

Document of  
The World Bank Group

**FOR OFFICIAL USE ONLY**

**Report No. 123654-GM**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**AND**

**INTERNATIONAL FINANCE CORPORATION**

**AND**

**MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**COUNTRY ENGAGEMENT NOTE**

**FOR**

**THE REPUBLIC OF THE GAMBIA**

**FOR FY18-FY21**

**May 16, 2018**

**Country Department AFCF1  
Africa Region**

**The International Finance Corporation**

**The Multilateral Investment Guarantee Agency**

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank Group authorization.

**The date of the last IDA-AfDB Joint Partnership Strategy for The Gambia FY13-FY16  
(Report No. 72140-GM) was April 4, 2013.**

**Republic of The Gambia: World Bank Group (WBG) Country Engagement Note (CEN)  
For the period of FY18-FY21**

**Currency Equivalents**

Exchange Rate Effective as of April 30, 2018  
Currency Unit: Gambia Dalasi (GMD)  
US\$1.00 = GMB 47.78

**Fiscal Year**

01 January 1- 31 December

**Abbreviations and Acronyms**

ACE	Africa Coast to Europe
AF	Additional Financing
AfDB	African Development Bank
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ANRP	Accelerated National Response Plan
ASA	Advisory Services and Analytics
BADEA	Arab Fund for Economic Development in Africa
CAVCM	Commercial Agriculture and Value Chain Management
CCTs	Conditional Cash Transfers
CDD	Community Driven Development
CEN	Country Engagement Note
CPF	Country Partnership Framework
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Review
CSA	Climate-smart Agriculture
CSO	Civil Society Organizations
DFT	Distance to Frontier
DPO	Development Policy Operation
DSA	Debt Sustainability Analysis
EBID	ECOWAS Bank for Investment and Development
ECD	Early Childhood Development
ECOWAS	Economic Community of West African States
EIB	European Investment Bank
EU	European Union
FCV	Fragility, Conflict, and Violence
FGM	Female Genital Mutilation
FSI	Fragile States Index
FY	Fiscal Year
GamLAP	Gambia Integrated Landscape Project
GAMCEL	Gambia Telecommunications Cellular Company
GAMTEL	Gambia Telecommunications Services Company
GBV	Gender Based Violence
GDP	Gross Domestic Product
GER	Gross Enrollment Rate
GMD	Gambian Dalasi
GNI	Gross National Income
HDI	Human Development Index
ICT	Information and Communication Technologies

IDA	International Development Association
IFC	International Financial Corporation
IFMIS	Integrated Financial Management Information System Project
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IsDB	Islamic Development Bank
ISR	Implementation Status Report
JPS-2	Second Joint Partnership Strategy
LBS	Lower Basic Schools
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
MCNHRP	Maternal and Child Nutrition and Health Results Project
MDGs	Millennium Development Goals
MFD	Maximizing Finance and Development
MIGA	Multilateral Investment Guarantee Agency
MoFEA	Ministry of Finance and Economic Affairs
MPI	Multi-Dimensional Poverty Index
MSMEs	Micro, Small, and Medium Enterprises
MTDS	Medium-term Debt Management Strategy
MTFF	Medium-term Fiscal Framework
NAWEC	National Water and Electric Company
NGOs	Non-governmental Organizations
OMVG	The Gambia River Basin Development Organization ( <i>Organisation pour la Mise en Valeur du fleuve Gambie</i> )
PAGE	Program for Accelerated Growth and Employment
PBA	Performance Based Allocation
PER	Public Expenditure Review
PEFA	Public Expenditure and Financial Accountability Assessment
PFM	Public Financial Management
PPPs	Public Private Partnerships (
PSDW	Private Sector Window
RBF	Results-based Financing
RCF	Rapid Credit Facility
READ	Results for Education Achievement and Development
SCD	Systematic Country Diagnosis
SDR	Special Drawing Right
SIGI	Social Institutions and Gender Index
SMEs	Small and Medium Enterprises
SOE	State-owned Enterprise
SP	Social Protection
SSA	Sub-Saharan Africa
SSHFC	Social Security and Housing Finance Corporation
T&D	Transmission and Distribution
TA	Technical Assistance
TAR	Turnaround Regime
TF	Trust Fund
UBS	Upper Basic Schools
UDP	United Democratic Party
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WAATP	West Africa Agricultural Transformation Project
WBG	World Bank Group

	<b>IDA</b>	<b>IFC</b>	<b>MIGA</b>
<b>Vice President:</b>	Makhtar Diop	Sergio Pimenta	Keiko Honda
<b>Country Director:</b>	Louise Cord	Cheikh Oumar Seydi	Merli Baroudi
<b>Task Team Leader:</b>	Ivan Velez, Elene Imnadze	Faheen Allibhoy	Moritz Nebe, Gero Verheyen

**FY18 - FY21 COUNTRY ENGAGEMENT NOTE FOR  
THE REPUBLIC OF THE GAMBIA  
TABLE OF CONTENTS**

<b>I.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>II.</b>	<b>COUNTRY CONTEXT .....</b>	<b>3</b>
	A. Political Context.....	3
	B. Macro-Economic Context .....	5
	C. Poverty and Equality.....	9
	D. Fragility and Turnaround .....	10
<b>III.</b>	<b>DEVELOPMENT CHALLENGES.....</b>	<b>11</b>
	A. Immediate Challenges .....	11
	B. Sectoral and Cross-cutting Vulnerabilities to Longer-term Growth .....	12
	C. Weak Foundations for Inclusive Growth .....	15
<b>IV.</b>	<b>WORLD BANK GROUP COUNTRY ENGAGEMENT .....</b>	<b>19</b>
	A. The Government Program .....	19
	B. Overview of Partnership and Donor Coordination.....	21
	C. Lessons Learned from WBG Engagement.....	22
	D. Proposed WBG Program .....	24
	E. CEN Objectives.....	28
	F. Financing Envelope and Implementation.....	37
	G. Risk Management and Mitigation .....	38
	ANNEX 1: RESULTS MATRIX FY18-FY21 CEN .....	43
	ANNEX 2: COMPLETION AND LEARNING REVIEW (CLR) .....	45
	ANNEX 3: MAIN DONORS AND PARTNERS IN THE GAMBIA .....	73
	ANNEX 4: INDICATORS OF WORLD BANK PORTFOLIO PERFORMANCE AND MANAGEMENT.....	74
	ANNEX 5: THE GAMBIA OPERATIONS PORTFOLIO.....	75
	ANNEX 6: IFC INVESTMENT PORTFOLIO .....	76
	ANNEX 7: MAP OF THE GAMBIA .....	77
	<b>Tables</b>	
	Table 1. Key Economic Indicators .....	8
	Table 2. Lending Portfolio (Undisbursed) and Proposed Lending Program for FY18-FY21.....	27
	Table 3. Systematic Operational Risk-Rating Tool .....	39
	<b>Figures</b>	
	Figure 1. Growth Performance of The Gambia, West Africa, and SSA .....	6
	Figure 2. Growth among Low- and Lower-Middle-Income Countries.....	6
	Figure 3. Framework of The Gambia’s National Development Plan for 2018-2021 .....	21
	Figure 4. The Gambia CEN: Objectives and Focus Areas .....	25
	<b>Boxes</b>	
	Box 1. The Gambia’s Fragility Drivers and Sources of Resilience .....	11

## I. INTRODUCTION

1. **The Gambia is one of the poorest countries in Sub-Saharan Africa (SSA), with a per capita gross domestic product (GDP) of US\$473, and a high dependence on trade, agriculture and tourism.** The Gambia occupies a narrow strip of land on the banks of the Gambia River, and is surrounded by Senegal and the Atlantic Ocean. The country is a key transit and trade route for Senegal and regional countries. Forty percent of the working population is engaged in agriculture, forestry, and fisheries, but farming output meets only half of the country's food needs, and recent erratic rainfall has increased food insecurity. Tourism and remittances form the key sources of foreign exchange. The country is highly vulnerable to natural disasters and climate change. Poverty remains high at 48 percent, with the Gini Coefficient at 0.356 (2015).

