy, health and social protection and shall project the resources requirement of these sectors for the next 5 to 10 years.

### 3.7 Data Sources

The quantitative data to be collected in this Second DFA shall include fiscal data for the domestic revenues and borrowings, official development flows, FDI, PPPs, climate change funds, and public enterprises to the extent possible, as the sources of public to private resource inflows such as Foreign Direct investments, the banking sector's credit to the private sector, public private partnerships, remittances etc. Attempts are made to use reliable data sources such as the Gambia Bureau of Statistics (GBOS), IMF, World Bank, UN Agencies and other sources such as The U.S Treasury Department Data on Remittances. The data also provides projections on future expected resources from the three sectors of energy, health and social protection.

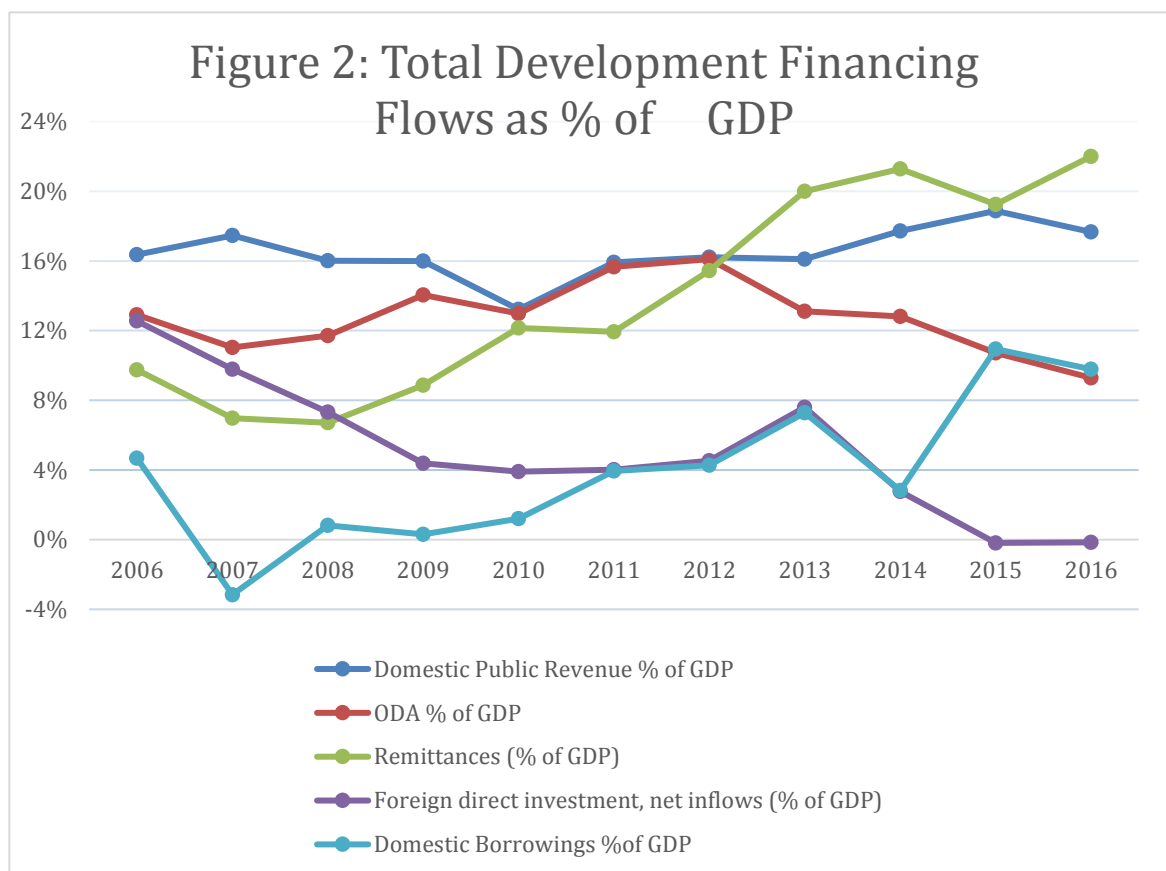


#### 4. MAPPING OUT DEVELOPMENT FINANCE INFLOWS

Official Development Assistance (ODA) flows to developing countries have been declining in general and The Gambia is no exception to this. The Gambia backtracked into to a fragile state, according to the 2014 World Bank classification. Instead of increasing ODA inflows as one expects from this category of countries, its declining trend in the Gambia is reflective of poor governance. The net foreign direct investment (FDI) inflows have also mirrored this decreasing trend since 2008. The economy relied heavily on remittances, which grew at an average annual rate of 15% over the past decade. Public revenues have recorded impressive growths with the establishment of GRA in 2006 as efficiency in revenue collections improved. A mixed result was observed with domestic borrowing, which saw an increase in Government borrowing at the expense of credit to the private sector. Unfortunately, the 13 SOEs have heighten the fiscal risks as they do not only fail to pay their obligation in terms of on-lent debt service and dividend but resorted to being a drag on the national Budget by continuously requesting for monies to fund their own operations.

The financing strategy for the NDP estimates that three of these sources of funding will fully finance the total plan cost and that 29% will come from the private sector (mainly FDI, PPPs plus others), 9% from domestic financing especially from public revenues and 62% from ODA. ODA/Concessional financing will be the major source of funding the NDP and will contribute between 38-45%, depending on the scenario used, of the Budget.

Development finance to the Gambia during the period under review 2006 to 2016 was derived from domestic public revenues and domestic borrowing, Official Development Finance, Remittances, Climate Change, PPPs and FDI. Although important in 2006, accounting for over 12% of GDP, FDI was on a downward slide like ODA due in the main to governance issues. Domestic Credit to the public and Private sectors was the fourth largest source of funding after remittances, public revenues and ODA. Remittances were the single most important inflows with an annual growth rate of about 15% in the past decade and accounting for the largest contribution to GDP of 22% in 2016. Public Private Partnerships and Climate change funds are smaller in nature and PPPs inflows only had one transaction recorded in 2008 when Gamtel/Gamcel deal with Spectrum International was struck. The figure 2 is a graphic indication of the trends of the major sources of development finance that are mentioned in this paragraph except for inflows from PPPs and climate change. PPPs were not very common sources of development finance during the period under review with the exception of a U.S \$35 million Telecommunication deal in 2008. Inflows from GEF, although small, are used as a proxy for Climate Change funds.



The Gambia generates development financing from a variety of sources broadly classified as domestic and external sources as shown in figure 2. Domestic development finance can come from public or private. Domestic public development finance includes tax and non-tax revenues, public domestic borrowing and public-private partnerships. The main private development sources are private borrowings and other resources from private sources like DFI, PPPs and Remittances.

Similarly, external development finance is derived from both public and private sources. Under external public development finance are the following: Official Development Assistance (ODA), domestic borrowing, FDI, PPPs, Remittances and climate change funds. The contribution of The Gambian Diaspora through remittances form part of external private development finance inflows, in addition, to foreign direct investments.

In The Gambia, there are emerging sources of development finance from climate change funds to mitigate the impact of climate change to the population. Other old but by far under-utilized sources of public development finance are those from the contribution of the State Own Enterprises (SOEs) and those from local government authorities. Another source that has a substantial potential and is likely to play a major role in the near future is the amount of credit from the banking sector to the private sector. The role of both local government authorities and SOEs were diminished over time by financial and political governance issues and massive looting from the previous regime. The Banks had a safe window of investing with little risk and maximum returns

by merely investing bulk of their funds in Treasury Bills. Now this window is closing down or to say the least narrowing because the interest rates have almost crashed and are not attractive any more for Treasury Bill investments. Rather, the banks will now be forced to look for new and innovative ways of investing their excess liquidity through more lending to the private sector from productive sector investments as opposed to funding consumption patterns of government as was the case in the past Government.

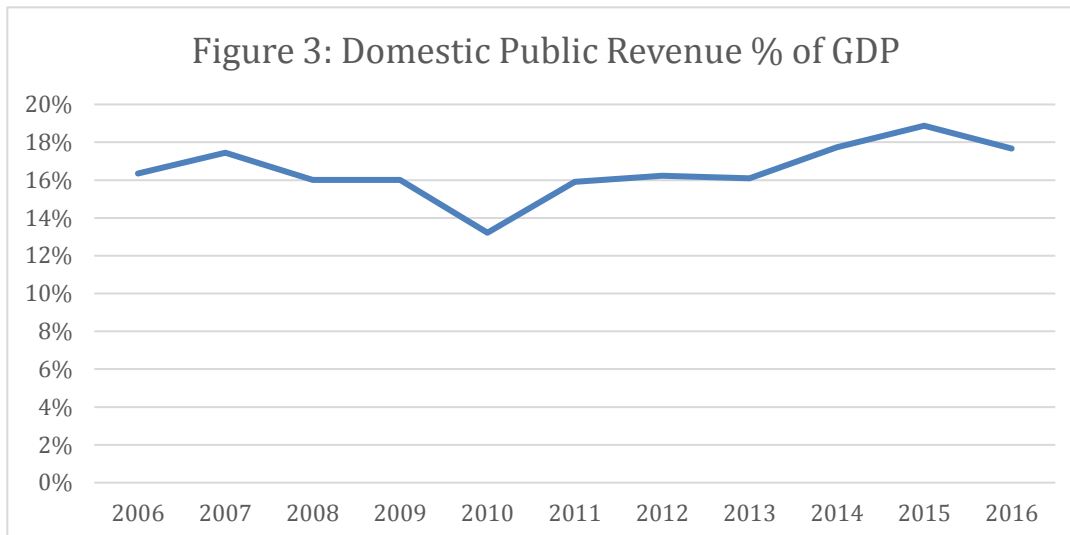
#### 4.1 PUBLIC REVENUES

From 2006 to date The Gambia has made several reforms in Public Finance Management (PFM) with notable results in tax reforms and non-tax collections due to improved efficiencies in the manner in which Government revenues are collected. The introduction of the Gambia Revenue Authority (GRA) in 2006 and the modernization of the Income and Sales Tax and the Customs and Excise Tax, the many changes in tax administration and the simplification of the rates coupled with intensive taxpayer education has caused revenues to increase as a percentage of GDP.

Domestic revenues, made up of tax and non-tax revenue, also realized the same improvements (figure 3) as tax revenues due to the establishment of the Gambia Revenue Authority and the complementary reforms that accompanied it. This revenue increasing effect was further enhanced with the introduction of the Value Added Tax in 2013.

It was raised from 14.6% of GDP in 2015 a year before the GRA to 16.6% in 2006 and to its highest level of 18.9% in 2015 before tapering off to 17.7% of GDP in 2016 and 16.7% in 2017. It must be noted that the drop in 2016 and 2017 were due mainly to a dip in overall economic performance associated with the poor agricultural output due to poor rains and the impact of the political impasse on both years' performances.

Non-tax revenues also follow similar trends as it declined from about 1.5 % in 2005 to reach its lowest level of 1% of GDP in 2015. In The Gambia, non-tax revenues are not every important as in many countries with diverse sources of revenues particularly from natural resources.



**source: Ministry of Finance**

In nominal terms, growth in domestic revenues have more than doubled from D3 billion in 2006 to about D7.9 billion in 2016 and is estimated in the medium term to increase with an average growth rate of 9.9 per cent from D9, 181.7 million in 2018 to 11,561.5 in 2021. This is attributed mainly to various tax administration reforms to improve revenue collections, such as strengthening compliance and further broadening the tax base, and the review of exemptions to reduce the magnitude of revenue loss and abuse.

### **Policy and Institutional Set up of Revenue collections**

The Gambia Revenue Authority (GRA) was established in 2006, and derives its mandate from the GRA Act of 2004, to collect all Government Revenues from direct and indirect taxes as well as income and sale taxes. The GRA represent a merger of the former two revenue departments of Customs and Excise Department and the Income Tax Department and has done quite well in revenue collections since inception. The Ministry of Finance still upholds the responsibility of formulating tax policies and the setting up the revenue annual targets on the basis of which the GRA's performance is monitored. If it is appropriately utilized, the capacity to generate domestic revenues to fund NDP priorities is robust and responsive enough to increase this funding source.

The revenues that are generated feeds into the projected resource envelop which includes borrowing and help determine the expenditure plans of Government. The MTEF that is currently operated has a Medium-Term (5 years) projection of both revenues and expenditures and the sectoral allocations and ceilings are reflective of the NDP Priorities for some sectors but not all like the Ministry of Health. **The costed strategies of such Ministries need to be updated and refocused to SDGs and the domestic resources be better integrated into the macroeconomic framework and the MTEF for more impactful results.**

## Prospects for Public Revenues

Revenue collections in general is expected to increase as the buoyancy of tax collection is going to be more reflective of actual economic activities with the reduction of huge tax exemptions from the past regime. The improved business environment will attract back some companies that have already left the country and new investors and the efforts to broaden the tax base and further simplify the tax administration are few examples that inform this optimism in revenue collections. However, a recent Tax Administration Diagnostic Tool (TADAT) by the IMF has poorly rated tax administration in The Gambia and this coupled with relatively high tax rates and multiplicity of taxes at both the central and local government levels can affect tax collection through low compliance and also inhibit foreign direct investments and other forms of investments into the country.

The other fiscal consolidation measures as discussed under the economic analysis section will ensure that public revenues are put to better use that are more impactful to the NDP priorities rather than financing unlimited Government consumption and salvaging SOEs that were at the verge of bankruptcy. Therefore, there should be prudence in both fiscal and monetary policies as well as better debt management, particularly the domestic debt.

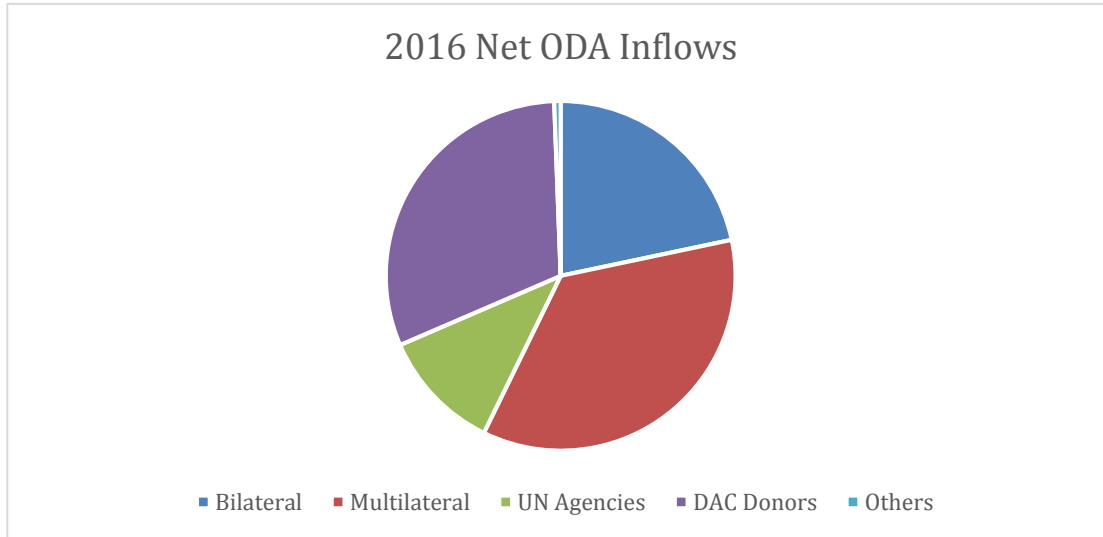
Due to its relatively predictable and sustainability nature, Government's domestic resources are better applicable in financing the social sectors of health, education, agriculture and social protection. It is also better suited for funding Government's operational costs and issues such as road maintenance to name few.

## 4.2 OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

Official Development Assistance into The Gambia is categorized in three forms namely: loans, grants and in-kind assistance. While there is paucity of data in the latter, there are fairly good data for loans and grants. ODA flows into The Gambia are generally from Multilateral and bilateral sources. The World Bank, African Development Bank, the UN System and the Islamic Institutions (Islamic Development Bank, BADEA, Kuwaiti Fund etc) are the lead institutional donors of The Gambia while new bilateral donors such as Republic of Taiwan on China and recently China and existing ones like Japan, some DAC countries mainly OECD member countries like the U.K are still or were the bilateral donors of this country.

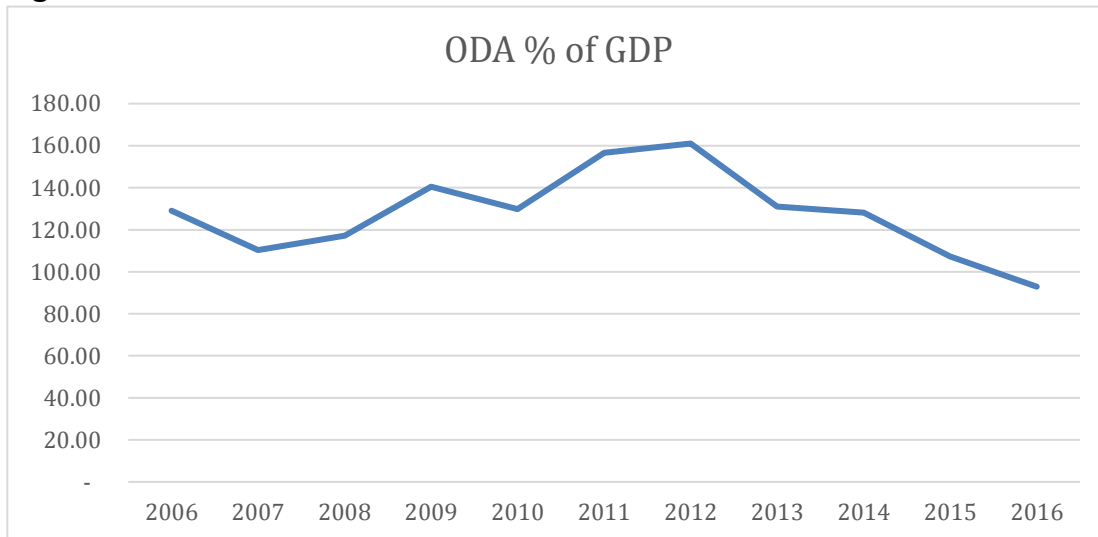
ODA inflows are influenced by a host of factors including but not restricted to both political and economic governance for both multilateral and bilateral sources, portfolio performance for mainly multilateral sources and the worming up of diplomatic ties for bilateral sources. The Gambia after 2010 had performed badly on all these determinants of ODA (figure 5) and hence the reason behind the drying up of ODA in the recent past. ODA inflows into The Gambia was US \$129.03 in 2006 and reached its highest level of U.S \$156 million and U.S \$161 in 2011 and 2012 respectively before falling to about U.S \$93 million in 2016.

**Figure 4: Net ODA flows in 2016**



**Source: World Bank**

**Figure 5: ODA as a % of GDP**



**Source: World Bank**

This declining ODA justifies the development of a resource mobilization strategy as part of the Round Table documents to be presented to the donors scheduled for May 2018. This strategy will reflect the changing political and economic landscapes and make a strong case for increased ODA to support the efforts of the new political dispensation.

According to the Pie Chart in figure 4 the major source of development finance in 2016 with U.S \$32.5 million was from the multilateral institutions followed by Development Assistance Committee with a contribution of U.S 28.3 million but mainly from OECD members. The bilateral sources claim third position in their contribution of U.S \$19.8 million and then the UN Systems with U.S \$10.3 million and others of U.S \$0.5 million. It is worth noting that a distinction is made between bilateral sources and funds from DAC as the latter resources are not captured in the national budget and pass through Non-Government Organizations (NGOs) and other Civil Society Organizations (CSOs) while the former is the inflows that pass through the National Budget. This had something to do with the mistrust some of these countries had on the former regime. Resources from South-South Cooperation and Triangular sources are captured from bilateral donors.

### **The European Union**

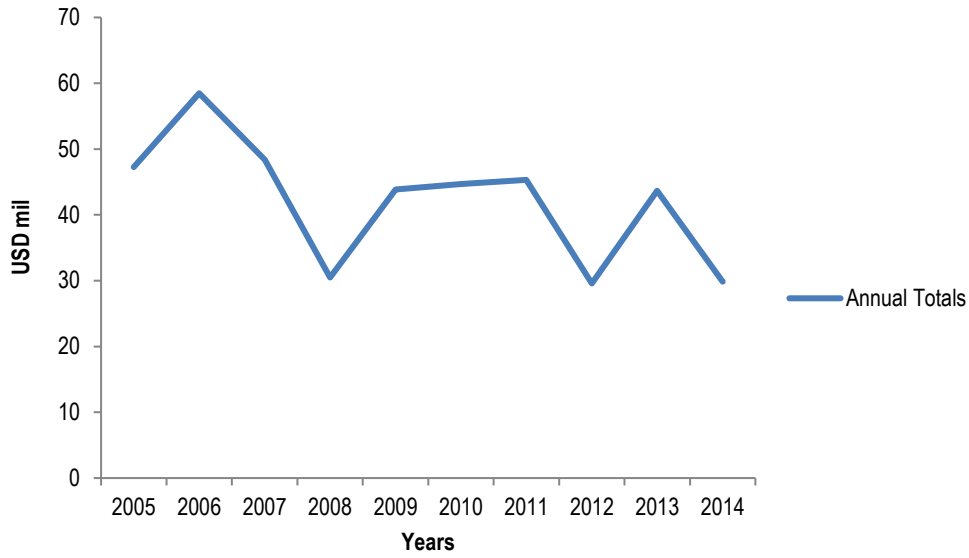
The European Union (EU) allocated over €119 million under EDF 9 and 10 for interventions in various sectors of The Gambian economy between 2005 and 2012 (MOFEA). A little over €110 million of this sum was contracted and approximately €104 million paid or disbursed. EU interventions included support to the rural water supply sector, national transport plan, food security initiatives, electoral system, governance program, and drainage, sanitation and waste management among others. For example, in 2005, €75 million was released in support of the country's national transport plan while €5.5 million was actually disbursed in 2012 towards improving food security and school feeding program. The EU was quick to come to the aid of the New Government with a Budget support to the tune of Euro 70 million and shall continue to provide funds in the near future.

