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Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 24-Sep-2024 | Report No: PIDPA00070



BASIC INFORMATION

A. Basic Program Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Gambia, The	WESTERN AND CENTRAL AFRICA	P176924	The Gambia Public Administration Modernization for Citizen Centric Service Delivery
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Program-for-Results Financing (PforR)	09-Sep-2024	25-Nov-2024	Governance
Borrower(s)	Implementing Agency		
The Republic of The Gambia	Ministry of Finance and Economic Affairs		

Proposed Program Development Objective(s)

To enhance domestic resource mobilization and financial reporting, human resource management, and citizen engagement in education.

COST & FINANCING (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)? No

SUMMARY

Government program Cost	2,800.00
Total Operation Cost	483.70
Total Program Cost	474.00
IPF Component	9.70
Total Financing	483.70
Financing Gap	0.00

FINANCING



Total World Bank Group Financing	47.70
World Bank Lending	47.70
Total Government Contribution	436.00

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

- Limited fiscal space and poor public administration capacity have negatively impacted service provision and outcomes in The Gambia.** The fiscal deficit decreased from 5 percent of GDP in 2022 but remains high at 4.1 percent in 2023¹. Supported by the continued economic recovery and implementation of revenue-boosting measures², total revenue rose from 17.7 percent of GDP in 2022 to 20.6 percent of GDP (of which 12.5 percent was domestic revenue) in 2023. Total expenditure increased from 22.7 percent to 24.7 percent of GDP, with increased tax collection and higher grants (grants increased by 2.5 percent to 8.1 percent of GDP, driven by budget and project support) failing to offset rising expenditure fully. The country’s reliance on grants is a challenge to implementing development programs and ensuring debt and fiscal sustainability. The fiscal deficit excluding grants remains high and continues to grow, reaching 12.2 percent of GDP in 2023 compared to an annual average of 9.5 percent in the preceding three years. External borrowing, which accounted for 81 percent of total deficit net financing (3.4 percent of GDP), increased sharply from 33 percent in 2022; although total debt fell from 83.4 percent of GDP in 2022 to a still high 76.7 percent in 2023. The Gambia’s public debt level remains above the Economic Community of West African States (ECOWAS) average (50.4 percent of GDP in 2023), and while its debt was deemed as sustainable by the joint IMF-World Bank Debt Sustainability Assessment (DSA) published in December 2023, the country remains at high risk of debt distress.
- The Gambia performs poorly on the Human Capital Index, which estimated that children born in 2020 would only achieve 42 percent of their productivity potential.** In the education sector, The Gambia spent 2.7 percent of its GDP³, lower than both the regional average (3.2 percent) and the average for its income group (3.4 percent) in 2023. The gross enrollment ratio in secondary education in The Gambia is 50 percent, and 30 percent of adolescent girls are out of school, which is lower than the average for its region (33 percent) and its income group (40 percent). In addition, there is significant variation in school enrollment across The Gambia's regions: lower basic enrollment rates range from 97 percent to 27.3 percent, and upper basic enrollment ranges from 78 percent to 38 percent. In the health

¹ Gambia Economic Update ‘Jumpstarting Inclusive and Sustained Growth’, Spring 2024

² Tax revenue increased from 9.3 percent of GDP in 2022 to 9.7 percent in 2023, driven by higher tax collection on goods and services and international trade. It also increased due to the adoption of several revenue-boosting measures, including a series of customs reforms, notably the roll-out of ASYCUDA World, implementation of the Single Window platform, e-tracking, the digital weighbridge, along with the creation of a rent tax office to effectively collect rental income tax and the completion of the taxpayer update for larger taxpayers.

³ <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=TR-GM>



sector, The Gambia spent 3.82 percent of its GDP, lower than the regional average (4.97 percent) and the average for its income group (4.88 percent) in 2019. For every 100,000 live births, 597 women die from pregnancy-related causes (2017), which is higher than both the average for its region (445) and the average for its income group (502). The Universal Health Coverage Index score remains low at 44 (2017), below the regional average.