2. **In 2017, The Gambia underwent its first transfer of power in 23 years.** The policies and practices of the former regime of President Yahya Jammeh who seized power in a coup in 1994 isolated the country, weakened the economy, intimidated civil society, and engaged in ethnic politics. In recent years, fiscal deficits and national debt skyrocketed, and fragility indicators deteriorated. Authoritarian control undermined the capacity of public institutions, while embezzlement and patronage under the previous administration eroded the public's trust. After international diplomatic pressure and deployment of troops from the Economic Community of West African States (ECOWAS) to The Gambia to ensure stability, Jammeh, who had sought to annul the election results, accepted defeat and left the country. The new President, Adama Barrow, has embarked on a transition promising a new future for The Gambia, and generated high public expectations.

3. **The coalition administration of President Barrow started a policy shift toward reversing the country's fragility by enacting urgent reforms to ensure macro-stability; consolidate democratic rule; strengthen governance and service delivery; and improve competitiveness.** President Barrow had campaigned for, among other things, democratic principles, rule of law, security and justice, and macroeconomic reforms, including restructuring debt and reforming loss-making State-owned Enterprises (SOEs). His electoral victory created momentum for reform, and opened opportunities to restore growth and freedoms, and to address bottlenecks in basic services. The new administration has made progress in stabilizing the economy and initiating some basic structural reforms, including revising the 2017 budget and submitting a 2018 budget that aims to consolidate expenditures, rescheduling domestic debt, preparing a medium-term debt sustainability framework, eliminating ghost workers in the civil service and initiating reforms in key SOEs. The Administration has reengaged international partners, including the European Union (EU), International Monetary Fund (IMF) and the WBG, who have also provided important assistance for economic recovery and democratic consolidation.

4. **The new administration needs to maintain and deepen recent macro gains, while simultaneously promoting growth and addressing the population's rising expectations as well the country's longer-term development challenges.** Redressing the macro situation is the first order of priority, along with rebuilding the capacity of the new administration and reforming

SOEs, downsizing the security sector, and mitigating glaring gaps in public services, most notably in energy. In parallel, the Government must build a foundation for inclusive growth and tackle key drivers of fragility: a small economy susceptible to exogenous shocks; an eroded public sector characterized by weakened governance indicators; high poverty and limited employment opportunities for the youth; and low agricultural productivity; and a weakened financial sector. Longer term challenges include taking advantage of a demographic dividend, inadequate human capital to ensure country competitiveness, and mitigating threats from climate change. The Gambia must also ensure an enabling environment for the private sector, particularly by improving the business environment, financial markets, transport infrastructure, and Information and Communication Technologies (ICTs). Despite the challenging political environment, The Gambia has had a resilient private sector that will remain essential to the country's economic rebound. Though the political coalition supporting Barrow and fundamental reform remains intact, incipient signs have appeared of political fragmentation making balancing all the immediate, short and longer agendas even more challenging.

5. **This WBG CEN identifies program objectives for the period FY18–FY21 and draws on the exceptional International Development Association (IDA) Turnaround Regime (TAR) to respond to the New Administration's request for urgent, stepped up WBG support under IDA18.** The last country strategy, the Second IDA-AfDB Joint Partnership Strategy (JPS-2)<sup>1</sup> for The Gambia, was endorsed by the Board of Directors on March 11, 2013, and expired in FY16. The JPS-2 strategic objectives aimed to enhance The Gambia's productive capacity and competitiveness, and strengthen institutional capacity for economic governance and public service delivery.

6. **The FY18-FY21 CEN offers a bridge program of assistance to help the Government to address immediate-term needs critical during the transition, while laying the foundation for growth and competitiveness, including by enabling private sector growth and investing in human capital and the poor.** The CEN is broadly aligned with the objectives of the new Government's National Development Plan (NDP) for FY18-FY21, and reflects IDA18 priorities for fragile states and the WBG's comparative advantages in low income country clients. It clusters WBG interventions into two Objectives: (i) *Restore macroeconomic stability and stimulate inclusive growth*, which will support good economic governance and macroeconomic stability essential for recovery, and provide support to the private sector in key areas, such as energy, tourism, the financial sector, and agriculture; and (ii) *Invest in human capital and build assets and resilience for the poor*, which will strengthen programs in human development and help build assets for the poor, through investments in health, education, and social protection (SP).

7. **Reflecting the country's transition needs, the financial envelope for this CEN includes a request for exceptional allocation from the IDA18 TAR to deepen IDA support for The**

---

<sup>1</sup> Report No. 72140-GM.

**Gambia's reforms and democratic consolidation over the period FY19-FY21.** The IDA18 indicative allocation for The Gambia is between US\$120-125 million for FY18-FY20.<sup>2</sup> Together with the CEN the World Bank presents a separate proposal for use of TAR resources, which includes an initial TAR allocation for FY19 of US\$77 million. Assuming TAR support and eligibility for FY19-FY20, the IDA18 financial envelope may increase to US\$198 million plus regional IDA. The additional resources will deepen support in agriculture, energy, and SP. The CEN provides a matrix for assessing The Gambia's turnaround progress, and its continued eligibility for TAR assistance through FY21.

8. **The overall risk to successful outcomes under the FY18–FY21 Gambia CEN is *substantial*.** The main residual risks to the CEN program that may critically affect the CEN in achieving its objectives are: (a) political and governance; (b) macroeconomic; and (c) fiduciary. The social and environmental risks are also rated as *substantial*. For example, the Government's commitment to and mandate for reform might lessen if the political coalition fragments, external factors undermine growth, structural reforms are not undertaken, macro-fiscal benchmarks are not met, or the enabling environment for private sector investment is not reinforced, or authorities are unable to meet public expectations for improved services. These and other risks related to sector strategies and implementation capacity may affect the execution of WBG program, by increasing costs of preparation, delaying disbursements, and slowing achievement of results. To help mitigate such risks, the CEN will sequence interventions to provide scaled budget support to enhance macro-stability and economic governance and structural reform, while investing in sectors with critical service bottlenecks and importance for inclusive growth. The CEN will give high importance to quality and risks at entry for new operations, and continue strong monitoring and supervision.

## II. COUNTRY CONTEXT

### A. Political Context

9. **The Gambia recently emerged from 22 years of autocratic rule characterized by weak governance, economic mismanagement, and political control.** From 1994 to 2016, the rule under the Jammeh regime undermined the capacity of public institutions to carry out their mandates and deliver basic services, mainly due to imprudent economic and fiscal policies, combined with embezzlement and bailouts of SOEs. The former administration weakened civil society, and used state security apparatus to undermine the political opposition. The State's inability to provide public services equitably fueled discontent and worsened the country's socio-economic vulnerabilities. These vulnerabilities were exacerbated by erratic rains, and drops in tourism due to deteriorating social conditions and public services, and concerns about spread of Ebola in West Africa.