### **The United Nations System**

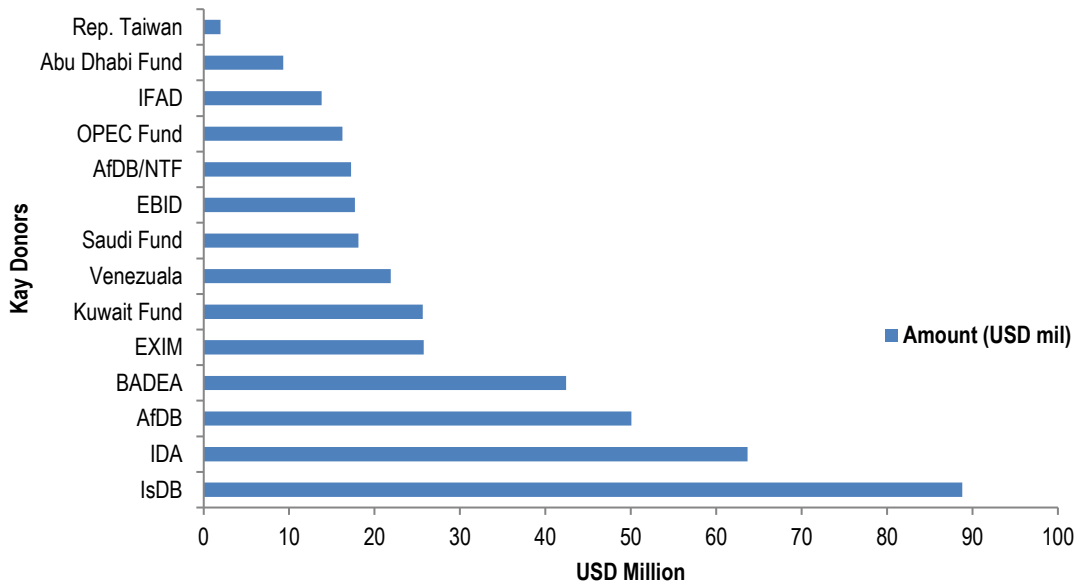
United Nations' support to government was given under the umbrella of the United Nations Development Framework (UNDAF) 2007-2011 and UNDAF 2012-2016 which focused on 3 strategic priorities/pillars: i) Poverty Reduction and Social Protection; ii) Basic Social Services, and iii) Governance and Human Rights. UNDAF 2012-2016 had estimated resources of \$65.2 million. A little over 50% of the total resources are earmarked for the Basic Social Services Pillar, while 42% were meant for the Poverty Reduction and Social Protection Pillar. The UN System will continue to be reliable source and partner to The Gambia's development agenda.

For the period 2005-2014, Government received loan disbursements totaling \$412.59 million from 14 donors (excluding the EU and Global Fund). Disbursements fluctuated between a high of \$58.48 million in 2006 and a low of \$29.58 million in 2012. While disbursements rose steadily from 2008 to 2011 and in 2013, there was a significant decline in 2012 and 2014.

**Figure 6: Loan Disbursements 2005 – 2014**



**Figure 7: Loan Disbursements – Key Donors/Creditors**



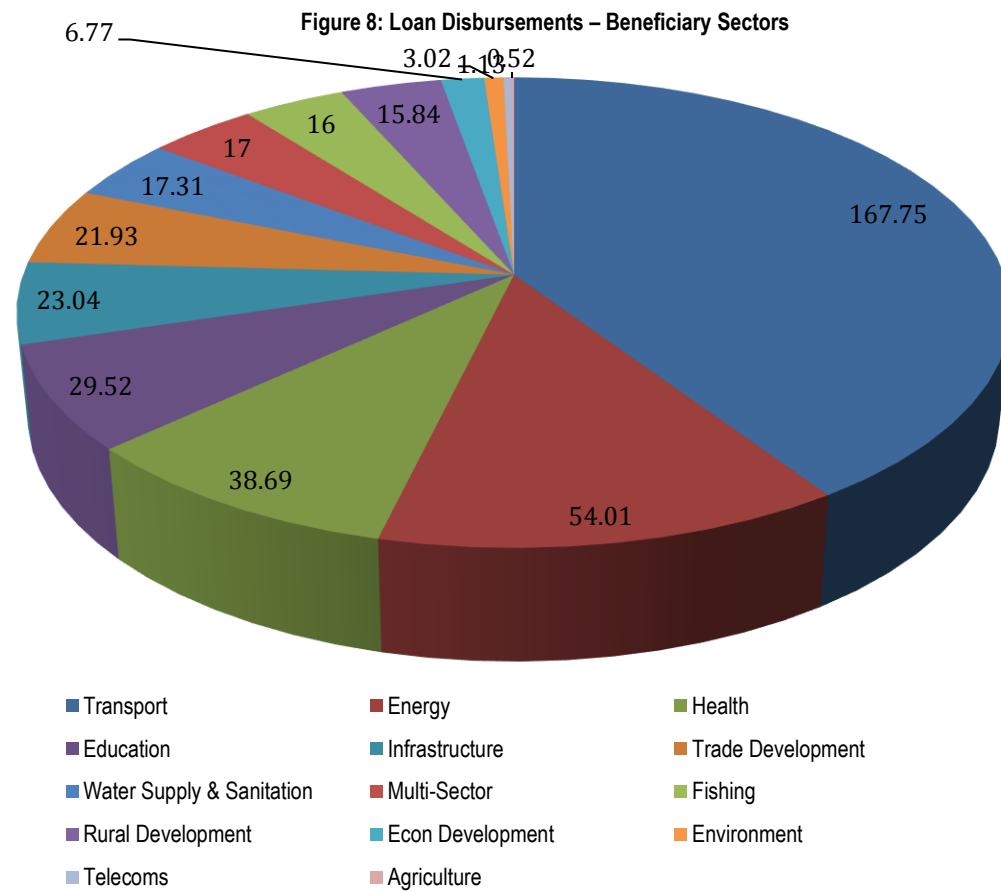


**Table 9 : External Debt Composition, End-2016**

	US\$ (million)	Share	Of	Total	% Of GDP
		<b>External debt</b>			
Multilateral Debt	358.80	71.1%			37.3%
Bilateral Debt	138.17	27.4%			14.3%
Guaranteed External Debt	7.75	1.5%			0.8
<b>Total External Debt</b>	<b>504.72</b>	<b>100%</b>			<b>52.4%</b>

**Source: IMF MTDS**

Key beneficiary sectors were Transport with 40.6% followed by Energy 13%; Health 9.4%; Education 7.2%; Infrastructure 5.6% and Trade Development 5.3%. See Figure 9.



## Grant Disbursements

Grant disbursements fluctuated over the period with a low of \$3.07 million recorded in 2005 and a high of \$57.37 million in 2012 as shown in figure 8 below. The years 2005, 2006 and 2008 recorded the lowest disbursements while 2012, 2010 and 2011 witnessed the highest disbursements respectively. The bulk of disbursements went to Education and Training with 25% of total disbursements followed by Telecommunication 23%; Multi-sector 11.8%; Agriculture 8.8%; Social Sector 8.3% and Economic Development 7.2%. Health and Social Welfare received only 1.5% of total disbursements for the period.

**Figure 9: Grant Disbursements 2005 – 2014**

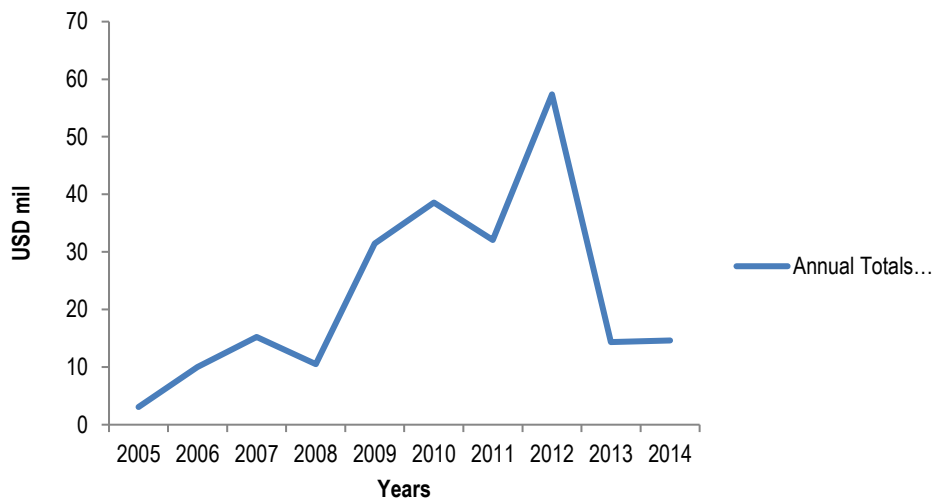
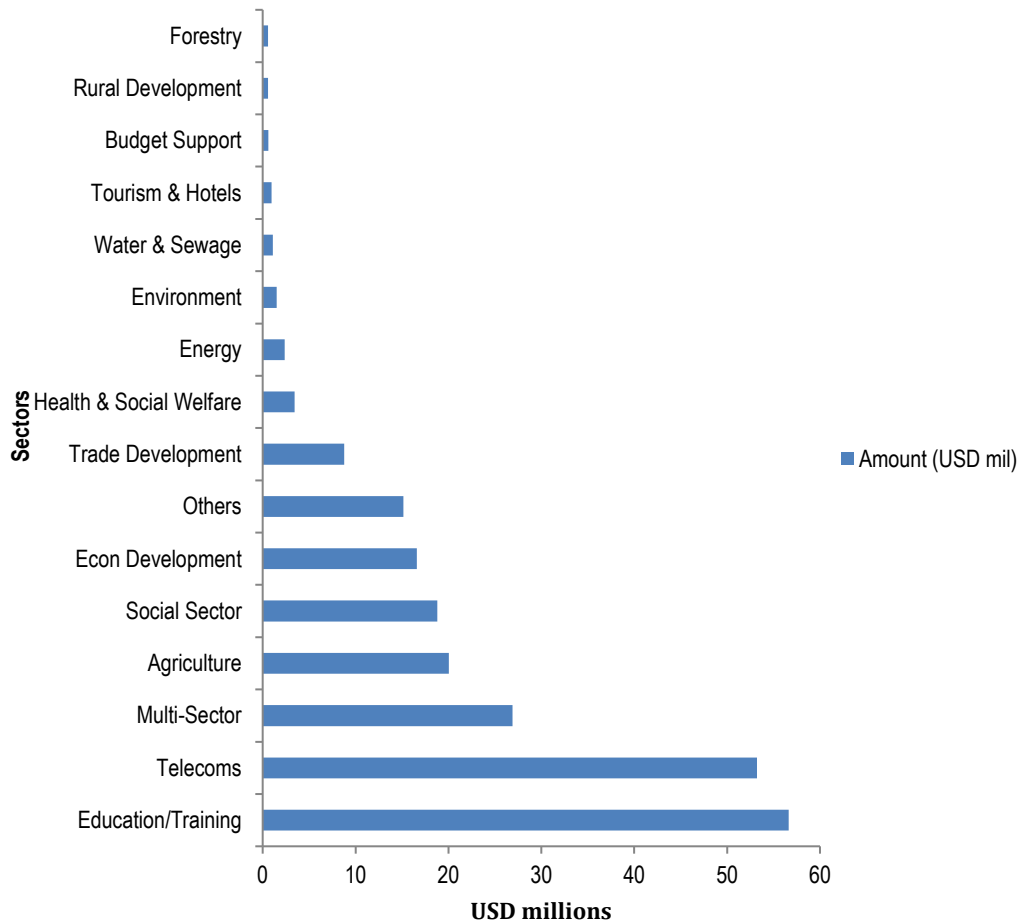


Figure 10: Grant Disbursements – Beneficiary Sectors



## Policy and Institutional Set Up of ODA

The Public Finance Act of 2014 sets the legal framework for managing loans and debt that are contracted by the Government of The Gambia and this is complemented with annual Debt Sustainability Analysis to define the policy implications. The management of Public Debt (Domestic and External) and Grants is the responsibility of the Loans and Debt Management Directorate under the Ministry of Finance and Economic Affairs.

During the era of the past regime, fragmentation of responsibilities for external resource mobilization were abound as the Ministry of Finance took charge of multi-lateral loans and grants as well as the Ministry of Foreign Affairs and the Office of The President were involved in bilateral loans and grants. The Ministry of Finance should take its lead role on all loans and grants management even if it were to be initiated by the Ministry of Foreign Affairs through its diplomatic channels.

The Governance issues also caused many countries like the DAC members and particularly the European Union and other organizations to channel their interventions through the civil society and outside the National Budget. This too can lessen the impact of the usage of these resources and given the improved governance most ODA resources should now be channeled through the budget for better coordination and use.

Ensuring that all sources of ODA, that are meant to Support Government to fully implement the NDP, be channeled through the budget will be useful in determining the MTEF medium-term resource envelop, guarantee a predictable sectoral resource allocation and improve coordination and in the process avoid overlaps of programmes and intervention to these sectors. This alone can have a big impact on how resources are used to achieve the desired results of the NDP.

The NDP and its Financing Strategy envisages a set of objectives, principles and policy tools for maximizing the impact of external resources and external cooperation as well as improving partnerships and impact with all the providers of development financing. A set of monitorable indicators can be agreed and reported on through an INFF report as proposed and discussed during consultations between Government and providers of development funding through institutionalized and structured consultations such as the Business Council or periodic Government and Donors meetings among others.

## **Prospects for ODA**

The new and positive political dispensation in the Gambia is a huge political asset that is easily tradable for huge development financing from a willing international community that has already demonstrated its goodwill to support the development agenda of this country. With improved governance and heightened fragilities in the country, Official Development Assistance is expected to grow exponentially to U.S \$929 million or 38% of the NDP budget. In fact, ODA will be the major source of funding for the NDP as it accounts for 62% and then followed by contribution from the private sector to the tune of 29% and domestic financing mainly from taxation to fund the remaining 9%. This calls for the new Government to seriously engage the donor community to reflect the importance attached to this source of funding.

The imposition of limitation on Non-Concessional borrowing by the latest IMF MTDS in 2018, the fragility of The Gambia, the goodwill of the donor community and the hosting of the OIC meeting in 2019 by The Gambia, makes a strong case for grant financing with no future obligations. In fact the OIC meeting presents a unique case for frontloading some of the NDP flagship projects.

ODAs are better utilized for capacity building and institutional strengthening and the financing of public goods and investments that are not attractive to the private sector. Loans can be targeted to finance investments that have income streams sufficient enough to service these loans without causing additional debt distress. These planned utilization of ODA investments are envisaged in the financing of the flagship projects.

### 4.3 FOREIGN DIRECT INVESTMENT

In the literature, the factors that attract foreign direct investment include key issues such as the investors' long-term perception of peace and stability on the political front as well as macroeconomic stability that allows them to predict in a more coherent and consistent way business decisions and economic variables. They also watch out for relatively low cost of production which takes into account labor costs, electricity and other input costs etc, the available quality of labor and complementary infrastructure to make their investments both competitive and financially viable. All these factors define the business environment and individual countries go the extra length of providing special investment incentives as provided by GEIPA to lull investors into The Gambia.

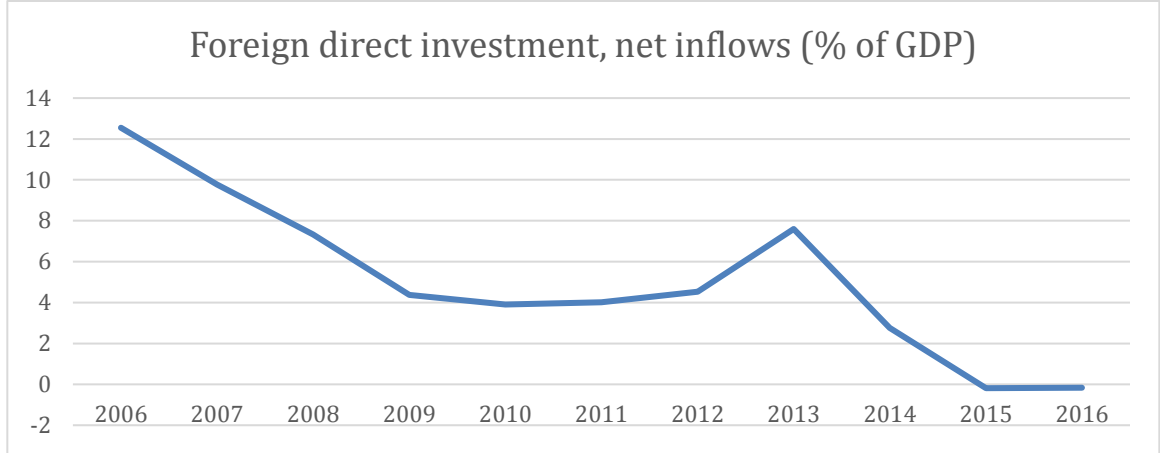
Testing these factors against the prevailing business environment of the Gambian economy, one realizes that FDI was at its highest peak in 2006 and at its lowest ebb in 2016 when no FDI or very small amounts of FDI was recorded. This is no surprise and reflects the conclusion reached by World Bank assessment of the impact of The Gambia Investment Promotion and Free Zone Agency (GIPFZA) in mobilizing FDI inflows. It was noted that over U.S. \$200 million into the country in the decade 2000 to 2010 and this was associated with the role played by GIPFZA. Investments in this period were mainly in the energy sector, telecommunications, increased number of commercial banks and hotels and related infrastructural developments among others. It is an established fact that while political and economic governance were relatively better, albeit the human rights issues that were abundant, in the quoted decade, The Gambia virtually lost every gain in the years succeeding it which was accentuated by the election impasse. This explains the extreme swing shown in the FDI graph below as FDI continued to fall from above 12% of GDP in 2006 to infinitesimally small or 0% of GDP in 2015 and 2016 with only slight rebounds in 2012 and 2013 when it moved up to above 4% in 2012 and close to 8% of GDP in 2013 as depicted in figure 11.

FDI has been declining since 2007 but played a vital role in the development of The Gambia as it represents about 30% of GDP in terms of stock according to the recently UNCTAD Investment Policy Review. It has contributed immensely in funding investments in the development of the services sector and until 2010 the bulk of FDI went to real estate and construction, the second largest beneficiary was the tourism sector with FDI inflows from Nigeria, The Middle East and North Africa. The financial sector has also seen a significant boost as the banking sector grew from 6.4% of GDP to 10 % of GDP in 2013 and the number of banks stood at about 12 commercial banks due to notable increases of Nigerian Banks.

In 2010, real estate, construction, tourism and finance accounted for about 80% of FDI inflows into the country and since then the other sectors were telecommunications and power generation. In 2013 the contribution of telecommunication sub-sector to GDP increased to 12.7% from 7.7% in 2004, representing the increase in mobile telephony and internet access. The contribution of FDI to manufacturing and agriculture was very low at 4% and 3% of GDP respectively.

Overall the FDI contribution is weak and its areas of intervention should be prioritized in these sectors where it is lowest. From the UNCTAD review, The Gambia attracted about U.S \$52 million between 2007-2017 out of the total FDI into the ECOWAS zone of U. S. \$13.3 billion which was better than only Guinea Biseau at U.S \$20 and has a lot of catching up to do to pursue lead performers like Mali, Guinea Conakry and Senegal of U.S. \$393, \$363 and \$342 respectively.

**Figure 11: FDI as a % of GDP**



**Source: World Bank**

**Policy and Institutional Set Up of FDI**

The Gambia Investment and Export Promotion Agency (GIEPA) through its 2015 Act is responsible for promoting more Foreign Direct Investments inflows into the country. GIEPA operates under the direct supervision of the Ministry of Trade Industry and Employment and provides a set of incentives to investments that are directed to the set NDP priority sectors of the economy. The 2015 GIEPA Act provides investment incentives to priority sectors that are already aligned with the NDP priority sectors for investment promotion. The policy environment is shaped with a liberalized capital market and a relatively small but much open and trading-centered economy than many African countries.

The establishment of Public-Private Dialogue (PPD) mechanism to foster structured consultations with key private sector operators aimed at identifying and removing critical obstacles to local competitiveness will help maximize results from this flow. For the PPD to succeed it requires the highest political support, a continuous competitiveness benchmarking and clear monitoring and reporting mechanisms for the implementation of the agreed reforms. Such a forum can be spearheaded by the Gambia Chamber of Commerce and Industry (GCCCI) with backstopping from GIEPA and should inform PPPs as coordinated by the PPP Directorate at the Ministry of Finance. **Since the Business Council was established for similar purpose, re-orienting its focus and making sure that they meet more frequently is recommended.** A second phase Growth and Competiveness Project (GCP) support from the World Bank will facilitate such a mechanism.

## Prospects for FDI

With the fear of appropriation of individual properties and businesses eliminated and the expected improvement in the business environment through improved business infrastructure and predictability of policies, Foreign Direct Investments are expected to increase. However, to harness this inflow, the pursuit of due process by Government in all its dealings with the private sector, improved competitiveness through improved doing business indicators are both a necessary and sufficient conditions for FDI to thrive. The financing strategy for the NDP estimates 29% of total funding of the plan will come from the private sector and mainly from PPPs and FDI.

Government failed to attract investments into the Export Promotion Zone (EPZ) due to lack of complementary infrastructure such as connection roads to the Sea Port and the absence of electricity. This should be addressed as a matter of urgency to tap the full potential of boosting investments into the EPZ.

To harness the expected huge FDI inflows, GIEPA should concentrate its investment promotions in both image rebuilding or rebranding of The Gambia and attracting the proposed companies that are already working in Sub-Saharan Africa (SSA) across different value chain segments as suggested by the UNCTAD study. According to the UNCTAD Investment Policy Review of The Gambia, FDIs are better targeted to prioritized sectors of agro-processing and light manufacturing mainly in fish processing, groundnut and Cashew processing, glass manufacturing and other value chain services as well as in the ICT sector if the maximum impacts of these investments were to be made especially during the NDP period.