- In response to this context, The Government of the Gambia (GoTG) has launched the Recovery Focused National Development Plan (RF-NDP) 2023 – 2027.** The RF-NDP is the second National Development Plan under President Barrow, succeeding the National Development Plan (NDP) 2018 – 2021/22 and building on the gains registered during its implementation. It mainstreams the ECOWAS Vision 2050, the African Union Agenda 2063, and the Sustainable Development Goals 2030. The RF-NDP arrives amid the socioeconomic and service delivery impacts of the Corona-Virus Disease 2019 (COVID-19) and the ongoing Russian invasion of Ukraine, aiming to help address these and other development challenges afflicting The Gambian people. Against this backdrop, the RF-NDP aims to consolidate gains in democratic governance, accelerate green economic and social transformation, and build resilience to shocks and crises. The Gambia Public Administration Modernization for Citizen Centric Service Delivery (PAMP) Program-For-Results (PforR) supports the RF-NDP. PAMP targets interventions foundational to the overall implementation of the RF-NDP related to improving the efficiency and transparency of domestic resource mobilization, expenditure and human resources management, and citizen engagement in selected service delivery sectors.

Sectoral and Institutional Context

- The Gambia stands at a critical juncture, facing an urgent need to consolidate reforms, improve public services, and strengthen the social contract between citizens and the state.** Doing so will require addressing several interrelated constraints, including: (i) improving the oversight and control of public revenues and expenditures, which can ensure more efficient allocation of resources to support critical public services; (ii) strengthening human resource management systems, practices, and capacities, including those of the civil servants in charge of designing and implementing public services, and of the public institutions responsible for frontline service provision; and (iii) supporting a more open and inclusive enabling environment that allows for transparent access to administrative and fiscal information as well as functioning engagement mechanisms, which allow citizens and service users to be informed, participate, and ultimately hold the Government to account. Each of these three challenges is discussed in detail below.

Limited Oversight of Public Revenues and Expenditures Impacts the Efficient Allocation of Resources for Service Delivery

Tax Administration and Policy

- At 9.7 percent of GDP in 2023, The Gambia's tax revenue ratio remains inadequate to meet the country's socioeconomic development needs and reduce reliance on external and debt financing.** The Gambia's tax-to-GDP ratio is below Sub-Saharan Africa's average of 18.9 percent and the so-called 'tipping point' of 15 percent at which a country can start to make critical investments to accelerate growth. Existing estimates show that the structural tax gap is assessed at 4–6 percent of GDP, indicating that the GoTG can increase its fiscal capacity by expanding its tax revenues. The tax gap is due to a narrowly structured tax base (less than 300 businesses account for half of tax revenues), lack of optimality of tax rates which constrain business, especially for small taxpayers, generous tax incentives (which narrow the corporate tax base), the proliferation of VAT exemptions, difficulties in taxing government institutions, and the prevalence of zero-rated goods. Total exemptions accounted for at least 3.9 percent of GDP in 2020, or 32.6 percent of total revenues.⁴ This situation has stemmed from a lack of streamlined legislation,

⁴ Oxford Economics, "Proposed improvements to The Gambia's tax expenditure policy", May 2022.



strategies, and resources to lead tax policy formulation and analysis, which limits the ability of tax reform proposals to be carefully assessed, quantitatively analyzed, and openly debated.

6. **The Gambia’s ability to enhance its tax-to-GDP ratio is also profoundly constrained by limited tax administrative capacity.** The 2018 Tax Administration Diagnostic Assessment Tool (TADAT) identified several weaknesses in tax administration, including: (i) an unreliable taxpayer registration base; (ii) under-developed approaches to managing compliance risks; (iii) inadequate support to taxpayers to minimize compliance costs and promote compliance; (iv) a weak taxpayer audit function with audits being conducted outside set programs; (v) manual filing of declarations and lack of internal controls in filing and declarations processing that affect the accuracy of the filing data; (vi) on-time filing or payment rates that cannot be determined; as well as (vii) weak core tax administrative systems, processes, and procedures that hinder overall transparency. Moreover, the current tax administration system (GAMTAXNET4) does not have a business continuity plan or support data analytics, does not meet government accounting standards, and the unreliability of basic taxpayer information limits a data driven approach to oversight of tax revenues.