---

<sup>2</sup> Referenced IDA volumes are indicative. Actual Performance Based Allocation (PBA) allocations will be determined annually during the replenishment period and will depend on: (i) total IDA resources available; (ii) the number of IDA-eligible countries; (iii) the country's performance rating, per capita gross national income (GNI), and population; and (iv) performance and other allocation parameters for other IDA borrowers."

10. The former regime also took steps to isolate The Gambia from the international community. In 2013, The Gambia withdrew from the United Kingdom (UK) Commonwealth. The former regime sought new sources of assistance when western aid dried-up. Under the previous regime, relations with Senegal were marred with tensions, and the border with Senegal was routinely closed, hampering regional trade.

11. **The election of President Barrow represented a fundamental shift in the country's sentiment and policy direction—but did not take place without political turmoil.** Supported by a faction of seven opposition parties, Barrow, who is a new political figure, won the presidential election in December 2016. Jammeh initially admitted defeat and an intention to step down, but later declared that he would not accept the results, called for a new election, and declared a 90-day state of emergency. Barrow fled to Dakar, where he was sworn in as President on January 19, 2017. The leadership of ECOWAS, which had expressed regional impatience with Jammeh, sent troops to The Gambia to enforce the elections results. In January 2017, Jammeh agreed to resign, and ultimately left the country for Equatorial Guinea. Barrow returned to The Gambia, and was officially inaugurated as President in Banjul in February 2017.

12. **Since the start of his term, President Barrow has moved to restore freedom and macroeconomic stability, improve governance and service delivery, and strengthen relations with donors and partners.** Barrow's administration has initiated reforms of the security apparatus, revised the 2017 budget to reduce the fiscal deficit, and developed the new NDP. The new Government has reengaged the IMF, EU and the WBG, including through an emergency budget support operation in July - August 2017 to support macroeconomic stability; returned the country to the UK Commonwealth; and improved relations with Senegal.

13. **Recent elections confirm support for President Barrow's agenda; however, signs of political fragmentation and public dissatisfaction have begun to emerge, suggesting support for reforms may wane without some quick wins.** Barrow's party—the United Democratic Party (UDP)—fielded the most candidates in the April 2017 Parliamentary elections, and won 31 of 53 seats in Parliament, sustaining the mandate for reform. Yet, these elections marked the end of the presidential coalition, as parties fought in these elections separately. The former party of President Adama Barrow won the local elections in April 2018 and 62 of the 120 seats, which for now show continued political support for the administration's policies and reforms. While the president was elected for a three-year term, uncertainty persists on the duration of Barrow's administration, and a decision on the date of the next presidential elections is pending.

14. **The Gambia's civil society, beleaguered under the Jammeh regime, has begun to emerge and take a more active role in supporting the transition.** Domestic Non-Governmental Organizations (NGOs) were constrained under the former regime. Today, Civil Society Organizations (CSOs) are more active in education, health and nutrition, gender equality, youth empowerment, children's issues, agriculture, and entrepreneurship. Although more could be done, the Barrow administration has begun engaging with civil society, which can play roles in dialoguing on development issues, building consensus on difficult macro and structural

reforms, mitigating tensions between communities, monitoring public performance, and implementing development programs. Civil society groups participated in consultative and validation workshops during the preparation of the NDP in 2017. Upon the NDP's presentation to the National Assembly in December 2017, an abbreviated public version of the document was produced and broadly disseminated during the NDP's national launch in February 2018.

15. **The new Government has improved relations with regional partners, ending diplomatic isolation and rebuilding relations with neighbors.** The Senegalese Government has become a close ally and has provided support for The Gambia's security. The reestablishment of diplomatic ties with regional and international trading partners stands to accelerate growth. Barrow's administration aims to continue programs to improve regional connectivity, especially in energy, transport, and ICTs. Regional governments and regional institutions, such as ECOWAS, have represented a vital stabilizing force in The Gambia's transition. West African leaders worked through ECOWAS, with support of heads of state in SSA, to mediate the recent political crisis, and ECOWAS forces are still on the ground in The Gambia helping to safeguard the peace during the transition.

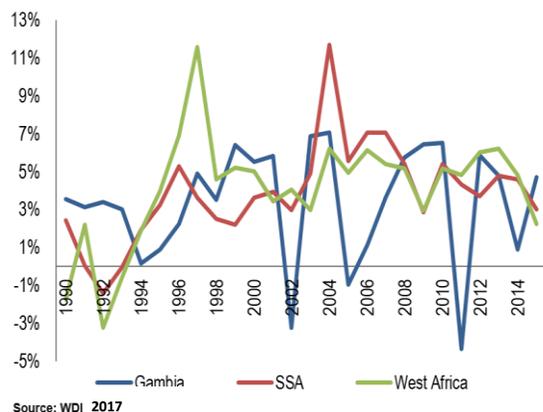
16. **Moreover, regional cooperation is an important dimension in The Gambia's development given the country's spatial configuration, dependence on regional markets, and shared resources.** The Gambia's modest size and unique spatial features, with an opening to the Atlantic Ocean but otherwise an elongated territory surrounded by Senegal, intrinsically increase its reliance on regional trade and cooperation. The performance of the economy—and poverty reduction—depends on authorities' effectively managing shared regional resources, including water, fisheries, and forestry, and engaging in regional cooperation to help drive economies of scale, such as in energy through The Gambia River Basin Development Organization Project (OMVG), which aims to enable electricity trade between The Gambia, Guinea, Guinea-Bissau, and Senegal. In addition, The Gambia needs to work within regional platforms to address broader issues, such as accessing regional markets and coastal erosion, which cannot succeed without the efforts of multiple countries.

## **B. Macro-Economic Context**

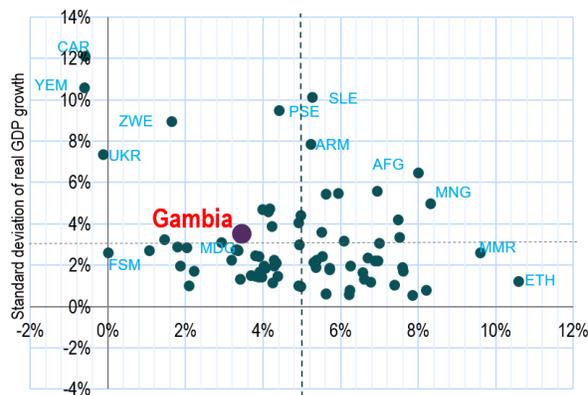
17. **Economic growth in The Gambia fell in recent years mainly due to exogenous shocks and political instability.** Growth in GDP fell from 4.3 percent in 2015 to 2.2 percent in 2016 due to the turbulent political context; erratic rains in 2016 that cut agriculture output in half; and fewer tourist arrivals linked to instability and the regional Ebola crisis. Growth has mostly trailed averages in SSA, and external and internal factors have contributed to the country's inability to sustain a prolonged period of growth (see Figures 1 and 2). Higher food prices contributed to food insecurity and an increase in Consumer Price Index (CPI) inflation from 6.7 percent at end-2015 to 7.9 percent at end-2016, exceeding the five percent target of the Central Bank of The Gambia (CBG). The current account deficit (including budget support) rose from 10.2 percent in 2013 to 15 percent in 2015, mainly from plummeting tourism and trade receipts linked to Ebola crisis and unwise economic policies, such as Jammeh's decision to double fees for trucks in transit through The Gambia, which led Senegalese transporters to enforce a blockade. Shocks

affecting tourism and agriculture, and a deteriorating business environment, led to closure of hundreds of firms, exacerbating pressures on poor households.