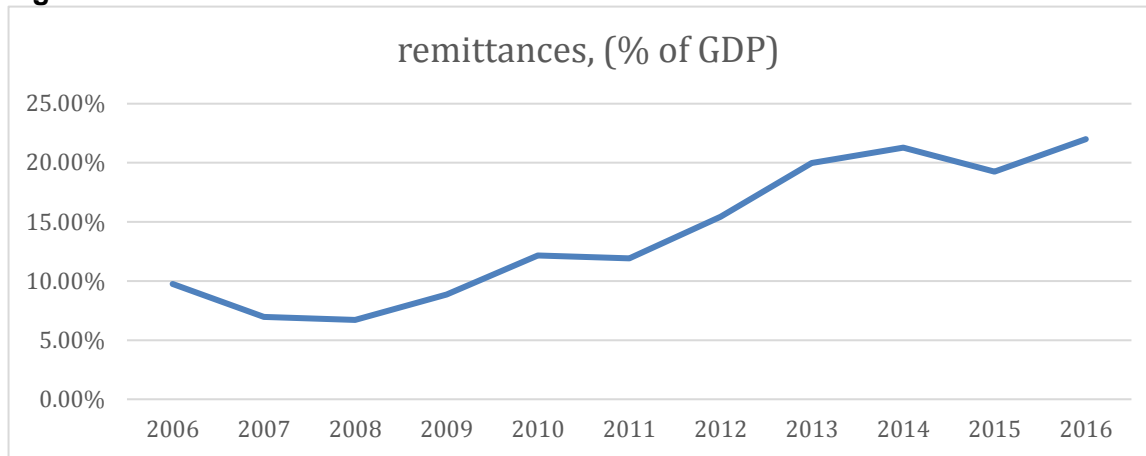
### 4.4 Remittances

Remittances are financial inflows sent by Gambians who reside and work in foreign countries (Gambian Diaspora) and these resources are used for a range of purposes from support to family members, purchase or construction of assets such as real estate to support to community and national initiatives to name a few. Diasporas are by definition multi-generational in composition, comprising migrants, children and descendants of migrants. As with other countries, the affinity of the Gambian Diaspora to the nation-state of The Gambia is based on nationality, nationhood or both. Many of the tens of thousands of adults who migrated retain Gambian nationality and citizenship. Many of the second, third and multigenerational descendants may not hold Gambian citizenship, but they have emotional and nationhood connections with their country of heritage.

It is true that the migration of Gambians was relatively high before the 1994 coup d'etat but the numbers of Gambian migrants increased substantially in response to the 22 years of dictatorship. Some left for fear of political persecution and others left for either economic or other reasons and what became extremely worrying was the mass departure of the seasoned public servants and intellectual asset of this country. Though a disturbing factor in development, Gambian Diaspora continued to demonstrate their

love for family and country by sending in their hard earned monies in support of national development. These development finance inflows are so meaningful that it accounts for about 22% of GDP in 2016, according to the Treasury Department Data (figure 12).

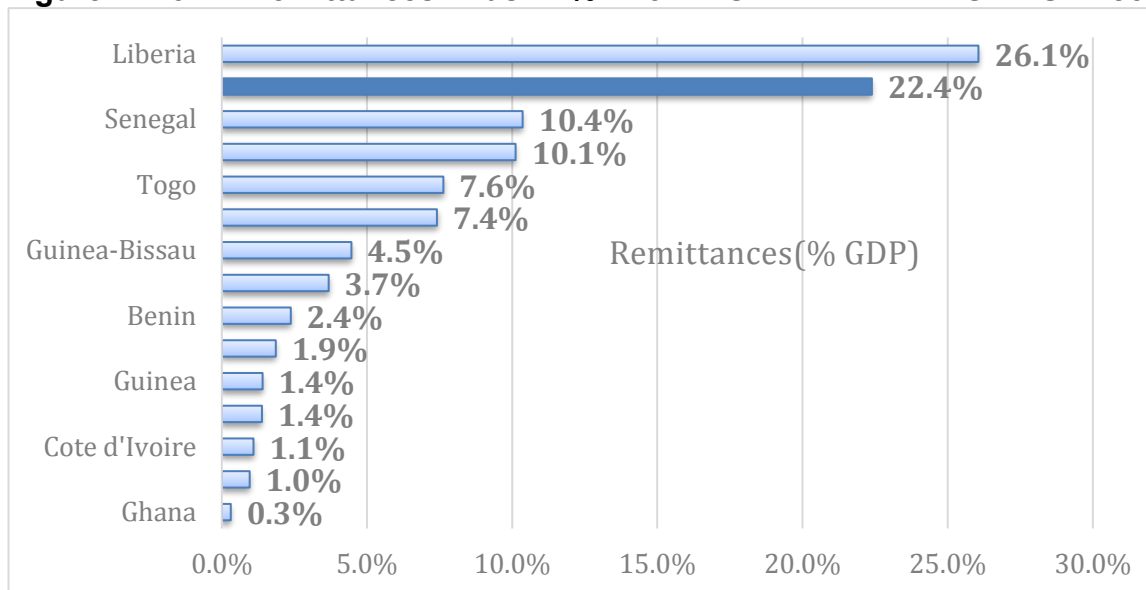
**Figure 12: Remittances as a % of GDP**



**SOURCE: U.S Treasury Department Data**

Remittances from migrants have increased significantly across the globe from about \$47 billion in 1980 to about \$321 billion. The growth of remittance inflows into The Gambia from 2004 to 2016, as depicted in the above chart follow similar trends. It grew from slightly below 10% of GDP in 2006 and thereafter declined to below 10% of GDP and tending towards 5% in 2007 and 2008. It started to pick up again in 2009 to about 9% and since then maintain a steady upbeat and reaching a climax of 22% of GDP in 2016. The Gambia ranks second from Liberia (figure 13) which receives 26.1% of GDP in the ECOWAS sub-region. This was and continuous to be the single most important development finance inflows for the Gambia, after 2012 at a time when both ODA and FDI flows almost dried up.

**Figure 13: Remittances as % of GDP in ECOWAS countries**



**Source: World Bank and First DFA study**



## Policy and Institutional Set Up for Remittances

The Gambian Diaspora was not recognized with the necessary institutional and policy arrangements to harness and make good use of this big source of development finance. The New Government has already realized this gap and is working on developing the policy and institutions to improve the management of this flow. The Ministry of Foreign Affairs and Gambians Abroad have created a Diaspora Directorate to coordinate the activities of the Gambian Diaspora to better influence development as envisaged in the NDP. The financing source is not yet fully aligned with the NDP.

In the discourse of Diaspora-development, countries strategize and implement schemes and initiatives, which expand and enhance the input of their Diaspora in national development. Gambia's Diaspora-development strategy and plan will focus on supplementing, complementing and enhancing existing contributions, whilst stimulating innovative and new forms of productive contributions from a greater number of diverse migrants and multigenerational Gambians.

The Diaspora development strategy and the full operational Diaspora Office at the Ministry of Foreign Affairs should be speeded up to improve on the coordination of the remittance inflows and more importantly to redirect these funds to NDP priority investments. The establishment of a Diaspora Fund is also highly recommended to fully harness the opportunities presented by this major source of inflows.

## Prospects for Remittances

It is highly probable that remittances into the Gambia will decline for two major reasons. The huge numbers that were leaving the country for fear of political persecution will now be much lower and in fact there are other Gambian migrants who are like to return back home to take advantage of the new political dispensation. Secondly there are harsher migration policies and treatments from host countries such as deportation programmes that are likely to impact outward migration negatively.

Although not officially recorded, remittances are used to support social protection for family members of the Gambian Diaspora. Monies sent to family members are used for various reasons ranging from feeding, paying medical bills and school fees to construction of decent housing for family use and rental purposes. Remittances will have much more developmental impact if better organised and its inflows for investments channelled through a properly managed and institutionalized Diaspora Fund. Investments of these funds are more impactful in developing the real estate sub-sector, transportation, provision of resources to the financial sector for investment purposes and the development of SMEs.

Inter-institutional (main actors such as the Central Bank, Ministry of Finance and Foreign Affairs etc) coordination will raise the participation of the Gambian Diaspora as well as improve their impact on development.

## 4.5 INFLOWS FROM PPPS

Public Private Partnerships (PPPs) have proven to be a reliable source of development financing especially of capital-intensive projects and infrastructure projects that are quasi-public goods with high economic rates of return. However, due to the huge upfront financial outlays for their implementation, these projects are most favorable to be financed through PPPs.

The important role that Public Private Partnerships play have not been fully utilized to the advantage of the country and has a potential of bringing in enormous resources to finance strategic projects. However, there are evidences of some PPPs such as the NAWEC and GEG for the provision of electricity, The Gambia Government and SCANCO for the scanning of containers at the Seaport and GAMTEL/GAMCEL and Spectrum International in the telecommunication sub-sector.

However, from 2006 to 2016 only one PPP between Gamtel/Gamcel and Spectrum International was reported. According to the World Bank data the deal was worth U. S. \$35 millions. The other two PPPs cited above happened before 2006. There is only one short-term PPP that is signed for the energy sector and that is the KARPOWERSHIP which is for 2 years with NAWEC. Under this arrangement, the government plans to address the short-term electricity shortages while adequately preparing a strategy to meet in the long-term one and on a sustainable nature, the national demand for electricity. This deal is a short-term and has the potential of being extended for the long run. Currently there are no signed PPP deals yet even though negotiations are on-going in the development of the Gambia Sea Port, a Toll Bridge for the Trans-Gambian Bridge and Roads. The following projects are potential ones that can be financed through PPPs.

### Priority Sectors

The government intends to use PPPs to meet priority infrastructure and service needs. This includes the following sectors – **National Infrastructure**—the fixed assets, networks, and facilities needed for the operation of the society and economy as indicated in Table 10.

**Table 10: Priority areas for PPP**

Sector	Possible areas for PPP
<i>Electricity</i>	Power generation, transmission and distribution
<i>Ferry services</i>	Acquisition, maintenance and operation
<i>Water supply</i>	Solid waste management, sewerage, sanitation, etc.
<i>Road sector</i>	Construction and/or maintenance of expressways. Missing links, bypasses, ring roads, bridges, road over bridges and improvement of roads
<i>Ports, Air ports, sea ports, etc.</i>	Port, Banjul Airport, River Barges, and Wharfs
<i>Telecommunications</i>	Networks—local loop, exchanges, and backbone
<i>Health sector</i>	Building projects (teaching hospital, headquarter offices, staff living quarters) as well as for technical support functions (laboratory services, radiology services, blood bank)
<i>Agriculture</i>	Irrigation projects, training, quality testing of inputs and outputs
<i>Urban services</i>	Street lighting, and urban roads, etc.
<i>Infrastructure for Government</i>	<p><b>Government Infrastructure</b>—the fixed assets, networks, and facilities needed for the operation of government</p> <ul style="list-style-type: none"> <li>• Government accommodations—physical buildings from which government services are provided such as offices, prison buildings, hospital buildings, and school buildings, prison buildings</li> <li>• Government networks such as telephone or IT hardware—where these systems are not subject to rapid technological change.</li> </ul>

Source: Resource Mobilization Strategy

## Policy and Institutional Set Up for PPPs

Like many African countries, The Gambia has been grappling with key challenges of using PPPs for infrastructural development, which includes financial constraints and weak legislative and a regulatory (enabling) environment; but it has registered significant inroads. While the financial constraints revolves around the problems of accessing both domestic and international finance, the enabling environment refers to the constraints in the necessary legislative, regulatory and institutional arrangements required for successful PPPs. These latter constraints will be addressed in the NDP.

In recognition of the potentials Public Private Partnerships have, and to harness it in a coordinated approach, the Ministry of Finance and Economic Affairs has created a Public Private Partnership Directorate to spearhead this innovative way of financing. There is a recently developed National Policy on PPPs of 2015 and there is a robust framework of incentives and process for PPPs in The Gambia. The policy and institutional arrangements are robust enough to support the NDP implementation.

The two other legal frameworks of: The Gambia Investment and Export Promotion Agency Act of 2010 that provides the investment incentives and the Gambia Public Procurement Agency (GPPA) Act of 2014 that regulates the procurement processes, are vital pieces of legislation that will complement PPP inflows.

In order to direct PPPs to the relevant NDP sectors and make maximum benefits from its investments, capacity building in the area of negotiation skills, development of standard processes for competitive tendering and standard PPP documents for the PPP Directorate is eminent.

The experience from past PPPs indicates that it was poorly structured, not standardized, issued on an ad hoc basis and not tendered properly. If PPPs were to be scaled up and its impact made more relevant to the NDP, these lessons should inform future PPPs.

### Prospects for PPPs

The financing requirement to close the infrastructure deficit is huge and ordinarily beyond the means available to government. The participation of the private sector through Public Private Partnerships (PPPs) and other financing mechanisms is therefore required **as it is going to finance 29 % of the NDP according to the Financing Strategy** and must therefore be pursued as part of Government's commitment to employing innovative financing mechanisms.

PPPs like ODA and FDI grace on good governance and political stability (currently prevailing in The Gambia) and hence the reason why NDP has earmarked huge flows from these sources to fund its programmes and projects. These inflows are also expected to be a dominant source of funding during and beyond the NDP.

The frontloading of huge financial resources associated with funding infrastructure projects is better handled using PPPs. PPPs through Independent Power Purchase can resolve the electricity crisis in the country as well as with the bottlenecks in other SOEs like the Gambia Ports Authority for the Banjul Sea Ports, GAMTEI/GAMCEL for the national telecommunication services and infrastructure, the construction of Toll Bridges and roads are areas where PPP inflows are more impactful. The transport, health and affordable housing sub-sectors are other areas that have significant opportunities for PPP and innovative financing mechanisms (infrastructure or service delivery) that can offer best value for money and timely delivery, while fully protecting the public interest. The NDP Flagship projects for PPP investments are listed in Table 3.

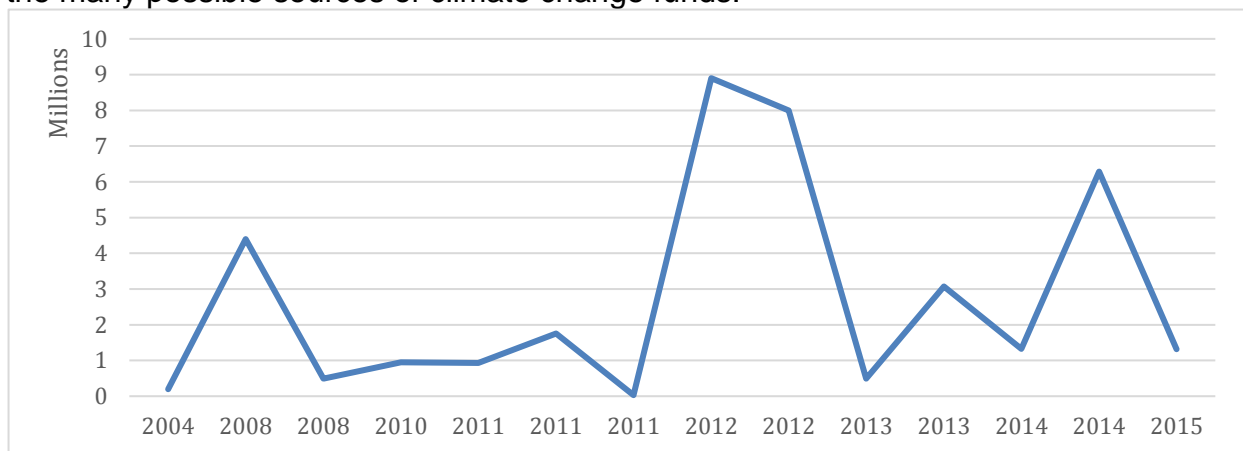
### 4.6 External Sources: *Climate Change Finance*

The Gambia is highly vulnerable to the effects of climate change, even though it contributes very little to impact global climate change. Due to this high vulnerability, the country cannot afford inaction and has since then adopted strategies to mitigate and adapt to the impacts of climate change by formulating the National Climate Change Policy (NCCP) in 2016. This document provides the appropriate mitigation and adaptation measures to the challenges of climate change in The Gambia and has four focus areas for intervention areas: climate resilient food and landscape; low emissions and resilient economy; climate resilient people; and managing the coastline in a changing environment. **Particularly relevant is the incorporation of an integrated**

**resource mobilization in NCCP to ensure that the identified climate resilient activities are adequately financed and fine tuned to reflect the priorities of the NDP.**

Climate change financing has shown huge potentials as climate finance-related funding have raised from \$5.5 billion to \$31 billion globally which is relatively small considering the Copenhagen Accord commitment of reaching \$100 billion by 2020, the scale still represent a gradual progress. **Since many climate change funds are financed through traditional ODAs, the new Government should launch its diplomatic machinery to harness and scale up this important and emerging source of development finance.** Figure 14 shows the only available data on climate change financing from GEF and is used to demonstrate the importance this source of funding can bring. The figure shows that climate change inflows ranged from nothing in 2004 to about its highest of U. S \$9 million in 2012 and this declined to about 1 million in 2015 as reflected in figure 14.

**Figure 14:** Grants flows to The Gambia from Global Environment Facility (GEF), one of the many possible sources of climate change funds.



**Source: GEF.**

The Bussan Accord emphasized the need for delivery of aid through national systems but many countries like The Gambia have capacity challenges to fully implement climate change projects. The Government of The Gambia has a good advantage of seeking for support to build the requisite capacities to implement climate change projects and thereby scale up financing inflows into the country.

### Policy and Institutional Set Up of Climate Change Funds

It is commendable that the government has formulated the National Climate Change Policy (NCCP) in 2016. This document lays out the framework for guiding the transition to climate change resilience through appropriate mitigation and adaptation. The Ministry of Environment and Natural resources and its agency The National Environment Agency are the critical drivers of the NCCP. **Climate change issues are well articulated**

in the NDP although resource tracking, monitoring and coordination of the usage of climate change funds should be strengthened.

Particularly relevant is the incorporation of an integrated resource mobilization in NCCP to ensure that the identified climate resilient activities are adequately financed. Specifically, the NCCP proposes the establishment of The Gambia Climate Change Fund (GCCF) that will be housed at the MOFEA. It is envisioned that this Fund will be initially capitalized from the government budget. However, the MOFEA is expected to take the lead not only in managing but also in fundraising from domestic and foreign sources. Among the non-domestic forces to be targeted are LDC Fund, Adaptation Fund and Green Climate Fund.

### Prospects for Climate Change Funds

Access to climate change funds is a major challenge for the most vulnerable countries such as those from the Caribbean and Africa and is done at different rates. The NDP has made climate change as a major focus as 4 of the 9 critical enablers or 44% is on environment and climate and land use. This will raise the potential of attracting more climate change funds for The Gambia. The key determinant of access to climate financing is capacity and is still not resolved in The Gambia. Agriculture and energy are the two sectors that are highly probable to attract climate change funds and the GEF interventions reported above have already funded demonstration projects in renewable energy to attract private investment in this area. The Ministry of Environment should conduct a mapping exercise to determine all the funding sources in climate change from both Government and NGOs to enable it identify climate change related financing needs and the financing gap. Moreover, Government should attempt to entice private sector participation in climate change funding, which is currently limited and hardly reported upon.

#### 4.7 Domestic Sources: Domestic Borrowing

Borrowing in The Gambia is done by both the Government and the private sector and are from external as well as internal sources. The Gambia's external borrowing has been largely restricted to loans as the capital market is not adequately developed to attract such funds and the last rating by Fitch on the Gambia gave a score of CCC which is the lowest rating out of the nine ECOWAS countries with ratings in recent years. These loans that are contracted and are supposed to form part of external borrowings are already accounted for as ODA inflows from multilateral and bilateral sources.

This narrows down the definition of borrowing for The Gambia to domestic borrowing by Government and credit from the commercial banks to the private sector. Fiscal dominance has been a major policy challenge for the Gambia and is largely due to the then Government's un-quenching appetite to spend. This made expenditure to grow faster than revenues culminating into a chronic fiscal deficit that is as high in some years as above 8 percent of GDP.

The government finances a significant amount of its expenditures from the domestic financial industry. This is dominated by the banking sector, which is comprised of 11 commercial banks and one Islamic bank. The value of the total assets of the banking industry was estimated at 18.2 billion dalasi in 2015. In addition to the banking industry, there is a small capital market comprised almost exclusively of short-term Treasury Bills. Though the Central Bank introduced Sukuk-Al-Salaam in 2007, they still constitute a small percentage of domestic debt. Treasury Bills are by far the most dominant instruments in the market. The government raised about 14.6 billion dalasi on the market in 2015.

Given the short-term maturity of these instruments and the fact they are considered low-risk by banks, its concentration in their asset portfolio is not surprising. However, there is a limit as to how much concentration the commercial banks are willing to allow in their portfolio. The subscription rate in a recent T-bill auction (2015) fell to as low as 50% and was even higher when the New Government took over and instilled fiscal discipline that sent the Treasury Bill rate crashing down.

To finance this deficit with only one option, Government had recurs to monetizing the deficit by taking huge domestic debt mainly Treasury Bills and Sukuk Al Salam from the market and in so doing also drove the interest rates very high and making cost of funds expensive for both itself and the private sector. This capital market is tightly linked to the banking industry. The largest buyer of government treasury bills is the banking sector. Commercial banks hold about 68% of Government securities and in 2014, the yields on the 3-month, 6-month and 1-year treasury bills were 17.5%, 18% and 21.9% respectively. In 2012, the government attempted to issue a 5-year bond. But the subscription was so low that it was never implemented due to the miss-match between the holdings of short-term deposits in the financial sector and the desire to lend long term.

This led to crowding out of the private sector as it competes with Government that is ready to pay any cost to satisfy its financing requirements. Crowding out apart, the commercial banks invested heavily on Treasury Bills as the safest investment that provides high yields at low risk of default. Therefore, private sector borrowing was doubly affected by the existence of the Treasury window and the crowding out impact to the extent that domestic private sector borrowing, particularly for financing real sector investments, was one of the lowest in the ECOWAS Zone with its highest rate as a per cent of GDP being 2.4% during the period under review.