Reporting and Auditing of Government Financial Statements

7. **A lack of comprehensiveness, consistency, and timeliness of financial statements has impacted oversight of public expenditures.** The Gambia scored 35 out of 100 in the Open Budget Index for 2021, indicating significant underperformance in terms of coverage and timeliness, opportunities for participation, and adequate oversight. While a consolidated government statement is prepared annually, excessive delays persist in producing and releasing annual audit reports, which do not include complete information on revenue, expenditure, and financial assets/liabilities. Sources of non-donor government operations are not included in in-year budget reports and consolidated financial statements. The 2018, 2019, 2020 and 2021 audited financial statements were released with delays of up to 33 months, and 2022 and 2023 have not yet been released. Meanwhile, internal auditors are posted at all Ministries, Departments, and Agencies (MDAs) with the support of IAD; however, the absence of a standardized reporting framework defining procedures to prepare financial statements in accordance with International Public Sector Accounting Standards (IPSAS) results in significant weaknesses in the preparation and presentation of financial statements—further delaying the production of annual audited financial statements. The NAO also currently lacks staff expertise to conduct performance audits in specialized areas (e.g., Climate-related audits, assessing governmental actions related to climate change Construction & Engineering, Extractive Industries – mining, petroleum, etc.), and audits of government expenditures.

Public Employment Management Practices Impact the Efficiency and Quality of Service Delivery in Key Sectors

8. **There is a weak link between planning, budgeting, recruitment, and deployment within the public sector—and the growth of public employment over the past decade has not been strategic.** Most ministries maintain outdated establishment lists, incumbents are not mapped to budgeted positions, and enforcement of annual staffing ceilings and positive gender targeting is a challenge. The authorities report that in the absence of accurate establishment data, recruitment decisions are not based on an assessment of actual needs. This additionally precludes the ability to adjust deployment in response to climate change, which can impact and increase the demand for services, especially health care, because of mosquito-borne diseases. Efforts to improve public employment management and take important policy decisions are complicated because there is no centralized, comprehensive personnel registry with up-to-date and reliable information on public employment. Within the education and health sectors, these challenges impact efficiency and quality of service delivery.

Limited Transparency and Opportunities for Citizen Engagement Undermine Oversight and Accountability in Service Delivery

9. **After several decades of autocratic rule, a culture of information secrecy emerged in The Gambia, impeding the production and sharing of critical fiscal and administrative data and limiting citizen oversight and accountability of**



service delivery. In the education sector, while school improvement grants (SIGs) are provided to finance non-salary expenditures,⁵ no publicly available information exists on the amount or timeliness of individual allocations received by schools across the country, making it difficult for parent-teacher associations (PTAs), school management committees (SMCs), and Mothers Clubs to know how much money their local school was allocated and how the funds were spent.⁶ School Report Cards⁷ (SRCs) are produced on an annual basis and provide information on student and school performance, but quality and timeliness are uneven, and information is typically used for internal administrative purposes with little dissemination to the public. Opportunities for citizen engagement are restricted and mainly limited to mechanisms for collecting service user feedback and responding to complaints.

PforR Program Scope

10. **The PforR Program includes a combination of upstream and downstream interventions.** It includes: (i) Results Area 1: Strengthening Oversight of Public Revenues and Expenditures, which supports upstream or government-wide improvements with downstream externalities (impacting the education and health sectors, and other line ministries). It supports enhanced domestic revenue mobilization to enable fiscal space to finance service provision and improved “demand-side” actors’ abilities to oversee and demand better service delivery performance and increased quality, timeliness, and access to government financial reporting; (ii) Results Area 2: Strengthening the Public Administration, including a specific focus on the education and health sectors, contributing to better management of service delivery; and (iii) Results Area 3: Improved Transparency and Citizen Engagement in Service Delivery which focuses on downstream transparency and citizen engagement in the education sector, including for the benefit of demand side actors (e.g., citizens, Civil Society Organizations (CSOs), media, among others).

- **Results Area 1: Strengthening Oversight of Public Revenues and Expenditures.** This results area supports improved oversight and transparency of public revenues and expenditures through, *inter alia*: (a) strengthening tax administration and policy; and (b) strengthening Reporting and Auditing of Government Financial Statements.
- **Results Area 2: Strengthening the Public Administration.** This results area aims to modernize and improve the capacity and processes of public administration to facilitate increased access and quality of services through, *inter alia*: (a) enhancing wage bill control through higher quality biometric database and information system optimization; (b) improving human resource management (HRM) and establishment control practices, with special attention to the education and health sectors; and (c) improved efficiency and effectiveness of Government operations through the removal of functional overlaps and duplications.
- **Results Area 3: Improved Transparency and Citizen Engagement in Service Delivery.** This results area focuses on citizen engagement in the education sector. It seeks to build on commendable improvements in statistical performance, particularly in the data use and data products pillars of the Statistical Performance Indicators (SPI) and complement ongoing Government efforts to adopt and implement access to information legislation. The results area targets the supply of quality, critical public education sector information to citizens at national, sectoral, and facility levels through, *inter alia*: (a) improved coverage, quality, and availability of public data on