**Figure 1. Growth Performance of The Gambia, West Africa, and SSA**



**Figure 2. Growth among Low- and Lower-Middle-Income Countries**



18. **The former regime’s fiscal and macroeconomic policies left The Gambia on the verge of an economic crisis.** The Jammeh regime increased expenditure despite faltering tax revenues, routinely used domestic financing to cover structural deficits, and supported unpredictable shifts in monetary policies, which fueled increases in public debt. The regime made large, unbudgeted expenditures to support SOEs despite their operational weaknesses. The regime issued T-Bills and obtained advances from the CBG to cover recurrent deficits, which pushed T-bill yields to 22 percent in 2016, increasing debt service and crowding out credit to the private sector. Unsustainable fiscal policies and recourse to CBG advances undermined the CBG’s effective use of monetary policy. In 2016, facing foreign exchange shortages, the Government established a reference rate and mandated that commercial banks sell 15 percent of their foreign exchange purchases to the CBG, leading to foreign exchange shortages in commercial banks. The new Government revoked this practice in May 2017. Gross international reserves increased from 0.6 months at-end 2016 to 2.1 months by end-2017.

19. **The country is in high-risk of debt distress with little fiscal space to drive a recovery.** The central government ran annual deficits of about nine percent of GDP from 2013 to 2016. Fueled by high borrowing and bailouts to SOEs, total public debt rocketed from 83.3 percent of GDP in 2013 to an estimated 118.5 percent in 2016. During this period, domestic debt rose from 37.1 percent to an estimated 61.5 percent of GDP, and external debt from 46.2 percent to 61.5 percent of GDP. The large share of T-Bills (50 percent of domestic debt at end-2017) and short maturity debt means that roll-over risks are significant. The “non-marketable” portion of domestic debt (42 percent) consists of bonds in the CGB portfolio and the restructured National Water and Electric Company (NAWEC) bond. The 2018 joint WB-IMF Debt Sustainability Analysis (DSA) indicates that The Gambia faces a high risk of external debt distress—a deterioration from a moderate risk rating in the 2015 DSA—and that debt sustainability is on a “knife edge”. Interest payments on public debt absorbed 42.0 percent and

42.8 percent of government revenue (excluding grants), respectively, in 2016 and 2017, sharply reducing resources available for development spending in this critical period, putting the Government under continued pressure to obtain concessional financing and grants to finance the NDP.

20. **With support of partners, the new administration has initiated reforms to enable a turnaround in fiscal and macroeconomic performance.** In line with immediate priorities in the Government's Accelerated National Response Plan (ANRP), and priorities in the NDP, the Government has worked to reestablish a sound fiscal policy stance, reduce domestic financing of the deficit, reduce the debt overhang, improve public sector management, and enable an economic recovery. The new administration reengaged the IMF on a Staff Monitored Program (SMP), and received US\$16.1 million from an IMF Rapid Credit Facility (RMF) to address urgent balance of payments needs while authorities implement policies to restore macroeconomic stability, while the IDA provided budget support of US\$56 million. Other big donors, such as the EU, United Nations (UN), and African Development Bank (AfDB), have continued to support government reform efforts (see section on donor coordination). Budget support has helped to stabilize the macro, reduce domestic borrowing and restore essential public services. replenish international reserves and reduce domestic borrowing. Headline inflation decreased gradually from 8.8 percent (y-o-y) in January 2017 to 6.4 percent in January 2018, prompting a steady decline in interest rates, with the average T-bill interest rate dropping from 17.5 percent in October 2016 to around six percent in early 2018. The Government has cut spending for the President's Office as well as for some public works, and is working to divest state assets and recapture previously diverted revenues, although enhancing revenue collection continues to remain a priority.

21. **The outlook for an economic recovery is favorable, especially given positive external factors, but hinges on the Government maintaining a commitment to fundamental reforms—and remains subject to downside risks.** Real GDP growth reached 3.5 percent in 2017, propelled by lower interest rates and a rebound in the service sector. Tourism bookings have increased with the return of tour operators, and the current forecast is for the number of tourists to reach levels achieved before the 2015-2016 Ebola and political crises. In 2018, real GDP growth is projected to rise sharply to 5.4 percent before falling to just under five percent over the medium term. This assumes strong policy implementation, effective fiscal reform to support debt sustainability, and normal weather conditions. It also assumes a sustained increase of investment in basic infrastructure, reflecting a step-up in donor support and an acceleration in executing existing projects.

**Table 1. Key Economic Indicators**

	2015	2016	P2017	P2018	P2019	P2020	P2021
	(Percent change; unless otherwise indicated)						
<b>Real Economy</b>							
GDP (millions of dalasi)	38,581	42,252	47,289	52,627	58,006	63,666	69,854
Real GDP Growth	4.3	2.2	3.5	5.4	5.2	4.9	4.8
GDP per capita	451	473	480	506	518	532	543
GDP Deflator	6.4	7.1	8.1	5.6	4.8	4.6	4.7
Consumer Price Index (end of period)	6.7	7.9	6.9	5.2	4.8	4.8	4.8
	(Percent of GDP; unless otherwise indicated)						
<b>Fiscal Accounts</b>	21.6	20.0	28.3	30.8	27.1	24.7	24
Expenditures	29.7	29.8	36.3	37.8	31.5	28.2	26.2
Revenues	19.7	18.3	16.7	17.7	17.1	17.4	17.8
Grants	1.9	1.7	11.6	13.1	10.0	7.3	6.2
Overall Primary Balance	-0.9	-2.0	-0.8	-2.6	-0.2	1.1	1.8
Overall Government Balance	-8.1	-9.8	-8.0	-7.0	-4.4	-3.5	-2.2
	(Percent change; in beginning-of-year broad money)						
<b>Selected Monetary Accounts</b>							
Base Money (M2)	15.0	15.3	19.3	11.0	9.1	8.4	8.2
Credit to Private Sector (Net)	-2.1	-3.0	-0.2	2.0	2.3	2.5	2.6
Credit to the Government (Net)	16.0	19.5	1.6	-0.5	6.7	4.8	2.6
Net Foreign Assets	-49.6	-5.9	38.9	19.6	0.9	2.4	4.9
	(Percent of GDP; unless otherwise indicated)						
<b>Balance of Payments</b>							
Current Account Balance (including bu	-15.0	-8.9	-19.3	-20.2	-18.9	-16.1	-14.7
Exports	24.7	24.0	18.3	21.5	22.6	23.4	23.7
Imports	-46.9	-46.0	-45.7	-46.9	-47.1	-47.2	-47.5
Foreign Direct Investment	8.2	7.5	8.3	8.8	9.3	9.7	10.1
Public Debt	105.3	118.5	129.2	124.4	121.3	116.5	110.5
External Public Debt	51.4	61.5	69.2	69.2	66.5	63.1	60.1

Sources: Gambian authorities, and World Bank and IMF staff estimates and projections.