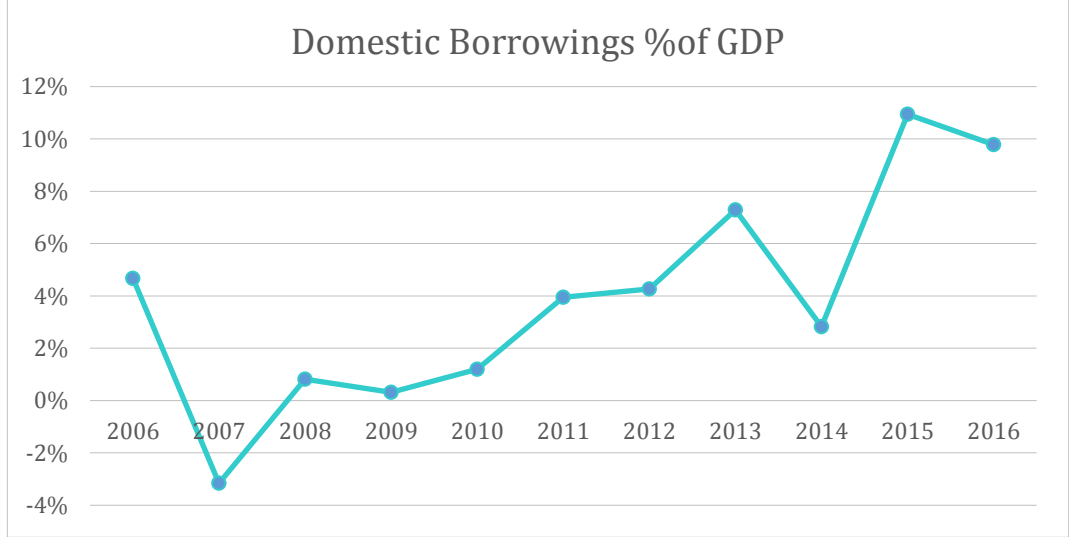
Domestic borrowing (Public and Private) as a percentage of GDP was contained as a percentage of GDP to below 5% of GDP until 2012 figure 15 but was uncontrollably high thereafter reaching 7% of GDP in 2013, 11% in 2015 and 10% in 2016 (see figure xx above all graphs). It is important to note that 2007 was an exceptional year in the fiscal history of The Gambia as the fiscal deficit registered a surplus of about 0.2% of GDP. This surplus was explained by the extra D480 million that the Gambia Revenue Authority generated in its first full year of operations in 2007. This was over and above



their agreed targets and the Debt Relief The Gambia received in that year as it reached HIPC Completion Point. This is glaringly reflected in the form of overall repayments in the domestic debt portfolio as the Government made a repayment of its loans with these excess funds. Given the short-term maturity of these instruments and the fact they are considered low-risk by banks, its concentration in their asset portfolio is not surprising.

The nature of the government's current domestic borrowing is not sustainable. As can be seen, all the treasury bills are short-term. This has far reaching consequences. First of all, the debt is being used to largely finance recurrent expenditures as detailed earlier. As the government is increasingly dependent on this source, it effectively crowds out the private sector. While the public credit provided by the banking sector is increasing, the credit to the private sector by banks has been falling since 2011.

**Figure 15: Public and Private Domestic borrowing**



**Source: Ministry of Finance and Central Bank Data**

**Policy and Institutional Set Up for Domestic Borrowing**

The same policy and Institutional guidelines that define external borrowing as highlighted above apply to domestic borrowing. The only novelty in this one is the catalytic role the Central Bank of The Gambia has played in facilitating the monetization of the deficit as a result of its vulnerability of not being independent. All the oversight institutions like the National Assembly, the National Audit Office and civil society were dysfunctional as they watch the domestic debt rise exponentially.

The Debt sustainability Analysis also calls for a reduction in Government borrowing to finance its deficits in order to avoid worsening the already debt distress situation. Therefore instead of domestic borrowing, more ODA inflows are expected to replace the huge amounts of borrowing made in the recent past.



## Prospects for Domestic Borrowing

With Government's huge appetite to spend, mainly on consumption contained, there is a big potential for private sector credit growth being channelled for the development of the real sector. Already, the banking sector has started to develop more innovative products to diversify their investments away from Treasury Bills.

Other innovative ways and best practices of funding as recommended by the UNDCF Scoping Mission on Financial Inclusion should be adopted to deepen the financial intermediations. These best practices include: SMART AID which is UNDCF's best rated package to address the poor, YouthStart which seeks to build youth inclusiveness in the financial sector, Mircolead that mobilizes huge savings for investments, Mobile Money for The Poor (MM4P) in challenging the financial market to reach millions of people who are currently financially excluded, Shaping Inclusive Financial Transformations (SHIFT) in Asia, Better Than Cash Alliance with its wide recognition for digitalizing payments, Local Financial Initiative (LFI) to support SMEs by providing concessional loans guarantees and technical assistance, Local Climate Adaptive Living Facility (LOCAL) to help local governments build resilience to climate change and natural disasters and finally the Inclusive Local Development Programme in Tanzania that help local governments and the private sector to design, plan, implement and sustain public-private investments.

For this fiscal consolidation to be sustained in the future the Independence of the Central Bank of The Gambia should be guaranteed and made non-negotiable. The other complementary checks and balance of the institutions should also be strengthened to ensure that the runs on the Central Bank never happens again. Furthermore, the CBG should strengthen the quality of credit, particularly to the real sector and enhance the overall monitoring, coordination and supervision of the financial sector.

## Different sources of financing & their proposed areas of investments

The Table 11 below tabulates the various sources of development finance and proposes areas where their investments are deemed to be most impactful based on the relative comparative advantages of these sources.

**Table 11: TRENDS IN DEV. FINANCE, POSSIBLE IMPACTS AND IMPLICATIONS**

TREND	MOST IMPACTFUL AREA	IMPLICATIONS
Government Revenues Likely to increase due to increased tax base & improved business environment	Social services investments. Health, Education, social protection etc It is more reliable and predictable	Mobilise more revenues
ODA Likely to increase substantially because of improved governance and fragility of the country	Institutional and Capacity Development. Increase quality of public spending through projects Help develop bankable PPP projects to attract private investments Selected infrastructure projects not attractive to private sector	High level of re-engagement
FDI Also predicted to increase	Priorities like agro-processing, value addition, SME development & ICT	Create conducive business environment, strengthen laws and expedite delivery of justice
PPPs	Infrastructure, energy, SOEs	Develop PPP capacities
Domestic borrowing Government Borrowing likely to decline but Private sector borrowing expected to increase	Diversify this sources to fund Real sector activities instead of its current pattern of T/Bills & Trade Finance	More fiscal prudence and conscious policies by CBG to redirect resources to real sector
External borrowing Expected to decline	Income generating investments	Use DSA outcome to attract grant and concessional financing
Remittances Expected to decline due to deportation programmes of some countries and voluntary returnees As a result of improved governance	Family support Real estate development Transportation SME	Should be better organised and a Diaspora fund created for investments. Returnees can reinvigorate SMEs and private sector with their acquired skills
LGAs & SOEs Can increase their participation in the economy	LGAs should be charged with a minimum responsibility of Sanitation & minor feeder roads SOEs to supplement Gov. Revenue	Improve their financial status

### Mapping Existing Development Partners and Intervention Areas

As shown above, multilateral institutions are the most important sources of ODA inflows into The Gambia, particularly from the Islamic institutions. These multi-lateral institutions are: the African Development Bank (AfDB), the World Bank, the International Fund for Agricultural Development (IFAD), the Islamic Development Bank (IsDB), Arab Bank for Economic Development in Africa (BADEA), Kuwaiti Fund and Saudi Fund for Development (SFD). Other major providers of development finance are the European Union and the UN System. These institutions are funding different sectors.

The African Development Bank (AfDB) is one of the key multilateral donors in The Gambia. And its interventions cut across sectors but are mainly in agriculture, governance and water resources. The Government intends to further engage the AfDB group to scale up its support in the areas of agriculture including fisheries and climate change adaptation, water, infrastructure, energy, and human capital development in line with the priorities of the NDP and the High Fives of the Bank.

The World Bank's areas of intervention are largely in education, agriculture, infrastructural development, nutrition, and governance. Government will work with the

Bank to scale up its interventions in energy, agriculture, health and social protection especially through community driven projects.

The International Fund for Agricultural Development (IFAD) had been operating in this country for several decades. IFAD's interventions are mainly in the agriculture sector and support to microfinance development. In the recent past, the disbursements from IFAD slowed down suggesting that most of their projects are phasing out.

IsDB's operations in The Gambia cover projects and interventions in energy, ICT, infrastructure, education, health, water, agriculture, and microfinance. Government will work with IsDB to scale up investments especially in the area of energy, infrastructure, and livelihoods. Currently, BADEA is active in the areas of education, energy, road infrastructure, capacity building and microfinance.

The scopes of the Fund's operations are focused primarily on the sectors of agriculture and irrigation, transport and communications, energy, industry, water and sewage. Over the years, Kuwaiti Fund has been particularly active in the education and infrastructure sectors. In line with the Strategic Priorities of the NDP, Government will continue to enhance its cooperation with the Fund in these areas.

The Saudi Fund for Development (SFD) is a Saudi government agency that channels bilateral aid to developing countries, predominantly through grants and soft loans. SFD has been an active partner in infrastructure, water, and education. Government will engage SFD to expand its interventions beyond infrastructure, education, and water into other key areas such as health, sanitation and energy.

The European Union has been operating mainly in the area of infrastructure, Water Resources, Agriculture, Environment and climate change, and youth employment. However, in recent years due to poor governance and failure of the political dialogue, the EU has been channelling most of its interventions through other implementing agencies. Following the change of government and with a new dispensation, the EU has renewed its support to The Gambia in the form of budget support and has committed to scaling up support to The Gambia in other areas of development. In line with the NDP, the Government will enhance its collaboration with the EU in the areas of infrastructure, agriculture and food security, environment and climate change, water resources, and youth employment.

The support and interventions of the UN System cuts across several sectors which include agriculture, education, health, environment and climate change, governance, social protection, child protection, youth empowerment, skills development, women's empowerment, private sector development among other issues. The support of the UN System is delivered through a United Nations Development Assistance Framework (UNDAF) implemented through various country programmes. Table 12 below shows the NDP priority areas and the potential development partners.

**Table 12: NDP Priority Areas and Potential Development Partners**

<b>Strategic Enabler</b>	<b>Priority/Critical</b>	<b>Existing Partners</b>	<b>Potential /New Partners</b>	<b>Private Sector/Foundations</b>
Governance, Human Rights and Decentralization		EU, S. Korea UNDP, AfDB, Africa Legal Facility, UNICEF, WB, AU, ECOWAS	Nordic Countries, USAID, DFID, Canada, Botswana, Millennium Challenge Corporation (MCC/USA), GIZ, Commonwealth	Foundations
Macroeconomic Stabilization and Economic Management		IMF, WB, AfDB, EU, UNDP	DFID, USAID, Nordic, Irish Aid Countries, Canada, GIZ, Commonwealth	Foundations
Modernizing Agriculture, Agribusiness and Fisheries		AfDB, WB, IDB, IFAD, GEF, Japan, EU, FAO, WFP	China, Malaysia, Indonesia, Australia, Turkey	Private Sector
Human Capital Development – Health, Education, and Social Protection		WB, WHO, UNFPA, GF, IDB, KF, BADEA, SF, Abu Dhabi Fund, UNICEF, EU, WFP, UNESCO, EXIM Bank India, Japan	Nordic Countries, BRICs, Canada, Nigeria, Ghana, South Africa, Kenya, USAID, Australia, GIZ, Pakistan, Swiss Cooperation, Commonwealth	Private Sector, Bill and Melinda Gates Foundation, Foundations
Infrastructure and Energy		EU, WB, IDB, BADEA, EXIM Bank India, AfDB, OFID, EBID, SF, KF, Abu Dhabi Fund, GEF, ECOWAS, AU	China, Japan, Dubai, Turkey, GCF, Climate Change Funds, Senegal, Guinea Conakry, Mauritania, France	Private Sector, Foundations
Tourism and Culture		WB, World Tourism Organization, UNESCO	IDB, Turkey, Netherlands, DFID	Private Sector, Foundations
Youth Employment		EU, AfDB, WB, IFAD, UNFPA, UNDP, IOM, UNICEF, Spain	USAID, DFID, BADEA, IDB, Germany, Swiss Cooperation, Luxembourg Cooperation, Netherlands	Private Sector, Foundations
Private Sector Development and Trade		WB, IDB, AfDB, EU, ILO, WTO,	USAID	Foundations
Strengthening Public Institutions		EU, UNDP, WB, AfDB, BADEA	Nordic Countries, DFID	
Women’s Empowerment		UNDP, UNFPA, UNICEF, AfDB, IDB	Nordic Countries, USAID, DFID, Irish Aid	Foundations
Environment, Natural Resources, Climate Change and Land Use Planning		GEF, WB, AfDB, EU, UNDP, FAO, Japan	Nordic Countries, USAID, DFID, GIZ	Private Sector, Foundations
Strengthening Civil Society and Non-State Actors		EU, UNDP, ECOWAS	Nordic Countries, USAID, DFID	
Information Communication Technology (ICT)		WB, IDB	China, France, Germany	Private Sector
Data for Development (D4D)		WB, UNDP, UNICEF, AfDB	IDB, BADEA, COMSEC, DFID, Kenya	Private Sector

## 5. INTEGRATED PLANNING AND FINANCING SYSTEMS

The National Development Plan (NDP) spanning the period from 2018 to 2021 has already been developed with a well-articulated set of priorities and results that help achieve the Sustainable Development Goals (SDG) agenda with costed targets and indicators. These costed targets and indicators are projected annually or in the medium to long term and can be monitored through a comprehensive Results Framework.

The new Government has developed The National Development Plan to take into account changing socio-economic and political landscapes. The plan framework comprises a vision, goal for the National Development Plan, and the strategic priorities, critical enablers that together provide a roadmap for the plan. The vision, mission, goals, strategic priorities and objectives of the NDP are stated in the introductory chapter that discusses the Policy and Institutional Setup at the introductory part of this DFA.

Government will pursue a number of strategies to ensure implementation. These include the prioritization and sequencing of actions: addressing regional disparities in access to basic services and strengthening integrated urban planning; realignment of sector strategies and action plans to the overall orientation of the National Development Plan; regional integration and cross-border cooperation; and capacity development.

### 5. A. Institutional Framework for NDP Implementation

Implementation of the National Development Plan will necessitate government to put in place a robust institutional and coordination framework. This is made necessary given the bold reform agenda of the new government, and the current fragmentation in policymaking process, weak coordination and institutions. Furthermore, the new context demands that citizens are placed at the centre of decision-making. The proposed institutional arrangements for plan implementation, therefore covers two aspects: the institutional framework and the related roles and responsibilities.

The institutional framework proposed for the plan have two interlinked components: Policy oversight and coordination functions; and Technical and implementation functions. The key institutions involved in oversight and policy coordination are: the National Assembly, Cabinet, the Inter-Ministerial Steering Committee, a Multi-Stakeholder National Coordinating Committee, and Regional Governor's Forum. A Government-Development Partners forum is also envisaged.

For technical and implementation oversight, the following mechanisms are proposed: A National Technical Committee, Technical Clusters, National M&E platform, Regional Technical Advisory Committee and cascading down to Ward levels.

To strengthen internal coherence in policy, programme implementation, aid coordination, monitoring and reporting, the Government will undertake a comprehensive review of the current situation, and draw upon best practices to come

up with the appropriate coordination mechanism/framework for development planning in the country.

The Government established Gambia National Think Tank (GAMNATT) and is expected to play a vital role in the national development process, providing expert advice based on research and reviews to guide policy, programme design and assessing impact, and documenting lessons.

Clarity in roles and responsibilities is critical for the successful plan implementation. The main responsibilities of key actors are spelt out and these are aligned to the plan implementation framework.

Specifically, for operational policy oversight and coordination the following arrangements will be put in place: The Vice President shall chair the Inter-Ministerial Steering Committee to ensure sector coherence in implementation. The High-level National Committee will bring together Government Ministers, high-level representatives from the donor community, private sector, civil society, professional associations, and others designated by the Office of the President.

The Vice President will also chair the High-Level National Committee and the Ministry of Finance and Economic Affairs shall chair the Government-Donor Consultative Forum. The Ministry of Lands and Regional Administration shall chair the Regional and Municipalities Forum, which will be tasked with the responsibility to ensure proper alignment of the NDP and regional, municipal, and local development plans. At the technical implementation level, the following arrangements will be put in place: A National Technical Steering Committee (NTSC) comprised of all Permanent Secretaries, chaired by the Secretary General of the Civil Service, which will review and approve work plans, progress, and monitoring reports for onward submission to the MNSC. The Directorate of Development Planning within MOFEA shall act as secretariat.

Technical clusters shall draw together all MDAs delivering on the respective priorities of the NDP. Their functions would be to develop the annual work plans, undertake joint monitoring and prepare progress reports. They shall ensure cooperation and alignment of individual MDA work plans related to that strategic priority. Consequently, there will be 15 technical clusters. Private sector, CSOs, UN agencies and other development partners shall be members of the clusters, based on their areas of expertise.

A National M&E platform will be established to ensure adequate monitoring and evaluation of the Plan. MOFEA/DDP/GBOS will coordinate the work of the technical clusters and the M&E platform. It shall bring together state and non-state actors. At Regional level, the MDFT will ensure that Ward and local development programmes and projects are aligned with the NDP, and shall undertake M&E and other related activities.

The Directorate of Development Planning will be tasked with elaborating detailed Terms of Reference, including membership criteria for the mechanisms proposed above.

The NDP therefore has identified the main principles, tools including the use of results framework, MTEF and transparency that will form the basis for further strengthening of the development cooperation as well as guaranteeing results.

## **B. FINANCING AND BUDGETING SYSTEMS IN THE GAMBIA**

In order to implement the NDP and achieve its targeted goals, continuous reforms in public financial management are inevitable. The Gambia's on-going PFM Reform has contributed to economic growth from 5.1 per cent in 2010 to 6.2 per cent in 2013 (CCA 2015), validating the positive correlation between PFM and transparency, accountability, and economic growth. Presently, the reform features components dealing with accountability and transparency in procurement, auditing, and budget credibility. Its strategic focus will also strengthen planning processes; fiscal discipline; domestic resource mobilization, partnerships, and aid coordination; as well as strengthening the institutions involved with reforms.

A Public Expenditure and Financial Accountability (PEFA) Assessment conducted in 2014 established that overall, The Gambia's PFM systems improved significantly by over 80 per cent, whereby most indicators registered an improvement compared to the previous PEFA conducted in FY2009. However, there is significant room for improvements, particularly focused on policy-planning-budget linkages; institutional capacity to execute reforms, external aid dependency, partnership management and the high variations between actual and budgeted expenditures which experienced 15-31 per cent variations over the past four years, poor oversight responsibility for monitoring SOEs and legislative scrutiny of external audits, low channeling of donor inflows using national systems and poor donor budget reporting information.

The quality of the budget is assessed using the outcomes of international agencies that conduct assessments such as Public Expenditure Financial and Accountability Assessment (PEFA), which graded The Gambia in 2015. However, the overall grading on the budget was a C which is definitely an average pass even though the identified gaps still are to be filled to positively influence NDP implementation. These gaps and other constraints in all the stages of the budgetary process from preparation, execution, reporting and monitoring should be improved.

The National Budget in particular should be made central in these reforms as most of the sectors do not have their costed sectoral strategies and even those who have are faced with not updating these strategies to make them relevant to the NDP. Moreover, the capacities at the sector level to prepare accurate budgets are very low and should be greatly enhanced. The Budget preparatory stage cannot be robust enough in the absence of these sectoral strategies that are either to be prepared or updated to inform the sectoral budget and national budget allocations in a results friendly way.



At the preparatory stage, a Medium Term Expenditure Framework (MTEF) over a period of three years has already been put in place as a format for preparing the National Budget. MTEF establishes the mechanism for performance monitoring of the budget and since it is at its introductory phase this area requires substantial improvement. It also proposes the programming of development, recurrent expenditures and medium term expenditure in an integrated manner to improve the efficiency and effectiveness of the budget. **As of now, MTEF implementation in The Gambia is only allocating resources to programme level and is not yet extended to performance budgeting by allocating resources to activities to be able to monitor results. Moreover, an integration of domestic and external resources in both the medium-term macroeconomic framework and the MTEF should be strengthened to further maximize the use of these flows.**

MTEF implementation in The Gambia should target achieving three broad objectives: 1) to improve the accuracy of the sectoral budgets which is weak and to eliminate over-expenditures; 2) improve inter-sectoral budgetary allocations to broadly reflect strategic policy priorities of the NDP and 3) introduction of demand side discussions for better budgeting within the executive motivating line ministries to prepare better budget submissions; and 4) emphasis the need for better budget execution and procurement process. In addition, a bottom up rolling Public Investment Programme will add value to resource allocation and their alignment to NDP priority for better results.

The Budget is prepared in three phases i) strategic phase where NDP priorities are aligned with sectoral priorities but so far this alignment process is very weak in the absence of updated sectoral strategies; ii) estimation phase where the three year resource envelop is determined in an Medium Term Expenditure Framework and the ceilings for the sectors set based on the NDP priorities which is also weak due to estimation accuracy of the sectoral budgets; and iii) the approval process which requires the strengthening of the a capacities of Cabinet members and the National Assembly to be more analytical and be able to scrutinize the budget in a more informed way. An example of the weakness between policy, plan and financing is illustrated using the 2018 budget allocations and ceiling from the Ministries as in Table 13. These resources are currently allocated in the medium term covering 2018-2021 at programme and sub programme levels leaving out the objectives and activity levels. Also at the sector level the capacity to prepare accurate budgets is very weak.