⁵ These include investments in facilities and infrastructure (e.g., school buildings, classrooms, latrines, etc.), acquisition of materials and equipment (books, tablets, school supplies, etc.) as well as on the upkeep of the school environment.

⁶ At the school level, budget information on planned use of SIGs is not available for each school, nor is any execution information available, which leaves significant scope for diversion of funds for unintended purposes.

⁷ Data provided is oriented around learning outcomes and includes information on key provision indicators (e.g., teacher attendance, hours of instruction, pupil/teacher ratio, availability of latrines, etc.), which is disaggregated for each school/district/region.



service delivery information in the education sector; and (b) improving mechanisms for two-way citizen engagement.

C. Proposed Program Development Objective(s)

Program Development Objective(s)

To enhance domestic resource mobilization, expenditure and human resource management, and mechanisms for citizen engagement.

11. The following PDO-level results indicators are proposed to monitor the achievement of the PDO:

- **Results Area 1: Strengthening Management of Public Revenues and Expenditures**
 - Tax to GDP (Percentage) (new Corporate Scorecard Indicator)
 - Reduced tax expenditures (Percentage of GDP)
 - People using digitally enabled services (ITAS e-payment service) (Number) (new Corporate Results Indicator), of which women (Number)
 - Improved comprehensiveness of financial statements to reduce unreported donor funded extra budgetary expenditure (Percentage)
- **Results Area 2: Strengthening the Public Administration**
 - Current and accurate sex-disaggregated data on public employment, to monitor and promote gender equality in employment and compensation practices, contained in HRMIS (Yes/No).
 - Deviation in the outturn of health and education sector employees mapped to budgeted and established positions to those receiving salaries (Percentage)
- **Results Area 3: Improved Transparency and Citizen Engagement in Service Delivery**
 - Public Lower Basic Schools utilizing revised FBRs and associated process (Percentage)

D. Environmental and Social Effects

12. **The PAMP is rated Low for both Environmental and Social risks.** Potential risks will be mostly linked to the disposal of e-waste.

13. **The Environmental and Social System Assessment (ESSA) concludes that the overall environmental and social (E&S) risk is Low.** The Program Expenditure Framework (PEF) definitively confirms that the Bank-funded IDA Program will not finance capital costs but will mostly focus on financing Integrated Tax Administration and Human Resource Management information systems. While the Government-funded program as shown in the PEF will finance capital works in both the Ministries of Education and Health, the Bank-Funded IDA program will not induce or otherwise require these capital works to meet its objectives. Notwithstanding, the Program Action Plan of the ESSA, includes proportionate tangible measures to enhance capacities of the national environment and social management system to help improve the overall environment and social management outcomes of the Government's own civil works program.

14. **ESSA Recommendations and Program Action Plan.** The focus is on addressing the root causes of the ineffectiveness of the National Environment Management Act (NEMA), such as lack of oversight, financial constraints, and weak Environmental and Social Impact Assessment (ESIA) management. The estimated cost to implement these recommendations is two hundred and fifty thousand dollars (US\$250,000). Consultations and Stakeholder Engagement are planned to be completed in August 2024 to ensure comprehensive stakeholder input and address concerns effectively.



Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Area OP 7.60

No

Summary of Screening of Environmental and Social Risks and Impacts of the IPF Component

The project is rated low for both environment and social. The Project Development Objective (PDO) is to enhance domestic resource mobilization, expenditure and human resource management, and mechanisms for citizen engagement, and no physical works are expected. Potential risk will be mostly linked to the disposal of e-waste.

E. Financing

Program Financing (Template)

Source	Amount (US\$, Millions)	% of Total
International Development Association (IDA)	42.00	8.73%
IDA Grant	42.00	8.73%
Counterpart Funding	439.00	91.27%
Borrower/Recipient	439.00	91.27%
Total Program Financing	481.00	

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APPROVAL

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