22. **The Gambia is at high-risk of external debt distress, and overall debt sustainability remains on a knife's edge.** The recently updated DSA incorporates an upward revision to external debt following reconciliation with creditors, government assumption of the NAWEC bond, and project loan disbursements in 2017 that were much higher than anticipated, and which are expected to continue at a high level through 2020, as they relate to the pre-existing large projects mentioned above.<sup>3</sup> The *baseline scenario* assumes that grants continue at high levels in 2018-2019 based on existing commitments, before gradually falling to four percent of GDP over the medium-longer term. External borrowing would gradually taper off to around three percent of GDP by 2023 following their very high level in 2017, based on already signed projects. Public investment would follow a similar pattern, peaking at 18 percent of GDP in 2019 before easing to around eight percent of GDP over the medium term. Public debt and debt service indicators are expected to approach sustainable thresholds only around 2030.<sup>4</sup> In an alternative *upside* scenario—which assumes all existing bilateral debt is rescheduled on

<sup>3</sup> The contracted pipeline consisting of mainly concessional loan facilities amounts to over US\$330 million.

<sup>4</sup> External public debt and debt service indicators are expected to approach sustainable threshold levels significantly sooner.

terms agreed with Saudi Arabia in January 2018 (i.e., rescheduling of amounts falling due over the next four years at a 15-year maturity, and with a grant element of 40 percent); loans in the existing pipeline with a grant element of less than 50 percent are restructured to increase the grant element to 50 percent; and additional investment financing is entirely in the form of grants—debt vulnerabilities would be mitigated somewhat. In such a scenario, debt service indicators would immediately fall below their thresholds and remain at manageable levels throughout the projection period, although solvency indicators would remain above prudential thresholds for some time.

### **C. Poverty and Equality**

23. **The Gambia is one of the poorest countries in ECOWAS.** According to the most recent poverty survey completed in 2015/16, the share of the national population living in poverty, based on the national poverty line, remained largely static at about 47-48 percent from 2010 to 2015, though the number of poor people increased from 790,000 to 930,000 due to population growth.<sup>5</sup> Over this period, the share of the urban population in poverty fell from 33.4 percent to 31.6 percent, but the share in rural areas rose from 64.2 percent to 69.5 percent. The share of poor households in Banjul was only 10.8 percent in 2015. The depth and severity of poverty increased in rural areas. From 2010 to 2015, extreme poverty rose by 17 percent from 350,000 to 400,000 households. Estimate suggest close to 55 percent of the population in 2015 were unable meet their daily required minimum calories of 2,400, a sobering statistic which has been exacerbated by erratic rains affecting agriculture. Only five of ten Gambians in the working age population are employed, and about 62 percent of youth have reported being unemployed. Real per capita GDP is estimated to have fallen by 20 percent from 2013 to 2016, suggesting that poverty may increase further. The Gini coefficient for the country in 2015 was 0.356.

24. **The Gambia has made limited gains in empowering women and achieving gender equality, but much remains to be done.** In education, the Government has achieved the Millennium Development Goal (MDG) on gender parity at the preschool, primary, and secondary levels, but inequality persists in tertiary and vocational training. The literacy rate for women is low at 40 percent compared with 64 percent for men. The labor force participation rate is 73 percent for women against 83 percent for men. The Government developed a national plan of action on Gender Based Violence (GBV), and, according to a Demographic and Health Survey, the percentage of women who reported having experienced GBV fell to 41 percent in 2013. Rape remains a widespread problem, and victims underreported domestic violence due to social stigma, with most cases settled through family mediation. The rate of Female Genital Mutilation (FGM) slightly worsened from 71 percent in 2005 to 76 percent in 2010, though the Government in 2015 passed a law prohibiting the practice. Trafficking of women, girls and, to a lesser extent, boys used as sex workers and domestic servants remains

---

<sup>5</sup> The population in The Gambia rose from 1.69 to 1.98 million in this period.

a problem, linked to the organized crime in Banjul and other localities.

25. **Gender norms are at the heart of deficiencies in maternal and child nutrition and health outcomes.** Women and children are particularly vulnerable to food and nutrition insecurity and access to health services. According to a 2014 gender assessment by the World Bank, women are disadvantaged economically within households. Most women have little to no control over their own land, income, or other productive resources, despite playing essential roles in the production of food, consumption in households, and reproduction of the family. Traditional male-centered norms and values weigh heavily on women's access to productive resources, their decision-making power within the household, and their capacity to determine their own and their children's well-being. Women are constrained in decisions on: marriage; when and how many children to have; use of family planning methods; and healthcare for themselves and their children. These constraints start in early adolescence, and can produce harmful effects through their lives. The role of women as mothers cannot be separated from their role as providers of food security. Together, these factors highlight a picture of conflicting demands on women's time and responsibilities resulting in high vulnerability, which has become worse during economic recessions.

26. **Moreover, The Gambia still has a highly patriarchal society with cultural values and roles constraining female participation in society and leadership, though the Barrow Government has made women's empowerment as a priority.** In 2014, The Gambia had the third highest score on the Social Institutions and Gender Index (SIGI), indicating challenges in reducing discrimination affecting women's socio-economic and political rights and freedom from violence.<sup>6</sup> The new Government has prioritized reforms to empower women, such as to enhance gender mainstreaming, develop women entrepreneurs, and improve women's access to finance. Authorities expect to support advocacy and legislative reforms to increase female representation and participation in decision-making, and continue to discard harmful practices, such as early forced marriage and FGM. An influx of men to cities has empowered many female-headed households in rural areas to become more involved in community activities and agriculture.

#### **D. Fragility and Turnaround**

27. **The Gambia's fragility stands out as an outlier in many common global indices,** such as the Fragile States Index (FSI), Human Development Index (HDI), Multi-Dimensional Poverty Index (MPI), and Country Policy and Institutional Assessment (CPIA). The data suggests that The Gambia has become more fragile over time, while much of the region, including Guinea, Liberia and Sierra Leone, which were afflicted by conflict, improved their rankings. The score of The Gambia on the FSI steadily worsened in recent years, rising from 80.6 in 2010 to 89.4 in 2017, when the country ranked 37<sup>th</sup> of 178 countries. The Gambia is on "high alert" according to the FSI. The Gambia's score on the HDI in 2014 was 0.441—or 175<sup>th</sup> of 188 countries. According to the MPI, 57.2 percent of the population experience multiple dimensions of poverty. The

---

<sup>6</sup> On the SIGI, a high score connotes weak performance, and a low score good performance.

Gambia's score on the CPIA, which estimates the quality of a country's institutional and policy framework, deteriorated from 3.5 in 2011 to 2.9 in 2016, which was below the SSA average of 3.2. Key drivers of fragility in The Gambia are mentioned in Box 1.

**Box 1: The Gambia's Fragility Drivers and Sources of Resilience**

The joint World Bank-AfDB 2017 *Fragility Risk and Resilience Assessment* identified the following **fragility drivers** posing obstacles to development:

- Political Instability
- Macro-Fiscal Challenges
- Limited Capacity of the Public Administration
- Structural Vulnerabilities and Exogenous Shocks
- Climate Change and Environmental Degradation
- Regional Instability

**The country's sources of resilience**, essential for conflict prevention and de-escalation, are: the Gambian diaspora, which has sent substantial remittances home and acted as a counterbalance to the former regime; neighboring governments and regional institutions, which have exerted a stabilizing force; women and youth activism, which has increased in recent years; and large-scale emigration, which has relieved pressures on a tight labor market, despite having deprived the country of skilled workers.

28. **The fragile context and political change have impeded the ability of the private sector, especially foreign investors, to engage in the country, and to know with which actors to work and partner.** Of note, the International Financial Corporation (IFC) aims to conduct an assessment report to: (i) cover governance aspects of the relevant sectors, including the current impacts of established informal and political structures or emerging new networks in the post-Jammeh period; (ii) identify institutional challenges, including bottlenecks and concerns on the regulatory requirements relevant to the identified sectors; and (iii) identify reliable intermediaries.