**Table 13: MTEF BUDGET CEILINGS****MDA Ceilings**

MDAs	2018				2019				2020			
	Goods & Services	Transfers & subsidies	Capital	Total	Goods & Services	Transfers & subsidies	Capital	Total	Goods & Services	Transfers & subsidies	Capital	Total
Office of The President	184.3	80.0	50.5	314.8	189.8	84.0	53.0	326.9	203.1	88.2	55.7	346.99
National Assembly	51.8	-	-	51.8	54.4	-	-	54.4	59.8	-	-	59.83
Judiciary	20.3	-	4.2	24.5	21.3	-	4.4	25.7	23.4	-	4.6	28.08
Independent Electoral Commission	33.0	-	-	33.0	34.7	-	-	34.7	38.1	-	-	38.12
Public Service Commission	6.0	-	-	6.0	6.3	-	-	6.3	6.9	-	-	6.93
National Audit Office	15.8	-	63.1	78.9	16.6	-	64.4	81.0	17.4	-	67.6	85.00
Ministry of Defence	181.1	12.0	2.0	195.1	190.2	100.0	2.1	292.3	209.2	110.0	2.3	321.48
Ministry of Interior	149.1	12.0	2.2	163.3	156.6	12.6	2.2	171.4	172.2	13.2	2.3	187.73
Ministry of Tourism and Culture	22.9	18.0	24.3	65.2	24.0	25.2	19.8	69.0	26.4	27.7	21.8	75.94
Ministry of Foreign Affairs	206.0	14.7	94.9	315.6	216.3	15.4	15.4	247.2	237.9	26.4	20.8	285.17
Ministry of Justice	22.6	19.9	1.9	44.4	23.7	22.8	1.9	48.5	26.1	25.1	2.1	53.32
Ministry of Finance and Economic Affairs	194.7	389.1	25.3	609.1	204.4	428.0	27.8	660.3	224.9	470.8	30.6	726.30
Pensions and Gratuities	160.0	-	-	160.0	184.0	-	-	184.0	211.6	-	-	211.60
Ombudsman	5.1	-	-	5.1	5.4	-	-	5.4	5.9	-	-	5.89
Centralised Services	327.6	-	-	327.6	344.0	-	-	344.0	378.4	-	-	378.38
Ministry of Lands and Reg. Government	40.4	1.9	12.0	54.3	42.4	2.1	13.2	57.7	46.7	2.3	14.5	63.48
Ministry of Agriculture	190.9	60.3	213.0	464.2	213.8	72.4	255.6	541.8	256.6	86.8	306.7	650.12
Ministry of Transport, Works and Infrastructure	40.4	40.1	400.0	480.5	42.0	44.1	440.0	526.1	46.2	46.2	48.5	140.92
Ministry of Trade, Indus., Reg. Integ. & Employ	37.2	36.7	2.0	75.9	40.9	40.4	2.2	83.5	45.0	44.4	2.4	91.84
Ministry of Basic and Secondary Education	370.0	214.6	79.9	664.5	407.0	257.5	95.9	760.4	488.4	309.0	115.1	912.48
Ministry of Health and Social Welfare	150.1	340.1	54.5	544.7	165.1	408.1	65.4	638.6	198.1	489.7	78.5	766.36
Ministry of Youth and Sports	24.8	16.3	11.4	52.5	26.0	17.1	12.0	55.1	39.1	25.7	18.0	82.69
Ministry of Environ., Climate Change, Water Re	36.9	21.2	152.0	210.1	40.6	23.3	167.2	231.1	44.6	25.7	183.9	254.22
Ministry of Info., Communication and Infrastru	21.5	-	-	21.5	22.6	-	-	22.6	23.7	-	-	23.70
Ministry of Fisheries	11.7	2.8	8.6	23.1	12.9	3.1	9.5	25.4	14.2	3.4	10.4	27.95
Ministry of H/Edu, Research, Science & Techno	123.9	46.1	73.7	243.7	136.3	50.7	81.1	268.1	149.9	55.8	89.2	294.88
Ministry of Energy	25.9	-	-	25.9	28.5	-	-	28.5	31.3	-	-	31.34
Ministry of Petroleum	18.1	-	-	18.1	19.9	-	-	19.9	21.9	-	-	21.90
<b>Total</b>	<b>2,672.1</b>	<b>1,325.8</b>	<b>1,275.5</b>	<b>5,273.4</b>	<b>2,869.7</b>	<b>1,606.9</b>	<b>1,333.1</b>	<b>5,809.6</b>	<b>3,247.2</b>	<b>1,850.5</b>	<b>1,075.0</b>	<b>6,172.63</b>

Source: Ministry of Finance

The Ministry of Finance and economic Affairs using its various directorates is the driver of the budget preparatory process. The Directorate of Planning of this ministry spearheads the preparation and monitoring of implementation of the the National Development Plan and also assist sectors in developing their sectoral plans and making sure that these plans are align with the NDP. The Policy Directorate in consultation with Budget Directorate, the Directorate of Loans and Debt Management provides the medium term resource envelop estimation of the MTEF and the Ceilings for the sectors are determine from this envelop by the Directorate of Budget. The directorate of Loans and Debt Management is responsible for determining external resources but their focus and orientation should be put more in ensuring the proper use of external funds in the Budget and should also be used more in the mobilization of other resources.

While it is commendable that such a results-oriented framework of budgeting that is capable of delivering financing for results, a fully-fledged MTEF is yet to operationalized. MTEF in its current form only has classification for programme and sub-programme levels and does not capture the next and most important levels for M&E of the third and fourth levels of classification of objectives and activities. **The Ministry of Finance and Economic Affairs should as a matter of urgency move to a fully-fledged MTEF especially to the activity level to make the budget framework more results-friendly.**

Another constraining factor to deliver financing for results is the fact that the IFMIS had difficulties reporting the progress in PAGE implementation even for Government's own contributions. This weakness stems from the lack of mapping out on the IFMIS system a reporting format that incorporated the various pillars of PAGE. **This challenge is more relevant to the NDP implementation now than the PAGE era and requires urgent fixing by mapping the IFMIS reports to take into consideration the various NDP strategies and objectives so that government resources are adequately accounted for. The monitoring and evaluation of the National budget shall require inputs in the form of specifically generated reports from IFMIS to inform decision makers of the progress in the use of Government resources to achieve the NDP priorities.** This gap aside, IFMIS has revolutionized the way Government reports on its budget and prepares it financial statement.

At the execution level, the challenge has been making sure that budgets are executed as planned. But, because the preparation at sector level was and is still poor, there has been huge reallocation of resources through virements and sectoral budget plans always deferred from actual outcomes. By improving the preparatory stage of the budget insisting on fiscal discipline by the Ministry of Finance and Economic Affairs in their approval of virements this challenge can be remedied.

The plan is fully costed with targets and indicators on an annual basis and will be resourced through a multi-pronged financing strategy, including among other actions, traditional development assistance, domestic resources mobilization; innovative financing instruments; and concessionary financing.

**Preparing, where they do not exist and updating, the various sectoral strategies in a standardized form and linking sectoral strategies to NDP and to the Budget and updating the Programme Based Budgeting Statement to reflect the NDP priorities becomes eminent.**

Capacities at the sector level to prepare accurate budgets is generally weak and strengthening the weak linkages between policy-planning-financing by harmonising annual sectoral plans to match with the medium term resource envelop will greatly facilitate this linkage.

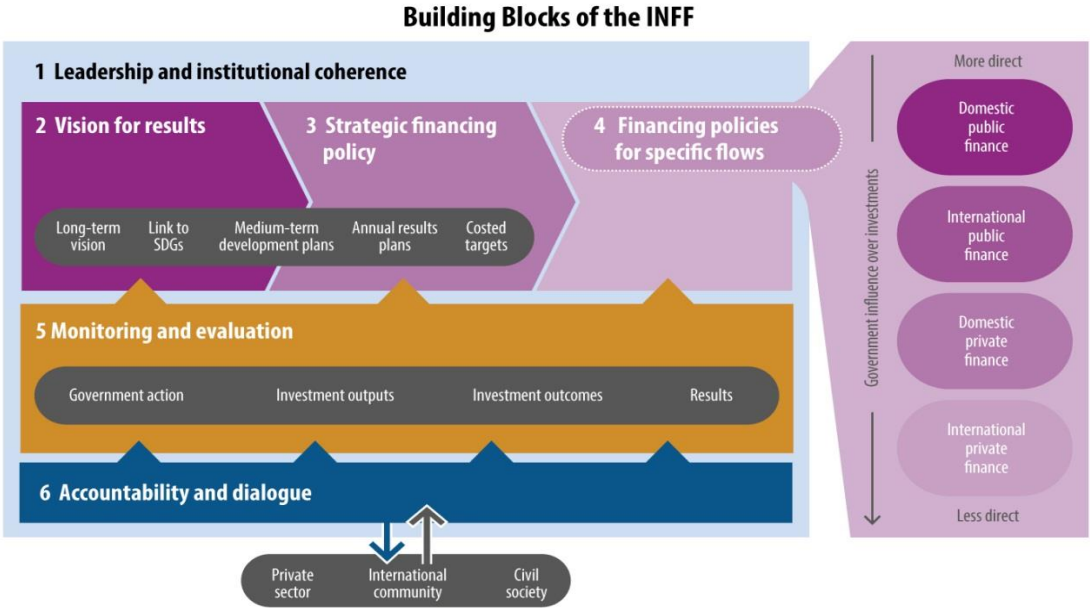
### **5. C. Establishing an Integrated National Financing Framework for The Gambia**

A complex development finance landscape is emerging in recent years and it is one which is changing sources, volumes and modalities of delivery. This change brought with it new actors and new partnerships such as climate change resources and PPPs to address diverse development challenges. This changing landscape in development finance is happening when the Gambia has just undergone a favorable political transition, which provides a high political capital that can readily be cashed in to support the implementation of the National Development Plan and the attainment of the SDGs.

It is therefore timely and pertinent on the Government and the providers of development finance to rethink the overall objectives, allocations and instruments to adjust quickly to changing development contexts and to move ahead on the 2030 agenda. The Gambia will need to consider the current and future financing frameworks for delivering the SDGs. This Agenda requires both significant increases in resources as well as changes in the way existing resources are used and prioritized, calling for more effective and integrated approaches to managing public and private finance to achieve sustainable development. INFFs can help The Gambia develop a holistic vision of fiscal planning and management that transcends traditional public financial management and identify incentives to align resources of a private nature.

Many countries are establishing INFFs, it is clear that doing so is an ambitious long-term endeavour, but findings also demonstrate that a number of on-going policy and institutional reforms in the area of public finance and results-based management provide countries with a good starting basis to build upon. As detailed in figure 16, the INFF is seen to have the 6 building blocks.

**What Does an Effective System for Financing the SDGs at the Country Level Look Like? Building Blocks of an Integrated National Financing Framework**  
**Figure 16.**



These six building blocs for an Integrated Financing Framework (INFF) as adequately presented in figure 16, represent a conceptual model, which governments can apply to assess their financing frameworks and thereafter design appropriate reform strategies to strengthen them. Discussing in details the above-mentioned building blocks and reflecting their suitable contextual situation in the Gambia follows suit:

**5. C.1 Institutional coherence for establishing and managing an INFF**

The Gambia’s overall CPIA rating was 2.93 in 2015, which lowered its three-year CPIA average to 3.11, below the 3.25 threshold for a medium policy performer (IMF and World Bank, 2013). This is fairly reflective of the poor economic and political governance of the past regime and indicates the weak role that the past leadership provided. All this has changed with the coming into power of the New Government and there are high hopes of improvements in all areas of governance to positively influence the inflows of development finance into The Gambia.

The Government of the Gambia and all other providers of development finance plan to establish in an active engagement in the reporting framework and dialogue forum for better coordination at all levels of Government and other stakeholders. There is definitely the political buy in by the President and Cabinet Ministers and the President has created His own dashboard to be able to monitor and keep tract of the NDP implementation outcomes. The providers of development finance, on their part, have shown renewed interest in accompanying the New Gambia achieve the SDGs and the NDP goals. The interaction of all stakeholders is better captured through the establishment of an Integrated Financial Framework.

Establishing and managing an Integrated Financial Framework will entail the creation of an institutional set up that spearheads the coordination of all stakeholders, preparation of the various reports that capture all the sources of development finance and their impact on results and organize dialogue to discuss the reports on outcomes and progress in meeting the NDP priorities. A quick review and consultations made of the current institutional set-up of Government indicates that the INFF can be housed at the Aid Coordination Directorate under the leadership of the Honourable Minister of Finance and Economic Affairs.

Recognizing that the Aid Coordination Directorate is already undertaking some aspects of the INFF makes this recommendation more plausible. This Directorate prepares an Annual Aid Bulletin that reports on limited sources of development financing coming mainly from Government, some donors and Foreign Direct Investment. The Bulletin is however, short in capturing other sources of financing such as from PPPs, NGOs, private sector etc.

The Ministry of Finance should therefore redefine the role of the Aid Coordination Directorate and substantially enhance their capacities to take up the responsibility of INFF and deliver comprehensive reports on the various sources and impact as well as results of the development finance and how they help meet the SGDs and NDP priorities. The report can be maintained in its annual format.

The institutional arrangement exist for almost all the various inflows discussed in the inflows chapter but some of them are weak and combined with other weak national institutions, there will be substantial institutional enhancing to make an INFF to be both effective and efficient.

## 5. C.2 A Clear Vision for Results

The Gambia Fragilities assessment reveals the following: A deterioration in governance with the country's ranking in the Mo Ibrahim index declining from 19th to 35th out of 54 African countries between 2009 and 2016 (WB 2017); A historic transition to democracy ending 22 years of dictatorship but with lingering tensions; An economy highly susceptible to weather-related shocks, fiscal slippages and worsened by a history of executive mismanagement and weak institutions; Inadequate provision of vital infrastructure services such as electricity, water and sanitation and waste management; Weakened social fabric with heightened community tensions; Limited progress in reducing poverty in the face of growing rural poverty – the proportion of the population below the poverty line has remained flat at around 48 per cent between 2010 and 2015; and A widening poverty and access to services gap between urban and rural Gambia - while the proportion is at 31.6 per cent for urban areas, rural Gambia has 69.5 per cent

below the poverty line; with 42.2 per cent of the population, it has 60 per cent of the country's poor.

The Gambia requested a technical assistance mission in early 2016 to domesticate this important agenda and has since then integrated these fragilities and SDGs into the National Development Plan, with assistance mainly from the United Nations system.

From the foregoing brief overview, a mixture of opportunities and challenges marks the context for the plan. These challenges have resulted in key fragilities. Fortunately, there are many opportunities, notwithstanding these fragilities and there is a clear road map in the NDP to address them. **If the NDP is fully resourced and implemented as planned with all the complementary reforms such as an updated PFM, establishment of an INFF, strengthen institutions and capacity, promotion of sustained engagement and dialogue with all providers of development financing, these will have a positive impact on national development during the plan period.**

### 5. C.3 An overall financing strategy

The overall financing strategy is discussed in detail in the policy and institutional framework section of the introduction to underscore its importance. The financing strategy of the NDP has been developed as a resource mobilization strategy to fund the total cost of the plan. The NDP is costed and the total funding requirements is estimated at U.S \$2.4 billion with the main cost drivers being energy and infrastructure (57 per cent), agriculture (11.2 per cent) and human capital (8.34 per cent). Combined, the three strategic priorities account for 76.5 per cent of the total NDP budget. With respect to the highest cost driver, which is infrastructure and energy, most of the financing will be acquired through PPP and other innovative financing models.

Government has identified 42 flagship and priority projects for implementing the plan. The total cost of these flagships and priority projects, after accounting for committed resources is \$US 1.6 billion, of which \$US 157 (9 per cent) is expected to be government contribution, \$US 1.0 billion (62 per cent) from ODA and \$US 471 (29 per cent) from private sector investments – see **Table 1 above**.

**The Financing Strategy intends to fully provide the funding for the total NDP budget of \$US 2.4 billion, of which the total cost of the eight strategic priorities flagships is \$US 2 billion or 83 per cent of the gross budget and the cost of the flagships for the Critical Enablers is \$US 345 million or 17 per cent of the budget.**

In terms of the yearly resource needs, the plan and financing strategy call for the frontloading of the resource requirements in years 2 and 3 of the plan period and that Year 1 requirement is \$500 million or roughly 20 per cent of the gross total funding requirement. Based on the information collected to determine the committed resources for each flagship/priority project, the funding gap for each flagship has been estimated. According to the findings of the Financing Strategy, the total funding gap is estimated at \$US 1.6 billion. The committed resources have been estimated at \$US 750 million.



As a proportion of total committed resources, infrastructure is the highest (\$US 567 million or 76% of the committed resources – mostly attributable to energy), followed by environment and climate change (\$US78 million or 10%), and human capital (\$US 63 million or 8.4%). Together these three sectors account for 94.4 per cent of the committed resources.

The prospects in the various flows has revealed that substantial resources can be mobilized from ODA , FDI and PPPs from the private sector and public revenues to fund the NDP. Other areas with huge potentials are climate change funds, domestic credit to the private sector and funds from SOEs and LGAs if their governance constraints are addressed. Strengthening the institutional arrangements of these inflows will also help.

### 5. C.3 Financing Options of The NDP

Government will pursue three pathways to close the funding gap for the National Development Plan, namely: domestic Resources; ODA/Concessional financing; and private sector investments. According to the financing strategy, Government should contribute 9%, ODA to meet about 62% and the private sector to provide the remaining 29%. The strategies to pursue under each of these are further developed in the sections above detailing out the financing strategy and the planning and budgeting systems. This is why the inflows from FDI and PPPs from the private sector will be accorded more importance and a more structured engagement between the new Government and the donors has already attracted substantial ODA pledges and it is expected that more public revenues will be raised by Government to meet its committed funds for a successful NDP implementation.

### 5. C.4 A system for monitoring and evaluation (M and E) of finance for results

At different periods: The results framework and the monitoring and evaluation framework in the NDP provides the basis for this building block. For any evidenced-based monitoring and evaluation (M&E) mechanism to be efficiently used to determine finance for results there are few preconditions that are required. Firstly, the quality and timely data for informed decision-making must be available. Results framework with clearly defined outcomes will also be needed and some reporting format to evaluate progress.

In light of the above, capacity building and institutional strengthening cannot be avoided to prepare the Gambia Bureau of Statistics to rise to this challenge of providing all the data sets necessary to monitor and evaluate the progress in implementing the National Development Plan in a way that supports financing for results. The Planning Units that were being established at all the sectors in the Government of the Gambia should be completed to complement GBOS in sector data collections and analysis for utilization in the NDP M&E framework.

Monitoring of the plan will be done at three levels, to ensure that plan objectives are attained: Executive level, through a Presidential Dashboard; Sector level Monitoring and Evaluation processes; and mechanisms to strengthen government-citizens' engagement. As discussions are on-going for sectors to report directly to Office of the President, it is important to take into account the needed synergy from involving the Ministry of Finance and Economic Affairs in this process.

A robust accountability framework is proposed in the NDP to ensure greater clarity on the roles of different stakeholders in the plan's implementation, which includes for the first time involvement of regional, ward and village level structures. **The financing strategy, the proposed INFF and the NDP also encourage the use of evidence-based data, strengthened monitoring and tracking systems of these inflows and how the various sources of funds are utilized to promote transparency at all levels.**

Global partnership for effective development will be brought to bear in learning from other countries' best practices of their usage of evidence-based and results oriented as well as SGDs compliant National Development Plan implementation.

#### 5. C.5 Financing policies for specific finance flows

The Government has developed a Financing Strategy to help fund the NDP. In addition to these it has an Aid Coordination policy, a PPP Policy and initiated the implementation of a Medium Term Expenditure Framework, albeit not fully operational yet. **More work will be needed to build capacity to attract climate change funds, simplify tax administration and improve the business climate to increase FDI, enhance the capacity of the PPP Directorate at the Ministry of Finance to increase PPP flows and influence the impact from this source, prudent fiscal and monetary policies with strategic resource allocations to positively maximize the size and usage of both public revenues and ODA and, reduce public borrowing to promote a sustainable Debt level of the country.**

All these policies and the accompanying reforms will help in directing resources to areas where they are best used to maximize the results derived from each source. For instance the use of public funds in the generation of public goods such as in education, some infrastructural needs, health while leveraging private funds where the market provides adequate incentives for private sector investments. Similarly, dotted evidences exist that donor funds from international multilateral institutions such as the UN System, World Bank, African Development Bank (AfDB) have high returns in investing in capacity building and institutional strengthening. In The Gambia, the case of using World Bank funding for the implementation of the Integrated Financial Management Information System that has revolutionized the government of The Gambia's accounting and fiscal reporting, and the establishment of Gambia Revenue Authority that has, since inception in 2006, increased the revenue to GDP ratio are just few examples to cite. PPPS are suitable financing mechanisms for key State own enterprises like NAWEC, the GPA, GGC and GAMTEL/GAMCEL.



## 5. C.6 An enabling environment for accountability and dialogue for financing for results:

Decades of poor governance and dictatorship have significantly marginalized the role of civil society in the development of the country. Government is determined to reverse this and to work to ensure the emergence of an active and engaged civil society that is a valued partner in national development. Under the plan, civil society organizations will be strengthened to ensure that they are positioned as a representative, dynamic and credible consortium through capacity building, coordination and information sharing at both organizational and community levels, strengthening of social accountability mechanisms and improvements in the legislative and policy environment through research and advocacy. **In particular, there is weak Public Private Dialogue and the consultations between Government and its partners are not as frequent as desired and therefore, the Business Council should be reactivated and consultations with donors be given priority.**

### Strengthening evidence-based policy, planning and decision-making

The availability of credible data to inform development policy and track effectiveness is vital if the plan's objectives are to be met. While The Gambia has made significant strides through the Gambia Bureau of Statistics (GBoS), government will take further measures to ensure the generation and dissemination of credible development data for results based planning, implementation, monitoring and evaluation in a timely and cost effective manner. Furthermore, the various sectoral Planning Units will be established and where none exist and those sectors with Planning Units will have their capacities greatly enhanced to serve as primary producers of sectoral data to GBOS.

Key interventions relate to improving statistical governance, coordination of the National Statistical System (NSS) and data quality; the enhancement of sustainable quality human resources, physical, ICT and statistical infrastructures; production, dissemination and adequate monitoring and evaluating of quality data; and the forging of partnerships for sustainable funding.

The different sources of development finance inflows are discussed in the mapping of financing landscape and in each of these inflows a proposal is made as to where they should be channelled in order to make the greatest impact on the NDP and SDGs priorities.

### The Accountability Framework

Strong and clear accountability mechanisms, which provide clarity with respect to institutional arrangements, roles and responsibilities, a robust M&E framework and enhanced government citizens' engagement, are vital for the plan's success. The institutional framework proposed for the plan have two interlinked components: Policy oversight and coordination functions; and Technical and implementation functions.

The key institutions involved in oversight and policy coordination are: the National Assembly, Cabinet, an Inter-Ministerial Steering Committee, a Multi-Stakeholder National Coordinating Committee, and Regional Governor's Forum. A Government-Development Partners forum is also envisaged.

For technical and implementation oversight, the following mechanisms are proposed: A National Technical Committee, Technical Clusters, a National Monitoring and Evaluation platform, and a Regional Technical Advisory Committee cascading down to Ward levels.

The Gambia has come a long way in strengthening its Government Accounting Systems. There was a huge backlog of Government Financial Statements and un-audited Accounts dating as far back as 1991. With resolve and support from the donors, this is now a thing of the past and currently, Government accounts are finalized, audited and submitted to the National Assembly in the preceding year after the close of each financial year. Furthermore, The Gambia is a leading country in Africa for having implemented a successful Integrated Financial Management Information System that captures all categories of Government revenues and expenditures to the extent that with a touch of a button, various fiscal reports are generated for informed decision making. These reports can be improved upon to generate results oriented reports that reflect the objectives of the National Development Plan as an improvement to the PAGE implementation constraint. These two achievements are indeed major milestones that points to the strengths in the usage of The Gambia's National Systems and this is buttressed by the fact that evidence of Budget Supports from the World Bank and the African Development Bank have already been successfully implemented.

Similar arguments are true for the National Audit Office for having kept pace with the numerous outstanding Financial Statements from Government. The National Audit Office is also current in its audit of Government accounts, although challenges remain in auditing Public Enterprises, which is outsourced to a limited Audit Firms in the country. The National Audit Office has also been given autonomy and has a fairly good level of independence, which could be further improved upon.

The Gambia Public Procurement Agency has a track record of overseeing procurements for the Government and Government institutions for over a decade now and the new Government is resolved in allowing the agency to operate with more independence. Providers of development cooperation should therefore anchor their procurement procedures and processes with that of the Gambia Public Procurement Agency. There is therefore the need to conduct additional works to harmonize procurement procedures of The Gambia and those providers of development cooperation.

The importance of the National Assembly in this M&E framework cannot be over emphasized. The August body should ensure that National Budgets are executed as planned and are compliant with the NDP objectives and it should also ensure that

Government's and SOEs' Financial Statements and their Audits are done on a timely basis as well as make the necessary follow ups.

### Strengthening Government-Citizens' Engagement

Government will pursue the following strategies during plan implementation to strengthen accountability and build mutual trust and transparency with citizens: All public institutions will be required to develop and publish Service Charters; Government will set up forums for citizens' engagements and create opportunities for citizens to interrelate with public officials at all levels; Government will establish digital platforms to strengthen engagement; and Government will establish a "Feedback Unit" to build public interest on policy issues.

### Creating Conditions to Support Private Sector-led Growth

Engaging the private sector with information on the developments of the country as it relates to improved business climate in general should be prioritized. A thriving Private Sector allows new investments that increase the flow of goods and services, creates employment and increases incomes; this highlights the tremendous contribution of the private sector towards economic growth. To ensure that the sector continues to thrive, the dynamics within which private operators conduct their business must be favorable. In light of this, the government must review tax administration and how it can be restructured to be mutually beneficial for both the sector and the state. Moreover, the sector should continuously be engaged through the suggested PPD to inform decision-making.

Finally, Government through the NDP and the establishment of an INFF, will promote the effective management of financing flows, implement a more strategic and coordinated use of inflows, especially to support the development of government capacities, its institutions and align its policies in order to manage key inflows and to strengthen coordination of all providers of development financing. In particular, there is an urgent need for reforms to strengthen the public administration with a comprehensive civil service reforms that looks into staffing matters (capacity and size), strengthen institutions like make the Central Bank independent (a new bill has already been tabled at the National Assembly), refocus GIEPA to attract FDI, strengthen the National Assembly and the two Audit Offices (National Audit and the Internal Audit) and take bold moves to speed up reforms in the Judiciary. All these reforms can be undertaken under an updated Public Financial Management Reforms. Government's leadership is also assured to promote dialogue with all partners, implement prudent fiscal and monetary policies that is anchored on evidenced based data and an improved monitoring and tracking system to enhance the impact of the various inflows.

## 6. Analysis of Energy, Health And Social Protection Sectors

### 6.1 Health Sector

The priority sector of health that falls under the major priority of Social Development in the NDP constitutes target outcomes towards The Gambia's attainment of sustainable development. Over the years, a number of milestones reached in terms of access to primary health care services impacted positively on child health. Despite the efforts, a deficit of 15% still remains outside of the 5-kilometer basic and reproductive health services coverage.

Although, impressive outcomes have been registered in child health outcomes, the Gambia Primary Health Care system is plagued with inadequacies to fully serve the population and continue to suffer a downward performance. A myriad of factors are attributed to this declining trend key among which:

#### Health Sector: Objectives

- **A growth in the population**
- **Increased cost of health care service delivery and accessibility**
- **Poor coordination of service delivery, weak institutional coherence for a coordinated referral system and associated financing for essential health products and equipment**
- **Budgetary and logistics support which impacts on the upkeep of physical infrastructure**
- **Limited trained human capital base**
- **Uncompetitive wage packages and service conditions**

The overarching objective of the health sector in line with major national development blueprints including Vision 2020 and the NDP is to ensure adequate, effective, accessible and affordable health care for all Gambians. Among key objectives for interventions in the sector re improvements in management services, improved Referral architecture and health facilities to ensure provision of Primary Health Care services communities supported by a highly trained within a favorable work environment. In this, the policy advocates for good standards of health delivery and access as they obtain in middle-income economies.

#### 1. Maternal Deaths in Adults

The Gambia although met MDG4 on progress made on child health, remains challenged with maternal and women's health. Among adults in-patient deaths are recorded high from maternal deaths, diabetes, cancer, cardio-vascular disease, and

trauma according to the 2015 HMIS Service Statistics as quoted in WHO CCS 2016-2020.

Statistics further reveal that the percentage of women who receive attendance from skill health workers remains at 57% since 2000. The trend is worsened by the declining rate at 86% on at least one antenatal visit by a skilled health worker. This is considered a major attributing factor to high maternal mortality according to the RVTH Maternal and Prenatal Audit 2011. Another factor is low rate of access to obstetric and neonatal care in emergencies.

## 2. Nutrition

Malnutrition in The Gambia showcases a double-pronged burden emanating from obesity and overweight as well as poor nutrition. The latter bears adverse impacts on productivity, learning and cognitive deficits and the resultant rising medical cost. Recent studies have it that an insignificant 8% of children aged between 6-23 months are fed as per guidelines in the Infant and Young Child Feeding (IYCF) practices (DHS, 2013) leaving worrying 22.9% of children are severely undernourished or stunted whilst 6.2% are deeply stunted (SMART, 2015). The alarming impact from exposure to aflatoxin is also associated with child stunting (Turner et al, 2007). This further corroborated in the 2013 DHS study, which estimated that 73 percent of the children in The Gambia suffered anemia with 4 percent being severely anemic. The phenomenon is also common in women at 68% in rural communities as opposed to 53% for women in the urban areas.

## 3. Strategic Policy Framework of the Health Sector

Leadership and governance (WHO 2001, giving focus to the importance of strategic policy frameworks, effective governance oversight, institutional interface, accountability, regulatory framework, motivation packages, and attention to health systems design, remain the weakest component in the Gambia. **The absence of a focused implementation plan and lack of an implementation coordination mechanism rendered monitoring health delivery service for good impact between 2001 and 2014.** The unattractive incentive schemes compounds the situation in the midst of a shortage of critical skills in health workers, which affects strategic distribution, even management and support. This evidenced in the current critically low pool of health workers as a proportion of various health care professionals per 10,000 populations.

The resultant effect is realized on poor health financing, lack payment management reforms as critical elements of quality of health care delivery.

## 4. Water and Sanitation

A collateral determinant of the current health conditions of the population in The Gambia has been seen to be emanating from water and sanitation. The latter bears significant health factors and deserves attention from programmatic interventions in waste management, increased investments in the related sectors, institutional strengthening and

sensitization for best sanitation practices for improved health and socio-economic growth. This is becoming even more critical in the face of population growth and urbanization.

## **5. Maternal and Mortality Rate**

A major concern for health delivery is curbing the maternal mortality rate and sexually transmitted diseases including HIV/AIDS seriously affect the health of the population, especially women and young people who make up 60% of the population. In addition to a wide spectrum of health concerns including Soil Transmitted Helminthes (STH) and Schistosomiasis, TB, Malaria, Non-Communicable Diseases (NCDs) such as diabetes, hypertension, coronary heart disease, obesity, and some forms of cancers, (including aflatoxin induced cancers from the consumption of contaminated Gambian staple foods such as groundnuts, maize, rice), mental health, pregnancy related conditions, malnutrition, and road traffic accidents. Mortality is the most significant driver of health impacts due to the consumption of aflatoxin-contaminated foods in The Gambia.

## **6. Morbidity and Mortality in Children**

The most prominent diseases in children causing high morbidity and mortality are pneumonia, malnutrition, anemia, neonatal sepsis, as well as birth complications such as asphyxia, trauma, and premature births.

## **7. Health Management Information**

Access to sexual and reproductive health information and services especially for the most vulnerable population, women and young people is limited and in some cases, non-existent. Adolescent and teenage pregnancies continue to as high as 24% in rural communities whilst contraceptive Prevalence Rate at 9% is one of the lowest in Africa. Access to emergency obstetric care for pregnant women is also limited and severally skewed geographically contributing for the most part to high maternal mortality ratio (MMR) w at 433/100,000 live births (DHS, 2013).

## **Key Challenges of the Health Sector: NDP Perspective**

The National Development Plan comprehensively advocates for interventions in the broad areas of the Health sector. The focus builds upon past and ongoing interventions in Malaria and HIV/AIDS control that attracted major funding from donors mostly WHO/Global Fund programmes of interventions for controlling the incidents of malaria and the HIV/AIDS epidemic.

## **8. Health Financing**

Despite an increasing commitment among the international community to health goals, the Gambia still experiences shortfalls in funding to strengthen its health systems, particularly human resource development. The health sector has been advocating for the establishment of a sector-wide approach that will contribute significantly to service

delivery through effective utilization of donor funds. However, the interventions in the Health sector over the years enjoy the support of donor partners key among which are

- WHO
- UNICEF
- Catholic Relief Service (CRS)
- Action Aid (AATG)
- Medical Research Council (MRC)
- Global Fund

The Donor Mapping Report unearthed WHO earmarked funding interventions in The Gambia as reported in the table 14 below:

Table 14: World Health Organization Funding

Name of project / programme	Amount in \$USD	<i>Expected start date</i>
WHO Biennial Programme Budget 2018-2019	<b>3,436,000</b>	<b>2018</b>

WHO continues to occupy a key driving seat for health sector coordination and advocacy for global standards from country compact that was developed in 2015 to guide coordinated implementation of the national health strategic plan.

The private sector, faith-based organizations, civil society organizations, nongovernmental organizations and government agencies are also intervening in the sector through the Ministry of Health and Social Welfare in health care delivery at all levels.

### Future Financing of The Health Sector

The current health sector Strategy ends in 2020 but its review in line with the NDP is urgent given the central role the sector plays in this plan. The revision will take into account the scaling up of resources in key programme areas as well as trying to maintain a balance between existing infrastructure and availability of health personnel, medicines and equipment. The sector has fairly good and new physical structures but these structures lack medicines, the personnel and the equipment to run them optimally. The revision should therefore accord priority the purchase of sufficient medicines, basic health equipment to minimize referrals outside the country and a good capacity building programme. Training of more health personnel from the University of The Gambia and other bilateral avenues should be vigorously pursued.

The projections in the table 15 is from the costing of the health sector strategy's remaining three years and estimates made for the other two years making it a 5-year estimate. The estimates in this strategy is not as ambitious as the NDP postulates and this is why the projections for the last two years for some programmes such as in basic health and communicable diseases are doubled while that in purchase of medicines and equipment are quadrupled. Due to the call for an urgent revision in the health sector strategy, the estimates for the health sector are only limited to 5 years.

**Table 15: Health Sector Financing in U.S Dollars**

		2018	2019	2020	2021	2022
SCB1	Basic Health	1.21	1.05	2.06	4	4.5
	Basic Health	0.91	0.81	0.99	1	1
SCB2	Lower communicable diseases	1.06	1.05	1.11	2	2
SCB3	Retention of Skilled health staff	0.19	0.18	0.322	0.5	0.5
SCB4	Health Info. System	0.20	0.19	0.33	0.6	0.6
SCB5	Access to medicines & medial equipment services	2.5	2.47	2.55	10	10
SCB6	Improve infrastructure and logistics	1.63	1.62	1.62	3	3.5
SCB7	Establish a Health Sector financing mechanism	0.11	0.11	0.11	0.2	0.2
SCB8	Develop Regulatory Framework and enhance coordination with partners	0.01	0.15	0.15	0.3	0.3
Sub Total		7.86	7.50	9.11	21.6	22.6
TOTAL						68.67

Source: 2014 Health Strategy ad consultant's estimate of 2021 and 2022.

The issue of affordability and access to health services should be addressed by revisiting the pricing policy of health services in The Gambia. As it is it is not realistic and relatively low but also the prescribed medicines are hardly available in public health facilities. Making the pricing mechanism more realistic and accessible and having a social protection package for the poor and more vulnerable is the best way to go.

Also, Government should establish a Social Health Insurance Schemes, as well as public-private partnerships in insurance provision to help users' pool risk and, as a result, decrease out-of-pocket spending. The government will pilot social health insurance with a focus on the community-based health financing and social health insurance models.

In order to revisit the 2014 policy and strategy the stakeholders (Ministry of Health and Donors) have already taken the initiative of conducting a comprehensive assessment of Health sector in The Gambia basing it on the six building blocks of: leadership and governance, health service delivery, health financing, health work force, health technologies, medical products and vaccines and health information system. This



updating process will be used to attract more financing for the health sector to respond to the SDGs and NDP priorities and inform the effective implementation of the health strategy.

## Policy and Institutional Set Up

The Ministry of Health and Social Welfare is responsible for the management of the health sector and social protection issues. It is currently implementing a Health Strategy that was prepared in 2014 before the SDGs were finalized.

Since the policy and strategy of the Ministry of Health was prepared in 2014, it means the sector's priorities are neither aligned to the SDGs nor the NDP. **This calls for an immediate revision of the policy and strategy to reflect the ambitious objectives of the NDP in both its health programmes and financing to justify scaling up of investments into the health sector beyond the modest annual average financing estimates of about U.S \$8 from 2018 to 2020 in the costed Health Strategy.**

Whilst waiting for this updating and assessment, the time is ticking fast for the NDP and to avoid any further delays in delivering on the plan objectives, the financing for the health sector should be scaled up in the three areas of medicine, vaccines and equipment procurement, training of key health personnel and on the delivery of primary health care. The annual budget allocation of about U.S \$2.5 million and the supplementary amount of U.S \$1.5 million from the World Bank is grossly inadequate for the annual procurement of medicines and vaccines alone and shows the insufficient resources going into the overall health sector.

**The health sector stakeholders are urged to reach consensus on a temporal financing arrangement that will allow the NDP targets to be implemented without delays. Otherwise, if the current assessment outcomes and the updating of the policy are to be finalized before any action, the implementation of the NDP for the health sector will start in earnest probably in late 2019 after losing two years.**

The sector's governance issues should be tackled head on by establishing a health partnership framework and strengthening coordination and the availability of evidenced-based health information system. Making good use of a donor partner-coordinating tool called Strategic Partnership Portal (SPP), established for all the countries, will help the sector. With this tool, government will promote transparency and enable donors and partners to know who is doing what, where and when. Therefore, overlapping of investments will be prevented. Through this tool, government will also promote inter-agency coordination, communication, and collaboration. Updating the policy and making it align to the NDP and strengthen the weak health sector coordination mechanism is a priority if this sector is to improve.

## Prospects

The health sector is one area where The Gambia can benefit from both PPPs and South-South Cooperation. The three constraints of inadequate drugs and medicines, lack of equipment and lack of key health workers such as doctors, nurses, lab technicians etc could be addressed using The Gambia's diplomatic machinery to access support from bilateral partners. Already there are few instances of such bilateral gestures but it should be focused and scale up as a matter of priority. The NDP and its financing strategy did not adequately address the financing requirements of the health sector and as such the World Bank is helping the sector conduct a diagnostic assessment this year to further guide future interventions of the health sector.

Mobilizing resources including through PPP for delivery and upgrading of health services, water supply systems, solid waste management, sewerage, and sanitation: Government will mobilize resources through bilateral, multilateral organizations and public private sectors for the construction, rehabilitation and upgrading of water supply systems, sanitation facilities, solid waste management and sewerage. This will improve access to affordable water supplies, sanitation and enhanced environmental protection for communities and institutions thus ensuring a healthy population, improved productivity and enhanced socioeconomic wellbeing of the population.

## *6.2 Energy Sector: General Overview*

Energy as broadly defined encompasses all sources of energy that are currently in use in the Gambia and includes: petroleum products, gas, firewood, electricity and other minor sources of energy. The country derives about 80% of its energy sources from fuel and firewood. Moreover, the importation of petroleum products and gas, for all types of consumptions either by the population or for the generation of electricity, is better handled by the private sector as is currently the case, who could easily generate the quantum of financing needed as it is self-financing. All that is to be done to improve on this area is to properly regulate them and open the process to a fair competition that follows due process.

This narrows the focus of this DFA to the electricity issue which is one of the biggest energy puzzles the Government has to tackle if the NDP is in any way going to meet its stated development objectives. The costing is therefore focused on the electricity sub-sector.

A myriad of policies and strategies have been formulated in the past in The Gambia to ease access to energy. Estimates show that the current rates of access to electricity in The Gambia at 35-40% nationally with the Greater Banjul Area, representing about 60-70% and the rural areas 20-35%. The rate is changing upward due to increased demand from population growth in the face of insufficient interventions in the sector. The volatile environment in the global petroleum industry that affects fuel price fluctuation, the need for developing new local and renewable resources is critical to meeting national economic objectives.

The Gambia has enormous and unexploited renewable energy potential mostly from solar radiation, wind (along the coastline), low-head-hydro and biomass-based resources. The average annual solar radiation for The Gambia is 4.4-6.7 kWh/m<sup>2</sup>-day (IRENA, the Gambia Renewable Readiness Assessment 2013) with potential energy generation from Solar PV of up to 474TWh/year). Currently there exists only one grid-tied wind micro-turbine (120kW), which was installed in 2009 whilst wind speed is also reported to be at an average speed of 4.3m/s, which represents a potential of energy generation of up to 173TWh/year (IRENA, the Gambia Renewable Readiness Assessment 2013). Though the terrain of the Gambia River does not present favorable topographical characteristics for traditional medium to high head technologies, it is possible to generate hydropower using ultra-low head technologies. There is also good potential for utilizing biomass resources including agricultural waste to generate power through various technological means. The opportunity is met with government's resolve to adopt interventions in the renewable energy as an alternative to addressing the current energy crisis as provided for in the National Renewable Energy Action Plan (NREAP 2015 – 2030) in tandem with the targets of the ECOWAS Renewable Energy Policy (EREP). The Gambia intends to achieve 24 MW and 70 MW of installed renewable energy capacity by 2020 and 2030 respectively. These will be achieved through the use of private-public partnership using the decentralized energy systems in the areas with feasible resources.

For incentivizing investments in the Energy sector, the sector remains qualified as a priority sector in the GIEPA Act 2010 revised 2015 as a priority sector of investment over a period of 5-8 years. The set of incentives that encompasses corporate or turnover tax, exemption on import VAT, import and excise duty on initial capital machinery and direct inputs into the investments and depreciation allowance confirms government's commitment to developing the sector.

Political landscape for reinvigoration of renewed hope under a new leadership that embarked on the completion of a clear road map for the reassessment of the gaps inherent in the energy sector.

### **Energy Sector Objective:**

The focus of the Energy Roadmap assessments more particularly point to addressing the investment much needed in Transmission & Distribution (T&D), institutional reforms for attracting competitively priced investments for Independent Power Purchase (IPPs) whilst factoring urgent measures to redress electricity supply challenges for 2017.

### **THE ROADMAP OBJECTIVES ARE TO BE UNFOLDED IN THREE BROAD PHASES.**

Within the first phase, the objective is set on minimizing disruptions and power outages on the network, restoring generation for Greater Banjul Area to at least 70MW of available capacity by the end of 2017 to set the foundation for the first IPP. This although behind schedule is being embarked upon.

The second phase (2018-20) objective gives focus on closing the generation gap and investments in T&D, as well as commissioning the first IPPs.

The third phase centers on scaling generation to 300MW of available capacity by 2025 and expand access.

### ***Key Challenges in Energy Sector***

Power supply in The Gambia and the sector in general is covered in enormous vulnerability. Out of a total demand of 70 MW in Greater Banjul Area as the mostly densely populated region of The Gambia only 45MW of generation capacity is available. The impact from this for industrial development, investment attraction, business growth and sustainability are immeasurable. In addition, the national electricity and water utility (NAWEC) as a single entity service provider for water and electricity is indebted to 9 billion Dalasi (approximately US\$200 million compounding its financial viability that requires sanitation. However, The Gambia as a member of the West Africa Power Pool and leveraging its bilateral relationship with neighboring Senegal enjoys the advantage to import low-cost power via a regional and border interconnections. The strategic arrangements find much viability from the current. The sector continues to be plagued with other inherent challenges as Transmission and Distribution.

#### **1. Transmission & Distribution**

Absorptive capacity in the T&D infrastructure is hugely limited which inhibits intentions for investment in generation. Substantial leakages in transmission also continue to present a major burden on revenue generation for the national grid owner. The foregoing present a compelling urgency for investments in both T&D infrastructure capacity to absorb new generation capacity from projected investments in renewable and imports, reduce T&D losses, and expand access.

Scaling T&D infrastructure to meet growth projections is estimated to require US\$133 million by 2025, which will come through public finance. Figure 4 and many are currently underway, which will improve the performance of the grid. These projects are expected to be completed in the period 2017-2020.