### III. DEVELOPMENT CHALLENGES

29. To shift The Gambia's developmental path out of fragility, the Government must confront immediate-term challenges critical to stabilizing the country and consolidating public support for the new regime and reform direction, as well as medium and long-term development challenges impeding the country's inclusive economic growth, social cohesion, and poverty reduction. The following sections detail immediate structural challenges facing the Government, and explore longer-term challenges, including cross-cutting vulnerabilities and weak foundations of growth across key sectors.

#### A. Immediate Challenges

30. **The new Government is pursuing four immediate-term, structural priorities to help stabilize the country, restore services, improve the investment climate, and put the economy back on a track.** Failing to address any of these priorities risks jeopardizing the new regime's recovery and reform momentum, and public support for the new Government.

- (i) *Strengthen governance and reform the security sector:* The Government needs to rapidly improve the capacity and accountability of public institutions and strengthen the

performance of the civil service, which had been undermined by favoritism under the former regime. Internal systems and practices have enabled misappropriation and inefficient use of public resources. In addition, the Government must continue efforts to reform the security apparatus, which was instrumental in quelling dissent and repressing political opposition. The new Government thus embarked on a security reform program in September 2017. These and other reforms will be key to restoring public trust, the rule of law, public order, and protecting human rights.

- (ii) *Restore macro-economic stability and create an enabling environment for investment:* Authorities must tackle high debt, large structural deficits financed by domestic markets, loss-making SOEs, and contingent liabilities—while pursuing structural reforms to reignite growth. The Government is seeking to put in place the fundamental building blocks of doing business, such as reliable and affordable energy, improved roads and logistics infrastructure, as well as increase access to finance. Failure to act risks eroding the fiscal space needed for investments in infrastructure and services, destabilizing the economy, and eroding public support.
- (iii) *Mitigate the shocks on the vulnerable:* Amid erratic rains affecting a low productivity agriculture, coupled with high poverty levels, authorities aim to rapidly address an urgent food security crisis and drop in the household incomes through enhanced and more coordinated SP measures and new job opportunities for the youth. Shocks and poverty have caused many skilled Gambians to migrate abroad in search of better fortunes—with complex social and economic ramifications at home.
- (iv) *Rapidly restore basic services:* Consolidating public support for the Government and reigniting growth requires investments to address glaring gaps in services for business and households, especially in the energy sector, which suffers from blackouts stymieing economic activity.

## **B. Sectoral and Cross-cutting Vulnerabilities to Longer-term Growth**

### ***Weak governance and an eroded public sector***

31. **Governance challenges and inadequate capacity in the public sector represent a longer-term, cross-cutting vulnerability to The Gambia’s development.** As noted, policies and practices of the former regime undermined rule-based public institutions and their accountability and capacity to deliver core functions and basic services. The civil service remains fragmented across agencies with overlapping mandates, and confidence in the public sector is low amid a legacy of patronage and capture. Few members of the current administration have held political office, and low salaries, political purges, and other factors spurred an exodus of qualified civil servants. The Government faces challenges in implementing an ongoing decentralization of functions to local governments. To carry out its ambitious reform agenda, the Government must build the accountability, transparency, and capacity of public institutions and their physical, financial, and human resources.

***A fragile economy dependent on agriculture and tourism, and susceptible to external shocks***

32. **The Gambia's small economy is heavily dependent on agriculture and tourism, highly vulnerable to external shocks, and lacks diversification and modernization.** The agriculture, forestry, and fisheries sector employs 40.3 percent of the working population aged 15-64 years. Agriculture represents about 30 percent of GDP. About 72 percent of the poor and 91 percent of the extreme poor are farmers. Yet performance in agriculture is vulnerable to erratic rains, low productivity, and little to no mechanization. The 2011-2012 Sahelian drought, for example, inflicted major crop losses and caused GDP to contract 4.1 percent. Tourism, which has traditionally been the country's largest export sector and a source of jobs and forex, holds promise for driving growth and reducing poverty. Tourism directly contributes to about nine percent of GDP (indirectly to 22 percent), and to more than seven percent of employment (indirectly to 19 percent). However, The Gambia's tourist offering was based on mass-market package tours, and in recent years tourist arrivals dropped due to political instability and fears of the regional Ebola crisis—despite not one case of Ebola ever having been diagnosed in the country. The authorities must address challenges to realize each sector's potential and capitalize on linkages, as outlined below:

- **Agriculture:** Yields of main food crops, including rice (the main staple), are either stagnant or declining, and domestic agricultural output meets only 50 percent of the country's needs. Key obstacles include adverse climatic conditions; inadequate investments, particularly low private investment in agricultural value chains amid limited fiscal space; unsustainable agricultural practices without sufficient crop diversification; a weak policy and institutional framework; insufficient access to finance and modern farm inputs; and ineffective extension and advisory services. Soaring international food prices and low national production from erratic rainfall increased inflationary pressure on the domestic food market, eroding the purchasing power of urban and rural households. Unless authorities improve planning and investment for agricultural growth and development, The Gambia risks misallocating human and financial resources, and supporting systems incapable of ensuring food security under the realities of climate change. Looking forward, the Government seeks to update sector policies to enable private-sector led growth, invest in agriculture production (i.e., innovation, irrigation, farm inputs, mechanization), and support commercial agriculture and agribusiness value chains, including better tying production and processing to needs of the tourism sector.
- **Fisheries:** Some of the world's richest fish stocks are off the Gambian coast, and freshwater flows from The Gambia River enhance marine fish resources. The country's fisheries sub-sector is also industrial and artisanal, with the latter accounting for about 70 percent of the total catch. Yet the country has not fully tapped this sub-sector, mainly due to illegal fishing; poor surveillance of stocks; inadequate processing facilities leading to high post-harvest losses; weak extension and research systems; high costs of energy for processing fish; poor marketing infrastructure; and inability to meet sanitary and phytosanitary requirements of the EU market. The Government aims to promote vibrant fisheries by better managing and monitoring stocks; strengthening institutions in the sector, and developing the value chain

to better link fishermen to local markets including tourism; ensuring processing meets international standards; and other reforms.

- **Tourism:** The Government’s goal is to ensure that tourism remains a competitive industry celebrating Gambian culture and fostering socioeconomic development. Yet the Gambia’s competitiveness as a tourism destination has weakened despite an established reputation as an affordable “sun, sand and sea” destination for the European market—not to mention other advantages, such as relatively short flight distances, low prices, and the English language. Key constraints are weak marketing; seasonality challenges; an aging, non-diversified product that fails to meet increasingly demanding European standards; limited air access and connectivity with neighboring countries; and heavy reliance on tour operators. Among other activities, the Government seeks to improve the marketing of The Gambia as a destination in more high-value markets, diversify products and hotels, and increase community participation in the sector. The success of tourism hinges on reforms in other sectors, such as to ensure reliable energy supplies, reliable and affordable internet, linkages to local agribusiness value-chains, and improved ports and transport options.

### ***Climate change and environmental degradation***

33. **The Gambia is among the countries most susceptible to adverse impacts of climate change.** The Gambia’s vulnerability to rainstorms, droughts, coastal erosion, and flooding poses risks to agriculture, poverty, and food security. The Gambia experienced droughts in 2011, 2014, and 2015, and floods and winds storms in 2012 and (to a lesser extent) 2016. These natural disasters have had detrimental impacts on output and growth in agriculture. Sea level rise from global warming could submerge much of the country, especially as a third of its total land area is less than 10 meters above sea level, and about half less than 20 meters. About 20 percent of the country is flooded annually. Authorities estimate that a one-meter rise in sea level will inundate 92 square kilometers of land in the coastal zone—including the entire capital city of Banjul.

34. **Environmental degradation in rural and urban areas is a pressing issue—exacerbated by population growth, non-systematic urban planning, and climate change.** Slash-and-burn agriculture and harvesting of wood for fuel have decimated many forests, depriving communities of forest resources and ecosystem services. More than half of The Gambia’s inhabitants live in urban areas, and 80 percent of the urban population resides within 20 km of the Atlantic coast. In cities such as Banjul and Kanifin, burgeoning populations have strained municipal capacity to control pollution, manage solid waste, and provide sanitation services. Banjul and Serrekunda urban areas have expanded without adequate storm water management and drainage infrastructure, and suffer heavy losses of life and property during annual rains. A third of The Gambia’s population lives on land area which is less than 10 meters above sea level, and much of this land is in the urbanized coastal zone; the country has the tenth highest share of population living within a low elevation coastal zone (LECZ) in the world. Banjul’s natural vulnerability as a low-lying island is compounded by insufficient investment in managing waste and pollution, and risks further contamination of soil and groundwater. In

addition, sedimentation from poor watershed management, contamination from pesticides, and loss of mangrove forests threaten coastal aquaculture and fisheries.

35. **The Government aims to work with partners to improve climate change adaptation and mitigation, and the management of natural resources and the environment.** Key needs are to increase the adaptive capacity of farmers, strengthen resilience, and improve the efficiency of resource use in agricultural production systems. In addition, authorities seek to better monitor climate variables; improve early warning systems and emergency response; introduce drought resistant crops; enable “climate proofing” of urban infrastructure; support renewable energy; and mainstream climate change into policies for agriculture, forestry, and fisheries. The Government through its Intended Nationally Determined Contributions (INDC) seeks to reduce emissions by about 44.4 percent by 2025 and 45.4 percent by 2030. In principle, the WBG seeks to increase climate co-benefits—loosely defined as the share of project financing delivering benefits associated with reduction or sequestration of GHG emissions, and/or enabling beneficiaries to adapt to the negative impacts of climate change. Since 2014, projects with climate co-benefits include the FY14 Commercial Agriculture and Value Chain Project (25 percent), the FY16 Gambia Electricity Support Project (65 percent), and the emergency Development Policy Operation (DPO) (13 percent). Looking forward, the proposed FY18 Gambia Electricity Restoration and Modernization Project is expected to have climate co-benefits of 26 percent.

### **C. Weak Foundations for Inclusive Growth**

#### ***Limited space for public investment***

36. **The former regime’s unsustainable fiscal and economic policies left The Gambia on the verge of an economic crisis with little space for investments in basic services, growth-enabling sectors, and the poor.** As noted, the Barrow administration inherited large fiscal and external imbalances, an unsustainable public debt stock, and costly domestic debt-service obligations, compounded by theft from and contingent liabilities of loss-making SOEs. The country is at “high” risk of external debt distress, partly due to high domestic financing of debt and weak revenue mobilization amid low rates of GDP growth. Debt service amounted to 46 percent of tax revenues in 2016, restraining space for investments to reignite growth, provide services to an impatient population, and cushion the poor against shocks. Although domestic interest rates on domestic public debt declined, debt service is projected to rise slightly to 42.8 percent of tax revenues (excluding grants).

37. **The new Government is committed to working with partners to restore the country’s fiscal health and space for investment, and has embarked on critical reforms.** Authorities aim to rein in recurrent deficits, improve domestic revenue mobilization, and restructure and reduce public debt. The Government seeks to improve the management, transparency, and accountability of SOEs, which pose major fiscal risks. The Government has accelerated SOE reforms since 2017 by creating a new oversight unit for SOE performance in the Ministry of Finance and Economic Affairs (MoFEA) to resolve cross debt issues between the Government

and SOEs and between SOEs. New Managing Directors have been appointed in key SOEs, and a new Code of Good Corporate Governance for SOEs was approved in 2018. Authorities seek to reform and streamline the civil service, which has doubled in recent years and suffers from irregularities in human resource management, including ghost workers and performance weaknesses.

### ***Poor enabling environment for private sector growth***

38. **The Government must foster an environment that enables growth of the private sector, which must assume a greater role in the country's economic growth.** Efforts should focus on ensuring a favorable business climate; a stable and inclusive financial sector; adequate hard and soft infrastructure, including transport and ICT; as well as technical and vocational training and education to boost skills and human capital.<sup>7</sup>

- **Business environment:** The Gambia's score on the *Ease of Doing Business*, as measured by the Distance to Frontier (DTF), which controls for different *Doing Business* Surveys (0=worst score, 100=best), rose slightly from 49.52 in 2016 to 51.92 in 2018, when The Gambia ranked 146<sup>th</sup> of 190 countries.<sup>8</sup> In *Doing Business* subdimensions, DTF scores have improved since 2016 on *Starting a Business*, but remained largely static in other indicators, such as *Paying Taxes*, *Getting Credit*, and *Trading Across Borders*. The Gambia's performance on all components of the Logistics Performance Index (LPI) was worse in 2014 than in 2007, except for the "international shipment" sub-index, which remained stable. A common complaint among investors and trade operators concerns the administration and level of taxes, as tax rates are higher than the country average in ECOWAS or SSA. The Gambia's political and macroeconomic turmoil likely impaired gains in the business climate as had deteriorating services in energy, water, roads, ports, telecom etc.
- **Financial sector:** Private sector led growth cannot succeed without a stable, inclusive financial sector. Authorities are seeking to reduce the economic dominance of the public sector and promote the private sector as an engine of growth. A well-functioning financial sector will be a key enabler of a proposed new orientation. At present, challenges are significant. The Gambia's financial sector is small, shallow, and dominated by loans to SOEs. In the past, banks mainly purchased government securities at very high rates and lent to SOEs. These practices coupled with low lending and risk management capacity as well weak financial infrastructure and limited credit information on customers hamper the ability of financial institutions to serve the private sector. Although data is limited, discussions with authorities suggest financial inclusion remains significantly below potential. At end-2016, credit to GDP was eight percent of GDP—less than half the observed median for SSA. Close

---

<sup>7</sup> The Gambia's Economic Freedom score is 52 (i.e. "mostly unfree"), making its economy the 145<sup>th</sup> freest in the 2018 Index. The Gambia receives low marks for property rights (inadequate contract enforcement and inadequate protection of property rights are further weakened by multiple overlapping land tenure systems), fiscal health, and tax burden indicators (the overall tax burden equals 23.7 percent of total domestic income), overwhelmingly an improvement in business freedom.

<sup>8</sup> *Doing Business* has changed the methodology for calculating DTF three times since 2012, thus this CEN provides DTF scores since the most recent change for DB2016.

to two-thirds of bank assets are oriented toward the public sector, which has crowded out credit for the private sector.