#### **2. Access**

A gap in conclusive studies on access to electricity still persists although number of studies exist such as:

1. The need for GIS studies on electrification to ascertain the value of electrification. Ascertain corresponding investments needed for universal access;
2. (ii) exploration of the opportunities for The Gambia to benefit from gas-to-power, potentially via imports with Senegal; and

3. (iii) solar mapping study to determine the true potential of Solar based generation in The Gambia.

### **3. Poor Financial Performance and indebtedness**

NAWEC is highly indebted and essentially bankrupt and continues to operate under deeply constrained financial environment. Collected revenues are not sufficient to cover costs. This compels the entity to expand its debt to cover short term operating costs in addition to investment needs. Despite a 12 percent tariff in January 2015 and a government backed debt restructure in 2015, NAWECs debt has mushroomed to 9 billion Dalasi (approximately \$200 million), equivalent to four times the annual utility revenue, or 25 percent of GDP.

### **4. Fluctuation of Oil Prices**

The volatile global oil price industry and the resultant fluctuation in oil prices amidst heavy dependence on fuel for electricity generation in The Gambia remains a concern. The latter impacts on the electricity tariff and constraints the capacity to sufficiently and effectively generate for distribution.

### **5. Slow rate of conversion of investment leads**

A total of 86 proposals on the Energy sector have been submitted to government for investment consideration in the sector. A major deterrent is the funding mechanism of the potential investors in the sector that mostly centre on a sovereign guarantee. Government base concerns over the current debt to GDP ratio in excess of 120% is genuinely reticent to issue this form of guarantees for funds for investment.

Investments into the electricity sub-sector is mainly going to come from Public Private Partnerships and as of now NAWEC is not attractive enough for the private sector to invest in. Therefore the restructuring of NAWEC to improve its financial position to attract PPPs mainly in the form of Independent Power Producers is eminent. The investments in the area of renewable energy are very low despite its great potential from both solar and wind energy sources. To harness this source of energy the Feed In Tariff (FIT) should be developed so that renewable energy IPPs can easily be anchored on the existing T&D network. Financing in the energy sector to develop NAWEC's dilapidated infrastructure is anticipated to come from competitively tendered IPPs and this is more relevant in the area of domestic generation.

### **Funding needs of the Electricity Sub-Sector**

From the Energy Sector Road Map study conducted by the World Bank the total investments needed for the electricity sub-sector is US \$ 574 million from 2017 to 2025. Although the annual breakdown of this cost is yet to be available, it is expected that the private sector will contribute US \$224 million and the Public Sector will fill the remaining US \$350 million of which US \$185 million is already committed with either on-going or

pipeline projects. The financing gap of U.S. \$165 million from the public sector is yet to be filled. This costing breakdown is provided in Table 16.

## Funding Needs of the Sector

**Table 16: overview of electricity sector investment needs (US\$million)**

	Total investment needed by 2025	Of which private	Of which public	Public already committed or pipeline	– or	Public financing gap
Generation	\$289	\$224	\$65	\$65		\$0
Transmission & distribution (down to 1kV)	\$133	\$0	\$133	\$75		\$58
Access (1kV and below) *	\$132	\$0	\$132	\$30		\$102
Technical Assistance	\$20	\$0	\$20	\$15		\$5
<b>Total</b>	<b>\$574</b>	<b>\$224</b>	<b>\$350</b>	<b>\$185</b>		<b>\$165</b>

\* Indicative estimate – needs to be validated through electrification study. Estimate based on access rate of 47%, population of 2 million, average household size of 8 people, average cost of connection of approximately \$1000 (including LV, meter and internal wiring)

### Source: Energy Sector Road Map

Implementation of the roadmap is the responsibility of the Ministry of Petroleum and Energy (MoPE). Successful implementation of the roadmap will require the creation of a small multi-agency task force that meets regularly to track progress against the roadmap. An action plan has been drafted for 2017 and should be expanded by the task force for the remainder of the roadmap period. Finally, the roadmap is intended to be a living document, and should be updated regularly as new information becomes available.

The efforts are built upon interventions backbone infrastructure projects as the OMVG intervention for a 225 kV western backbone line that is expected for completion in 2020, the World Bank GESP investments to be completed in 2018 and the India Exim Bank distribution project in GBA that is ongoing.

## Policy and Institutional Set Up of the Energy Sector

The two formerly separated ministries of Energy and Petroleum are now merged into one Ministry of Petroleum and Energy (MOPE) and there exist still two separate and not NDP aligned strategies that require merging and updating which the World Bank has pledged to fund. In addition, there exist a Renewable Energy Act (REA) of 2013 that will



be very relevant to IPPs that are interested in the Solar investments. The REA also establishes a Renewable Energy Fund and may provide financial incentives.

Most importantly and fortunately, there is an Energy Sector Road Map that was developed by the World Bank in 2017 and is very focused and specific to addressing the perennial energy crisis in the Gambia. This will be the main policy Framework to guide the implementation of the reforms in this subsector and the Road Map is already aligned to the NDP.

In addition to the MOPE, NAWEC is the SOE responsible for the delivery of water and electricity to the population. Governance of this company was terribly poor in the past regime and today it is the most indebted about SOEs (about 9 billion) and without the restructuring of its finances to make it viable and attractive to PPPs especially IPPs.

Strengthening policy making and periodic reviews of this policy will be necessary to keep track of the developments of this important sector. Coordination of this sector is done by the Ministry of Petroleum and energy and the stakeholders include the donors, PURA for reviewing electricity tariffs, the Ministry of Finance and Economic Affairs and NAWEC to produce water, electricity and sewerage services. NAWEC is a vertically public utility that generates and distributes electricity as well as handles Transmission and Distribution issues, water production and distribution and sewerage.

## Prospects

As of Today, the major constraints is the perennial electricity problem which is generally very expensive and most of the time unavailable. If resolved successfully within the NDP period, it will unlock to a large extent the economic potential of The Gambia and for this reason the implementation of the Road Map should be prioritized. It addresses the governance issues of the energy sector, prescribes the required energy mix and proposes capacity enhancement and strengthening of the Institutional set up to be able to accommodate private sector investments.

It also underscores the desire to make NAWEC financially viable to attract the private sector investment and calls for transparent and competitive bidding of all the projects and supply of spare parts and fuel for an efficient and effectively run energy sector. This should be adhered to in order to derive the maximum benefits of the sector has to offer and at the same time resolve a long outstanding problem of electricity.

Investments into the electricity sub-sector is mainly going to come from Public Private Partnerships and in key areas such as competitively tendered IPPs can deliver relatively cheaper alternatives of domestic generation and transmission and distribution networks.

The investments into the energy sector envisage funding from the private sector, the public sector and ODA. Private sector interventions are expected to come from PPPs and FDI and as of now there are lots of unsolicited expressions of interest in this sector but has to be better coordinated and the various institutional arrangements highlighted

in the various inflows strengthened to benefit from these investments. The World Bank has also provided some support, which will be complemented with other donor funds to positively influence the availability and affordability of electricity. Efforts from Government revenues will also not be left behind. Both the NDP and its financing strategy are very emphatic of mobilizing the needed resources from these three main sources of funding.

### 6.3 SOCIAL INCLUSION

The National Social Protection Policy 2015-2025 (NSPP) is designed to poverty alleviation and address instances of vulnerability in the country. The policy recognizes that social protection system requires modernization and expansion as well as building people's resilience to adversity and hardship.

The policy's vision is to establish by 2035, an inclusive, integrated and comprehensive social protection system that will effectively provide protective, preventative, promoting and transformative measures. These are with a view to safeguard the lives of the poor and vulnerable groups in The Gambia, and contribute to broader human development, greater economic productivity and inclusive growth. In this, more efficient and effective use of resources, strong management and administrative systems, and greater progress towards a more inclusive form of social protection that makes basic income and social services available to The Gambia's poorest and most vulnerable people – gradually expanding access to the entire population.

Government will develop and implement several interrelated policies, strategies and programmes to address social protection challenges. These include disability policies and programmes designed for the empowerment of Persons With Disabilities (PWDs); labour market policies and programs designed to promote employment, the efficient operation of the labour markets and the protection of workers; social insurance programs to cushion the risks associated with unemployment, ill health, disability, work related injury and old age. They will create social assistance and welfare service programs for the most vulnerable groups with no other means of adequate support, including individuals and families in difficult circumstances, the elderly, persons with disabilities, women and children. There will be micro-and area- based schemes to address vulnerability at the community level including micro-insurance, agricultural insurance, social assistance and transfer programs to manage natural disasters. Support will be provided to the most vulnerable refugees for self-reliance, with simultaneous integration into the national systems.

Significant achievements have been made to reduce poverty in the last decade given an annual GDP in the period averaging six per cent from 2003-2006 (MOFEA, 2011). Poverty rates in The Gambia fell from 58 per cent in 2003 to 48.4 percent in 2010 (ibid). Poverty remains widespread as nearly 40 per cent of the population subsists on less than US\$1 per person per day (GBS, 2010). Poor income level remains concentrated in rural areas, particularly for subsistence farming oriented families and unskilled workers (with poverty rates of 79.3 per cent and 65.4 per cent, respectively). IHS data (2010)



show higher poverty rates among children 0-5 years of age (55.6 per cent headcount rate) and 6 -14 years of age (55.8 per cent), as well as among adults aged 65 years and above (57.9 per cent).

In addition to the above, the population is impacted by various and mutually reinforcing risks. Droughts, floods, and over-exploitation of natural resources, particularly in the form of deforestation) have been on arising trend. These have far reaching consequences for people's incomes, food and nutritional security, health status, and general wellbeing (Jaffa, 2011; WFP, 2012). The social protection environment is further affected by a dearth of productive employment, low returns on labor, inadequate support for entrepreneurship development, and harvest failures among farming households. The limited capacity of the formal labor market forces most people to adopt precarious, low-paid employment in the informal sector and agricultural work.<sup>1</sup> Young people in particular face disadvantages regarding the labor market. Economic, environmental and health risks have translated into high levels of food and nutrition insecurity: only 18 per cent of Gambian households are considered to be food secure (WFP, 2014), while the national malnutrition prevalence rate of 9.9 per cent verges on emergency level in terms of severe malnutrition (NaNA, 2012)

#### **Major challenges from social protection perspective are:**

***■inadequate coverage of the target population and non-alignment of interventions to meet the needs of the population***

***■weak coordination of interventions and the lack of a harmonized mechanism to address information asymmetry between beneficiaries, exchanges information (e.g. MIS), and monitors programme impact.***

***■weak capacity at the national, sub-national and local level for policy formulation, coordination, implementation and monitoring,  
Low level of decentralizing social welfare and rehabilitation services; and***

***■the absence of a long-term and predictable financing framework for social protection and dedicated budget for social protection.***

## Key Priorities of the Sector

The policy carves out five major priorities for social protection within the framework of public service delivery. These include

- (1) Safeguard the welfare of the poorest and most vulnerable populations;
- (2) Protect vulnerable populations from transitory shocks;
- (3) Promote the livelihoods and incomes of the poorest and most vulnerable economically active populations;
- (4) Reduce people's exposure to social risks and vulnerabilities, including discrimination and exclusion; and
- (5) Strengthen leadership, governance and social protection systems in order to design and deliver effective and efficient programmes.

## Other Priorities

***The aid implementation architecture and the weaknesses therein are key in achieving the objectives of the policy. Strong government leadership and greater coordination between government and regional stakeholder institutions for effective implementation of reforms in the sector are needed. This is crucial for a speedy and sustainable for pro-poor and inclusive economic growth, poverty reduction, human capital development, social cohesion and the attainment of basic human rights for people in The Gambia.***

## Major Sources of Funding for the Sector

### Financing social protection

The sector is well positioned to attract overseas development assistance in the form of grants during the initial phase of establishing social assistance approaches. This calls for greater harmonization between strained public sector funding and donor funding for the sector for better alignment to priorities and for the avoidance of repetitive interventions. Notwithstanding, the dwindling flow of aid should be complemented by gradual increase in government spending to guarantee sustainability in social protection priority interventions.

Social Protection in The Gambia has both policy and programming being currently concentrated in food security and agriculture (WFP,FAO) sustainable livelihoods and decent work agenda (UNDP, ILO), social protection for health (WHO,UNAIDS) and gender equity (UNFPA). However, there are further opportunities in forging partnerships

with participating donors in health, education, social development, employment and livelihood promotion, illegal migration and agricultural support.

The mechanism for delivering these social protection programmes have been mainly through Building Resilience through social transfers (BReST) to lactating women and children less than 24 hours in order to address the stunting and malnutrition of the latter, live and livelihood support through income generating activities to strengthen the family's basic needs and school feeding programme for improved nutrition and guaranteed market for children and small farmers.

The government, the donor community, the civil society and the private operatives have recognized the low level of financing for social protection. The need for fiscal space to enable sustainable long-term financing for social protection attracts government's resolve to mobilize resources dedicated to the social protection policy implementation and the institutionalization of reforms in the sector

To this end, definitive actions have to be implemented as provided for in the NSPP and the National Social Protection Implementation Plan. The plan of action will be supported by a realistic workable strategy for the expansion of fiscal space for social protection programmes. The efforts are envisaged to overturn the current spending of 1.2% of GDP in social protection (Gavrilovic 2013) to 3.5% of GDP from 2015-2020 representing the first phase of the resource mobilization strategy for the sector and to 10% GDP by the end of the policy period in 2025. Base on the spending projections and a conservative GDP growth of 3% the increase in spending for the sector is expected to rise in the first phase to almost \$43 and to \$146m towards the end of the policy cycle.

The projections for the social protection spending is based on the projected trends of this expenditure from 2018 to 2026 as estimated by the study for creating fiscal space for social protection in 2018 and the policy targets of 3.5% up to 2020 and 10% by 2025. The estimates also take realism into consideration of what the budget can afford and the support from the donor community. Since the 2018 budgets of both the Government and the donors have already been finalized the departure point is set at 0.95 in the second row (new targets) of table 17.

The new targets estimates assume that since spending on social protection is already low and there is lot of goodwill from the donor community to scale up their interventions, social spending should be raised to 2.5% of GDP in 2019 and thereafter to be annually increased by 0.5% of GDP in 2020 and 2021 to culminate with the end of the NDP. At the end of the NDP, the succeeding development plan should target scaling up social protection spending by 1% of GDP every year up to 2026 to take advantage of the anticipated creation of fiscal space and fiscal consolidation. The increment from the current planned spending of 0.95% in 2018 to 2.5% of GDP is an initial policy statement from the Government and the donors to demonstrate their intentions of supporting social protection and if this proposed pattern of spending is followed by the end of 2025 the target of 8.5% of GDP will be close to the social protection policy target of 10% which will be nearly reached in 2016.

**Table 17: Social Protection Spending as a % of GDP**

Social protection	2018	2019	2020	2021	2022	2023	2024	2024	2025	2026	
Trend Estimate	0.95	1.2	1.21	1.15	1.15	1.14	1.13	1.12	1.16	1.2	
New Targets	0.95	2.5	3	3.5	4.5	5.5	6.5	7.5	8.5	9.5	

Trend Estimates from creating fiscal space study and new targets proposed by consultant

## Policy and Institutional Set Up of Social Protection

The National Social Protection Policy (NSPP) was developed to cover the period 2015 to 2025 and it has an implementation action plan and a 2018 World Food Programme (WFP) strategy for creating fiscal space for Social Protection spending. However, while the NSPP is broadly aligned to the NDP, the projected spending on Social Protection up to 2025 should be scale up as suggested in Table 16 ito meet the NSPP policy target.

With the social protection policy in place, The Government intends to establish the institutional arrangements, the requisite legal frameworks and the evidence-based monitoring and evaluation mechanism. In this regard, a social protection secretariat for leadership and coordination has been created at the Office of the Vice President but not yet operational. **Plans are on the way to conduct a National Social Protection Registry to map out vulnerable communities and people as part of developing an integrated Management Information System and the Steering Committee for Social Protection existed and the Social Protection Policy prepared since 2014 was only approved by Cabinet in 2016. The legal frameworks will be enhanced in the areas of child protection, Persons With Disabilities (PWDs) and the Government will provide improved habitation and rehabilitation centres for the needy.**

The expansion of social protection in the country requires ‘political space’ to ensure that social protection becomes a true Government priority to be used for the effective and efficient delivery of social protection programmes and activities in the country. Concretely, this could entail for social protection actors to collectively keep on liaising and connecting with Cabinet, pursuing the same goals and objectives. Furthermore, senior and high-level actors and decision-makers should openly commit to drive forward the agenda of social protection in the country. A joint meeting with the Secretary General, the Office of the President and key Ministers could be a starting point to show this political commitment.

## Prospects

There exist huge opportunities in forging partnerships with donors in health, education, social development, employment and livelihoods promotion, illegal migration and agricultural support. If explored, this should be the basis for a strong policy statement that justifies the increment on social protection spending from 0.95 % of GDP in 2018 to 2.5% of GDP in 2019. **The funding of social protection will be mainly from ODA and Public Revenues as it is not attractive to the private sector to invest their funds.**

## 7. CONCLUSION

This DFA has as broad objectives of establishing the baseline for assessing the extent to which an INFF or some of its six building blocks exist or are at work in The Gambia. It also provides the roadmap for an INFF building on policy, capacity and institutional as well as identifying the special roles of Government entities in implementing its findings and recommendations.

The importance attached in conducting this Second DFA has two major targeted objectives: an assessment objective and an improvement objective. The assessment objectives suggest a detail analysis of the various sources of development finance, an assessment of the three sectors of energy, health and social protection as focal sectors that help in achieving the results of the NDP, an assessment of Government policies, capacities and institutions to deliver results, an assessment of the extent to which the building blocs of an Integrated Financing Framework (INFF) is in existence in The Gambia and an assessment that identifies the financing constraints and results for sustainable development with the help of establishing an INFF for better development results, as a follow up to the DFA.

In pursuit of the improvement objectives are the necessity to reform the policies and institutions to have a more effective INFF, to help government develop capacities to implement the NDP through evidenced based dialogue, results-oriented policies and institutions, to provide the platform where stakeholders share best practices and knowledge from other countries and set in motion the strengthening of cross-government coordination. To the extent possible the assessment has met these objectives and has gone beyond to determine a Road Map of results oriented actions which when implemented will fulfil the desired objectives of both the DFA and the NDP.

As part of the policy environment, the Gambian economy is briefly discussed. The Gambian economy, measured in terms of GDP of about US \$0.9 billion is relatively small and its growth is influenced by both external and internal factors subjecting it to unpredictable swings. The high population growth of about 2.7% and now 3% and the low growth of real GDP averaging around 3% for the past 15 years has resulted to a rebased GDP with a new real per capita income of about US \$711. By this indication the Gambia is closing edging towards middle-income status.

The Gambia's economy was in crisis following the end of the 22 years of dictatorship in 2017. The New Government adopted an economy in crisis but move quickly to tackle the myriad of problems they inherited by developing the NDP. The generally positive economic outlook will hinge on the country's ability to restore and maintain macroeconomic stability and improve the efficiency of the public sector. Furthermore, the fiscal risks posed by both the debt and SOEs is worthy of special mention.

The social indicators have not shown any better outcomes, as poverty is still very high and a rural phenomena claiming 71% relative to 26% in the urban areas. Similar conclusions on the social indicators were reached by the MDG progress report on The

Gambia, which highlighted the unfinished business of the MDGs mainly in the quality of education and adult literature, inequality of access and use of health services, particularly for the poor and in the fight against poverty. The incidence of poverty is not only high, at 48.6 per cent, but also increased in absolute terms; since 2010. Access to improved sanitation facilities worsened greatly, dropping from 88 to 40 per cent since 2000. Health outcomes and access to water improved but maternal mortality remains very high and access to health services is generally poor.

The opportunity for The Gambia to harness more development finance to effectively and efficiently implement the NDP could not have been better now after a successful transition of political power from a regime generally marred with dictatorship, poor economic governance, declining ODA and FDI to say the least etc, to a political dispensation that is full of hope and opportunities of reconnecting with all the providers of development finance on improved terms. In fact ODAs, FDI and PPS can be a huge source of funding the NDP if Government acted as recommended by the financing strategy.

In Fact, development finance to the Gambia during the period under review 2006 to 2016 was derived from domestic public revenues and domestic borrowing, Official Development Finance, Remittances, Climate Change, PPPs and FDI. Although important in 2006, accounting for over 12% of GDP, FDI was on a downward slide like ODA due in the main to governance issues. Domestic Credit to the public and Private sectors was the fourth largest source of funding after remittances, public revenues and ODA. Remittances were the single most important inflows with an annual growth rate of about 15% in the past decade and accounting for the largest contribution to GDP of 22% in 2016. Public Private Partnerships and Climate change funds are smaller in nature and PPPs inflows only had one transaction recorded in 2008 when Gamtel/Gamcel deal with Spectrum International was struck. The figure 2 is a graphic indication of the trends of the major sources of development finance that are mentioned in this paragraph except for inflows from PPPs and climate change. PPPs were not very common sources of development finance during the period under review with the exception of a U.S \$35 million Telecommunication deal in 2008. Inflows from GEF, although small, are used as a proxy for Climate Change funds.

From the current financing landscape environment, funding the NDP with a total budget of U.S. \$2.4 billion is within reach. The Financing Strategy is developed to mobilize this total financing requirement and the cost of the eight strategic priorities flagships is \$US 2 billion or 83 per cent of the gross budget and the cost of the flagships for the Critical Enablers is \$US 345 million or 17 per cent of the budget.

The outcome of the recently held Round Table Conference in Bruxelles on the 22<sup>nd</sup> May, 2018 where donors pledged Euros1.45 billion to support the implementation of the NDP is historic and reflective of the goodwill of the development partners. However, the pledging session is just the first step but making sure that these pledges are delivered and on time has always been the biggest challenge of Round Tables and The Gambian Round table is not an exception. It is therefore imperative for a reliable monitoring

mechanism to be put in place to ensure that the pledges are translated into actual resource inflows in order not to impede the implementation of the NDP.

The Gambia can proceed with the establishment of an INFF to be housed by the Aid Coordination Directorate but the unit should be supported with a consultant to help set the INFF and its reporting requirements as well identify and support the improvement in the weaknesses of the various six building blocks. This conclusion is informed by the fact that there are strong elements in each of the six building blocks of an INFF and it is only the gaps that are missing which should be plugged. The expected time frame for establishing an INFF is one and half years.

## Social Protection

Government should develop and implement several interrelated policies, strategies and programmes to address social protection challenges. These include disability policies and programmes designed for the empowerment of Persons With Disabilities (PWDs); labour market policies and programs designed to promote employment, the efficient operation of the labour markets and the protection of workers; social insurance programs to cushion the risks associated with unemployment, ill health, disability, work related injury and old age. The institutional set up for social protections is also not missing even though the Secretariat has now been identified to be at the Office of The Vice President it is not yet operational.

The DFA recommends that social protection spending be increased from its marginal ratio of 0.95% of GDP in 2018 to 2.5% in 2019 and thereafter increased by 0.5% of GDP annually up to 2021 and by 1% of GDP from 2022 to 2026 to reach to 9.5% which is close to the 10% of GDP target set in the social protection policy.

## Health

The financing envelop as proposed by the Health Sector Strategy with an annual average of U.S \$8 million for 2018 to 20202 is grossly inadequate if tested against the insufficient budget allocations of U.S \$2.5 million and the World Bank Support of U.S. \$1.5 million for the purchase of drugs alone. The study appeals to the donors to urgently build consensus as to the total amounts of resources to be provided to the sector as a step gap measure so that delays are avoided in losing time in implementing the milestones of the health sector priorities for the NDP. If nothing is done until the current assessment study is completed and actions taken on the recommendations that emanate from these assessments, there is a high risk of losing up to two years of implementation time of the NDP.

The sector will greatly achieve its goals if investments are doubled or quadrupled in the three key areas of procurement of medicines and vaccines, purchase of equipment, and enhancement of key health personnel. The other area that needs at least doubling of resources is in the area of Universal Primary Health Care. Institutional setup and governance issues should be redressed as soon as possible in order to reposition the



sector. Finally, the assessment of the health sector and the urgent upgrading of its strategy and policy to reflect NDP and SDGs priorities cannot be over emphasized.

## Energy

Taking queue from the Energy Sector Road Map by the World bank, the biggest challenge for this sector is the electricity sub-sector and as such, the road map puts the total cost of financing of this subsector up to 2025 at U.S.\$574 with U. S. \$224 to be provided by the private sector and U.S \$350 to come from the public sector which already has committed U.S\$185 million and still has a financing gap of U.S \$165.

Like all sectors, the energy sector has been seriously affected by governance issues and therefore resolving this and making NAWEC financially viable are eminent steps to be taken. Moreover, using PPPs through competitive IPPs in generation is the recommended solution for this sub-sector.

Finally, the DFA calls for conscious efforts to be made in the creation of a National Capacity Building Project to address a system wide capacity gaps caused by massive brain drain particularly from the Civil service but with special attention to be paid to those capacities that re-enforced results in the NDP implementation. Most of the national institutions are weak and deserve urgent strengthening.

### 7.1 Recommendations

The recommendations of the Second DFA for The Gambia are structured in four broad areas of: strengthening the link between planning and financing, strengthen the multi-stakeholder consultations in financing dialogue, effectively manage finance to maximize sustainable development impact and better mobilize financing to access more funds and utilize it effectively for impact. In this regard the recommendations are:

#### a) Strengthen the link between planning and financing

**Given the importance MTEF in establishing the linkages of policy-planning-financing, it should be fully implemented.** As of now, MTEF implementation in The Gambia is only allocating resources to programme level and is not yet extended to performance budgeting by allocating resources to activities which what is required to monitor results. Moreover, an integration of domestic and external resources in both the medium-term macroeconomic framework and the MTEF is to strengthened.

**The weak capacities in preparing accurate sectoral budgets, in fully taking charge of the oversight responsibility by the National Assembly and Cabinet, in being fully engaged in a constructive way by the civil society and the updating of sectoral strategies to align them with NDP priorities should be added in the must do list.**



**Another constraining factor to deliver financing for results is the fact that the IFMIS had difficulties reporting the progress in PAGE implementation even for Government's own contributions. This weakness stems from the lack of mapping out on the IFMIS system a reporting format that incorporated the various pillars of PAGE and must be addressed for the NDP.**

The directorate of Loans and Debt Management is responsible for determining external resources but their focus and orientation should be put more in ensuring the proper use of external funds in the Budget and should also be used more in the mobilization of other resources.

**Strengthen key Institutions with legislation, capacities and restructuring.** The Priority institutions include Managers of the Economy and (Ministry of Finance, GBOS, and Central Bank, National Audit), the Judiciary, State Owned Enterprises and Local Government Authorities and oversight institutions like the National Assembly. The capacities of civil society should be enhanced if they are to play their due role in holding government accountable in its deliverables.

**Resolve the capacity and institutional constraint that reveals itself across all sectors as a result of the brain drain during the past regime with a National Capacity Building and Institutional Support project.** Priority should be given to the economic management team and institutions, critical health workers, civil society and the citizens at large for a more constructive engagement in a results oriented manner.

**Restores fiscal discipline and implement fiscal consolidation measures to avoid wasteful expenditure and redirect the additional resources from these reforms to impactful NDP priorities. Utilize Government revenues for spending in the social sectors and social protection and other Government operations as this source is more predictable and sustainable in the long run.**

**For this fiscal consolidation to be sustained in the future the Independence of the Central Bank of The Gambia should be guaranteed and made non-negotiable.** The other complementary checks and balance of the institutions should also be strengthened to ensure that the runs on the Central Bank never happens again.

**Re-channel ODA inflows that were directed to the Civil Society due to Governance issues back to the budget for better targeting and more impact. This will help in determining the MTEF Resource envelop for the medium term. Use ODAs for capacity building and institutional strengthening, for financing of public goods and other investments that are unattractive to the private sector as detailed out in the NDP Flagship projects.**

**Update and align sectoral strategies to NDP especially for those that are not aligned such as the 2014 Health Strategy, the Ministry of Petroleum and Energy to name few. The Governance issues of some sectors such as health and SOEs should also be addressed and the urgent completion of the on-going health**

**sector assessment to inform future health policy and programmes. Even though the electricity sub-sector is aligned to the NDP, its Road Map should be implemented to permanently resolve the energy crisis this country has had for long.**

**The institutional set up for social protection is now established at the Office of The Vice President and ensuring that there is the necessary institutional framework to adequate response to the national social protection needs in an efficient and effective way becomes paramount.**

**It is imperative to put a reliable monitoring mechanism to ensure that the total pledged amount from the Brussels's Round Table is fully delivered in order to help the NDP budgets to be better planned and predictable.**

**Restructure the finances of NAWEC to make it attractive to PPPs and in particular IPPs.** The financial situation of NAWEC is in very distressed situation with a loan totalling about D9 billion.

**The assessment of the six building blocks to establishing an INFF in The Gambia has revealed that although strong elements of each building block exist, there are weak areas that call for urgent improvement if an INFF was to be established.** Proposals are made on how to establish the INFF and some of the key areas to improve are discussed below.

**Establish an INFF Office through expansion of the mandate and capacity of the Aid Coordination Directorate to ascertain that all the six building blocks of the INFF are met.**

**The PFM reforms agenda in The Gambia must be updated to take into account the key reforms highlighted in this DFA with particular emphasis on establishing and strengthening an Integrated Financial Framework as a more strategic and performance mechanism of ensuring maximum impact of the NDP implementation.**

#### **b) Strengthen multi-stakeholder participation in financing dialogue**

**Establish a Public Private Dialogue (PPD),** under the auspices of the Gambia Chamber of Commerce and Industry (GCCCI) with backstopping from GIEPA, to bring together the private sector and the Government at the highest level to identify and remove critical bottlenecks to local competitiveness. Perhaps, since the Business Council was set up for this purpose, reactivating it and making them meet more frequently is recommended. **A second phase of the Growth and Competiveness project by the World Bank is being proposed.**

**Channel FDI inflows to agro-processing and light manufacturing** mainly in fish, groundnut and cashew processing, other value chain services as well as in glass manufacturing and ICT for more impact.

**The Health sector and its donors should therefore conduct an emergency consultation to provide temporal funding to at least cater for the procurement of medicines and vaccines, equipment, capacity building of doctors nurses and lab technicians and scaling up of resources for PHC.** This is justified by the modest estimates of an annual average of U.S. \$8 million in the Health Strategy which is hardly sufficient for is the procurement of medicines and vaccines alone. If nothing is done in anticipation of pending health sector assessment and updating requirement of the health strategy, valuable time will be lost in implementing the NDP.

**Government and partners to send a very strong policy message that social protection will command the priority it deserves by raising its spending** from its estimated level of 0.95% of GDP in 2018 to 2.5% of GDP in 2019 and thereby increasing it by 0.5% of GDP up to 2021 and thereafter by 1% annually up to 2026, to be able to reach the policy target of 10%. Further pursue opportunities in forging partnerships with donors for social protection intervention in health, education, social development, employment and livelihood promotion, illegal migration and agriculture.

Establishing an INFF will require that a forum between Government and the donor community be created to discuss the INFF reports and other PFM reforms for better targeting and utilisation of development finance.

#### c) Effectively managing finance to maximize sustainable development impacts

**GEIPA's investment promotion activities can be more beneficial in attracting increased FDI flows if they concentrated their promotions in rebuilding the battered image of the country and also lull in companies that provide various value chain segments in SSA** as recommended by the UNCTAD Investment Policy Review in The Gambia. FDI is likely to play a leading role in financing the NDP thanks to the rapidly changing political and economic landscapes that will positive impact the business environment.

**Although Remittances is expected to decline due to the hostile attitude of some host countries' deportation schemes and the reversal of migrations due to improved governance environment,** remittances should be better organised and restructured with the establishment of a Diaspora Fund to minimize the development impact of this important source. As of 2016 Remittances was the most influential source of development finance for The Gambia.

**Increase the participation of the Diaspora** by expediting the preparation of the Diaspora Development Strategy, operationalize the Diaspora Office at the Ministry of Foreign Affairs and create the Diaspora Fund. It is also urgent to properly align the inflows from remittances to the NDP priorities.

**Avoid poorly structured PPPs and learn from recently past ones which were very costly. In order to maximize its impact, the capacity of the PPP Directorate should be built in areas such as negotiation skills, development of standard competitive tender and PPP documents. The Inflows of PPP can be most effective in financing the infrastructure deficit, which is reflected in the NDP Flagship projects.**

**With Government's huge appetite to spend, mainly on consumption contained, there is a big potential for private sector credit growth being channelled for the development of the real sector.** Already, the banking sector has started to develop more innovative products to diversify their investments away from Treasury Bills.

**The opportunities that are available in accessing climate change funds is better harnessed by developing an integrated resource mobilization strategy, build capacity to access climate change funds and increase the impact of these funds by investing it in agriculture and energy.**

d) Mobilizing Financing: identify opportunities to access and effectively use finances

**The performance of The Gambia Revenue Authority is so far satisfactory, although much could be done to raise the domestic revenue to GDP ratio** by concentrating on broadening the tax base and taking good advantage of the improved governance with its impact on potential investment booms that will translate itself into old companies re-opening and lots of new ones being initiated in The Gambia. However, a recent Tax Administration Diagnostic Tool (TADAT) by the IMF has poorly rated tax administration in The Gambia and this coupled with relatively high tax rates and multiplicity of taxes at both the central and local government levels can affect tax collection through low compliance and also inhibit foreign direct investments and other forms of investments into the country. Therefore, there is some urgency in reforming tax administration in The Gambia.

**There has been coordination concerns in mobilizing ODA for the Gambia** with Office of the President being responsible for coordinating UN Systems flows, the Ministry of Foreign Affairs taking up bilateral aid and the Ministry of Finance and Economic Affairs being in charge of multilateral aid. This conflict in roles should be permanently resolved and the Ministry of Finance and Economic Affairs should take the lead in all aid mobilization, even though the Ministry of Foreign Affairs can still help in initiating bilateral aid. The change in political dispensation provides The Gambia a huge political capital that can be cashed in, in exchange for ODA. More efforts should be put in mobilizing resources from emerging sources from bilateral countries like China, Turkey, South Korea and others like the climate change funds, PPPs, Millennium Challenge account (MCA), OIC and existing sources such as the Japanese TCAD IV and from the domestic financial institutions, Local Government Authorities as well as SOEs.

**The restrictions on borrowing only highly concessional loans to make the debt sustainable can be complemented by using the existing goodwill to support The Gambia in her development agenda from the donor community, re-establishing contacts with the Millennium Challenge Account and exploiting the hosting of the OIC Meeting in 2019 to mobilize grant financing.** In fact the OIC meeting presents a unique opportunity to frontload some of the infrastructure projects of the NDP. **Moreover, loans should be considered to finance mainly projects that have good income streams so that these projects can be self-financing.**

In order to raise the different development finance inflows, Government should implement the following financing measures:

**PPPs like ODA and FDI grace on good governance and has a huge potential of financing the infrastructure deficit and in supporting some of the key SOEs** by both injecting new finances and providing strategic partnerships with the requisite mix of skills.

**The potential of Climate Change Funding is still under-utilized** and can be better harnessed by developing an integrated resource mobilization strategy for climate change, building capacity to access climate funds and establishing The Gambia Climate Fund.

**Other innovative ways and best practices of funding as recommended by the UNDCF Scoping Mission on Financial Inclusion should be adopted to deepen the financial intermediations.** These best practices include: SMART AID which is UNDCF's best rated package to address the poor, YouthStart which seeks to build youth inclusiveness in the financial sector, Mircolead that mobilizes huge savings for investments, Mobile Money for The Poor (MM4P) in challenging the financial market to reach millions of people who are currently financially excluded, Shaping Inclusive Financial Transformations (SHIFT) in Asia, Better Than Cash Alliance with its wide recognition for digitalizing payments, Local Financial Initiative (LFI) to support SMEs by providing concessional loans guarantees and technical assistance, Local Climate Adaptive Living Facility (LOCAL) to help local governments build resilience to climate change and natural disasters and finally the Inclusive Local Development Programme in Tanzania that help local governments and the private sector to design, plan, implement and sustain public-private investments.

**South-South Cooperation and PPPs can be explored to fund investments in the health sector.** In particular, the South-South Cooperation will be more helpful if the Ministry of Foreign Affairs sought bilateral assistance to match the relatively good physical infrastructure of health facilities with adequate medicines and vaccines, equipment and trained personnel.

**Roles and Responsibilities: Government and Development Partner.**

In order to adequately prepare itself for this and to address the shortfalls identified in the DFA, Government is determined to adopt a broad agenda to address the following challenges:

1. Establish an INFF Office through expansion of the mandate and capacity of the Aid Coordination Directorate to ascertain that all the six building blocks of the INFF are met.
2. Fully implement the MTEF by taking the MTEF classification levels from its current first level to activity-based level of classification to be able to track results in implementing the NDP. Further work is recommended to tackle the challenge of IFMIS not being able to report on Government's contributions during PAGE implementation. This will involve IFMIS conducting a mapping exercise to accommodate NDP reporting needs. Also implement Single Treasury Account to improve upon the reporting and minimize off-budget activities.
3. Maintain equity in the delivery of social services with particular emphasis on the social protection programmes and the general access to sanitation health and education by the under-privileged. The local Government Authorities should be not left out in this process.
4. Attract private sector investments in infrastructure through Public Private Partnerships and improve the business environment to boost FDI inflows and increase the development returns of FDI.
8. Be aggressive as proposed in the financing strategy to mobilize the total resources from the key sources of ODA, FDI, Remittances and PPPs to fund the NDP. Mobilize domestic resources from underperforming SOEs and local Government Authorities as well as from a sleeping giant (domestic credit to the private sector from Commercial Banks) to adequately supplement other sources of development finance requirements of the NDP.
9. Channel specific investments to growth movers like specific SME interventions in agriculture and to fully harness their potentials in development.
10. Undertake reforms in the Banking Sector to address shortage of long term lending facilities. There is need to develop long term saving products and to facilitate access for commercial bank borrowing in the long term to enable match their demand for long term lending.
11. Rekindle dialogue by establishing a Public Private Dialogue (PPD) and to the grass root level and supporting a feedback mechanism where communities can assess the impact of NDP development outcomes. The platform of re-engagement between the providers of development finance and the Government should be re-launched at the highest level.

The development partners on their part should also enhance their leveraging and catalytic powers to appropriately contribute to the effectiveness and efficiency of development finance by:

1. Providing best practices from other countries of evidence-based policy making for results and knowledge sharing.

2. The development partners are better placed to support the Government to address the key policy, institutional and capacity constraints. Strengthen key Institutions with legislation, capacities and restructuring. The Priority institutions include Managers of the Economy and (Ministry of Finance, GBOS, and Central Bank, National Audit), the Judiciary, State Owned Enterprises and Local Government Authorities and oversight institutions like the National Assembly. The capacities of civil society should be enhanced if they are to play their due role in holding government accountable in its deliverables. Support GBOS and Planning Units of Sectors to provide evidence-based data for improved decision making. Support key reforms that guarantee the independence and proper functioning of key Government institutions like the Central Bank, the Judiciary, the National Audit Office and the National Assembly.

3. Improve aid coordination issues by organizing joint missions and reviews, move towards establishing central CPUs, harmonizing procurement policies and strengthening GPPA and harmonizing reporting requirements. This can make substantial savings from both financial resources and time of officials from the government and donors to be re-invested in the NDP flagship projects and monitoring.

4. The entire civil service is in urgent need of capacity enhancement especially at critical levels to replace the brain drain that occurred in a large scale during the Second Republic. To alleviate this challenge a National Capacity Building and Institutional Support project is recommended by this DFA to address the over-arching capacity challenges to better deliver the NDP priorities. In this case Government will avoid a fragmented approach to capacity building and gain from synergies of consolidation. The African Capacity Building and Foundation (ACBF) Capacity Needs Assessment could be a good departure point.

5. To support those sectors which had their strategies, programmes and projects developed before the NDP was completed should conduct a re-alignment exercise in order to make their interventions relevant to the NDP. It is also recommended for the key sectors to prepare their financing strategies to determine where resources should be allocated to achieve the highest results as propagated by the NDP.

6. To commit to mutual accountability in delivering their side of the bargain by making sure that pledged resources are fulfilled and on time to avoid impeding the implementation of the NDP.

## **SECOND DFA ROAD MAP**



The DFA proposes the following sets of action oriented follow up activities that are summarized in Table 18 below which implemented will yield the intended impact on achieving the SDGs and NDP priorities.

**Table 18: Action-Oriented Road Map of The DFA**

Activity	Tasks	Implementing Agency	Timeline (to be agreed)
<b>Strengthen linkages</b>	<b>Between Planning and</b>	<b>Budgeting</b>	
Fully Implement MTEF	MTEF classification to be extended beyond programme and sub-programme classification to objectives and activity levels for results tracking	MOFEA	
Improve NDP Reporting on the Budget	IFMIS Reports Mapping to align with NDP reporting requirements	MOFEA/ Treasury Directorate	
Re-channel ODA and improve its impact	More Budget Support & target ODA resources to suggested areas	MOFEA & Donors	
Update Sector Strategies	Align to NDP eg health, MOPE, Diaspora	Directorate of Planning & Relevant Sectors	
Update PFM Reform Agenda	To include DFA Recommendations	PFM Directorate	
<b>Effectively Manage</b>	<b>Finance for Impact</b>		
Establish National Capacity and Institutional Strengthening Project	Build capacity & Institutions in Government giving priority to key agents.	Ministry of Higher Education & Personnel Management Office	
Strengthen Independence of the Central Bank	Update Legislation and improve Oversight Responsibilities	CBG/MOFEA	
Improve FDI Impact	Target FDI to Fish, groundnut and cashew Processing; Focus GIEPA promotions to image building & provider companies of value chain services	GIEPA	
Establish INFF Office	Expand mandate & provide TA to Aidco, Generate INFF Reports & consultations b/w Govt. & Donors	MOFEA	
<b>Strengthen</b>	<b>Multi-stakeholder</b>	<b>Participation</b>	
Establish PPD	High level Private sector and Govt. consultations (reactivate the Business Council)		

Urgent Consensus on Health Sector financing	Emergency Health Sector Stakeholder meeting. Mobilize South-South Cooperation to fund procurement of equipment & medicines & Training	Ministry of Health , Foreign Affairs and donors	
<b>Mobilize Financing</b>			
Increase Diaspora Participation	Align Diaspora intervention to NDP, develop Diaspora strategy, establish Diaspora Fund and make operational Diaspora Office	MOFEA & MOFAGA	
Increase PPPs and its impact	Enhance capacity of the PPP Directorate & invest in flagship projects especially on infrastructure & SOEs	MOFEA	
More fiscal consolidation and improve its impact	Broaden Tax base and raise Revenue to GDP ratio, instil fiscal discipline and allocate more public resources to social sector and social protection spending	MOFEA	
Reforms in Tax Administration	IMF TADAT recommendations be implemented.	GRA	
Launch Aggressive Resource mobilisation	Explore new and existing inflows and seek more grant financing for sustainable debt	MOFEA/ MOFAGA	
Restructure NAWEC	Improve NAWEC finances to attract IPPs	MOPE/NAWEC/DONORS	
Deepen Financial Reforms	Innovative Financing from the financial sector as recommended by UNCDF scoping mission on Financial Inclusion	CBG/ Commercial Bank	
Access more Climate Change Funding	Develop Resource Mobilization Strategy on Climate Change, Develop Capacity to Access these funds and Establish Climate Change Fund	MOFEA/Donors/ Ministry of Environment	

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## 2. Consultations Held

- Ministry of Finance and Economic Affairs
  - Directorate of Development Planning
  - Directorate of Aid Coordination
  - Directorate of Public Private Partnerships
  - Directorate of Loans and Debt Management
  - Directorate of Economic Management and Policy
  - Directorate of Public Finance Management
- \* The Gambia Chamber of Commerce and Industry
- \* The Ministry of Petroleum and Energy
- \* The Ministry of Health and Social Welfare

The Consultation also included members of the Oversight Team from UNDP, Ministry of Finance and consultant and the Resource Mobilization Strategy

A National Validation Workshop of key stakeholders from Ministries, Agencies and Embassies attached to The Gambia and others was held on the 3<sup>rd</sup> of August 2018.