- **Transport and logistics:** As a small country with open access to the ocean but otherwise surrounded by Senegal, The Gambia must partake in regional transport, trade, and logistics to accelerate economic growth. The country's main road network is adequately maintained with fuel tax revenue, but about 2,500 km of feeder roads are insufficiently maintained because of funding shortfalls. There is scope for the Government to improve the functioning and infrastructure of "North-South" and "East-West" corridors between Senegal and The Gambia. Public Private Partnerships (PPPs) have potential to support logistics, provided viable projects are identified, such as the Port of Banjul, which faces capacity constraints impeding economic growth. Airport cargo, which could be a conduit to export horticulture and fisheries, is limited due to the lack of dedicated infrastructure.
- **ICTs:** Over the past decade, The Gambia has made gains in providing communications and internet services to citizens and businesses and supporting a shift towards a functioning broadband market, but more must be done to ensure country competitiveness. The Government took steps to upgrade the national ICT infrastructure, such as the connection to the Africa Coast to Europe (ACE) undersea cable, which connects The Gambia to the global fiber optic network, as well as the terrestrial ECOWAS Wide Area Network (ECOWAN) national fiber optic network, which channels ACE capacity throughout the country. However, affordability, quality of service, and accessibility are concerns hampering uptake of ICTs in economic and social sectors. In 2016, The Gambia was ranked 163<sup>rd</sup> of 183 countries under the mobile service prices sub-index published by the International Telecommunication Union. Key challenges include regulatory bottlenecks and the market structure. Though the sector has partly liberalized and there are two private telecom operators (QCell and Africell), the two state-owned telecom companies, Gambia Telecommunications Services Company (GAMTEL) and Gambia Telecommunications Cellular Company (GAMCEL), are in dire financial positions. In addition, GAMTEL's exclusive control over the international voice gateway and poor management of the ECOWAN network has impeded growth and dynamism of the sector, which is critical to a services-led economy.

### ***Insufficient and unreliable energy to power growth***

39. **The Gambia faces an energy crisis as NAWEC has been unable to provide adequate power to businesses and residents.** Access to electricity is 47 percent nationally, but only 13 percent in outlying provinces. NAWEC has installed capacity of 106 MW, but only 60 MW are available, which has led to pervasive blackouts, including in Banjul.<sup>9</sup> NAWEC relies on dilapidated and obsolete equipment, and has high transmission and distribution (T&D) network losses, which reached 26 percent in 2016. Tariff revenue does not cover costs, which has forced NAWEC to take on debt, which reached 9 billion dalasi (US\$200m) in 2017. The policy

---

<sup>9</sup> Data on energy capacity is from February 2018.

environment in energy is poorly adapted to private sector investment. External shocks, such as increases in oil prices, have impacted NAWEC's financial health. Key objectives of the Government are to modernize the existing generation fleet by upgrading Heavy Fuel Oil (HFO) plants and imports for baseload energy, and by developing more sustainable energy sources, such as renewables to manage forex expenses. In addition, the Government aims to expand in T&D networks and scale use of prepayment meters to increase access and enhance revenue. As part of the efforts to increase base load generation, The Gambia stands to benefit from participating in the OMVG Interconnection Project, which will help to lower costs and expand access by importing cheaper energy from neighboring countries, such as hydropower from Guinea, in the medium-term.

### ***Inadequate human capital***

**40. The Government has made headway in education to improve country competitiveness and especially opportunities for youth and women, but challenges remain.**

The Government has implemented a free education policy and increased access to education. The gender parity rate is more than 100 percent at the preschool, primary, and secondary levels. Yet education quality and teaching skills are insufficient, and access remains limited and uneven. Early grade reading scores are low, and learning outcomes vary by region. About 30 percent of school-age children remain out of school. Enrollment in Lower Basic Schools (LBS/primary) and Upper Basic Schools (UBS/lower secondary) is stymied by poverty, socio-cultural issues, and distance to school. The completion rate for primary reaches 74 percent, but only 48 percent and 38 percent for lower secondary and upper secondary schools, respectively, with significant differences among poor and wealthy households. Among other priorities, the Government must continue efforts to build and rehabilitate schools, provide instructional materials, update curriculums, and accelerate reforms at teacher training institutions. Authorities must target interventions to improve access among the rural population and the poor.

**41. The Gambia faces an urgent nutrition and health crisis with stagnant and deteriorating indicators.**

Stunting and wasting among children have worsened since 2010. Among children under five years, 16 percent are underweight, 12 percent wasted, and 25 percent stunted. Malnutrition is a contributing cause of almost half of under-five mortality. Erratic rains contributed to cuts in agriculture yields and growing malnutrition. The percent of women with a skilled attendant at delivery has remained about 57 percent since 2011. Maternal mortality is 360 per 100,00 live births, which indicates that The Gambia fell short of achieving the fifth MDG. Teenage pregnancy is relatively high—18 percent of adolescent girls aged 15-19 have begun childbearing, and this rate reaches as high as 24 percent in rural areas. Early and frequent childbearing has contributed to population growth and an increase in dependency ratios, curtailing the opportunity for a demographic dividend.<sup>10</sup> The Government must address difficult challenges to improve performance in the health sector and decrease morbidity and mortality. Authorities must tackle fragmentation of health services; insufficient health

---

<sup>10</sup> The total fertility rate (TFR) increased from 5.1 to 5.6, and modern contraceptive prevalence fell from 2005 to 2013.

financing and inappropriate payment mechanisms; inadequate health infrastructure; insufficiently trained health personnel; and shortages in health equipment, supplies, and medicines. Health financing favors expensive tertiary care over more cost-effective primary care, and incentives are not aligned to strengthen the health system, but rather to cater to vertical donor priorities. There are critical needs to strengthen the primary health care system; align incentives with priorities; support community programs to address nutrition and immediate food security needs; and obtain better value for money in the health sector, including through Results-based Financing (RBF) approaches, which have had successes with support of the WBG and other donors.

42. **The Gambia’s social safety net is small, fragmented, and donor dependent.** The Government implements various SP programs financed by development partners, such as a school feeding program and cash transfers to support the first 1,000 days of life in food-insecure areas, but there is almost no domestic financing for these programs. As a result, the country lacks a national social safety net to serve the poor through the life-cycle. Furthermore, there is no national platform for coordinating programs or harmonizing SP delivery systems, leading to duplication of efforts and gaps. The Government has established a clear set of priorities and actions in its National SP Policy and Plan, including to: develop a sustainable financing strategy for SP; scale up cash transfer programs to cover a greater share of the poor and vulnerable; and strengthen the capacity of the Government to plan, deliver, and monitor SP programs.

#### IV. WORLD BANK GROUP COUNTRY ENGAGEMENT

##### A. The Government Program

43. **The Gambia’s most recent development strategy, the 2012-2015 Program for Accelerated Growth and Employment (PAGE), promoted growth, employment, and poverty reduction.** The PAGE was designed to contribute to the goals of The Gambia’s longer-term Vision 2020.<sup>11</sup> Reflecting political realities, the implementation period of PAGE was extended for one year through 2016. The PAGE strategy was structured around four pillars: (i) accelerating and sustaining economic growth; (ii) improving and modernizing infrastructure; (iii) strengthening human capital stock to enhance employment opportunities; and (iv) improving governance and fighting corruption.

44. **Authorities did not conduct a final evaluation of the PAGE, but a mid-term evaluation in 2014 noted the PAGE was highly relevant to stakeholders, but rated its effectiveness in consolidating macroeconomic management and achieving development results as low.** The PAGE made gains in providing infrastructure, notably roads and ICT, and strengthening education, health, and water services. Yet due to various factors, including overoptimistic

---

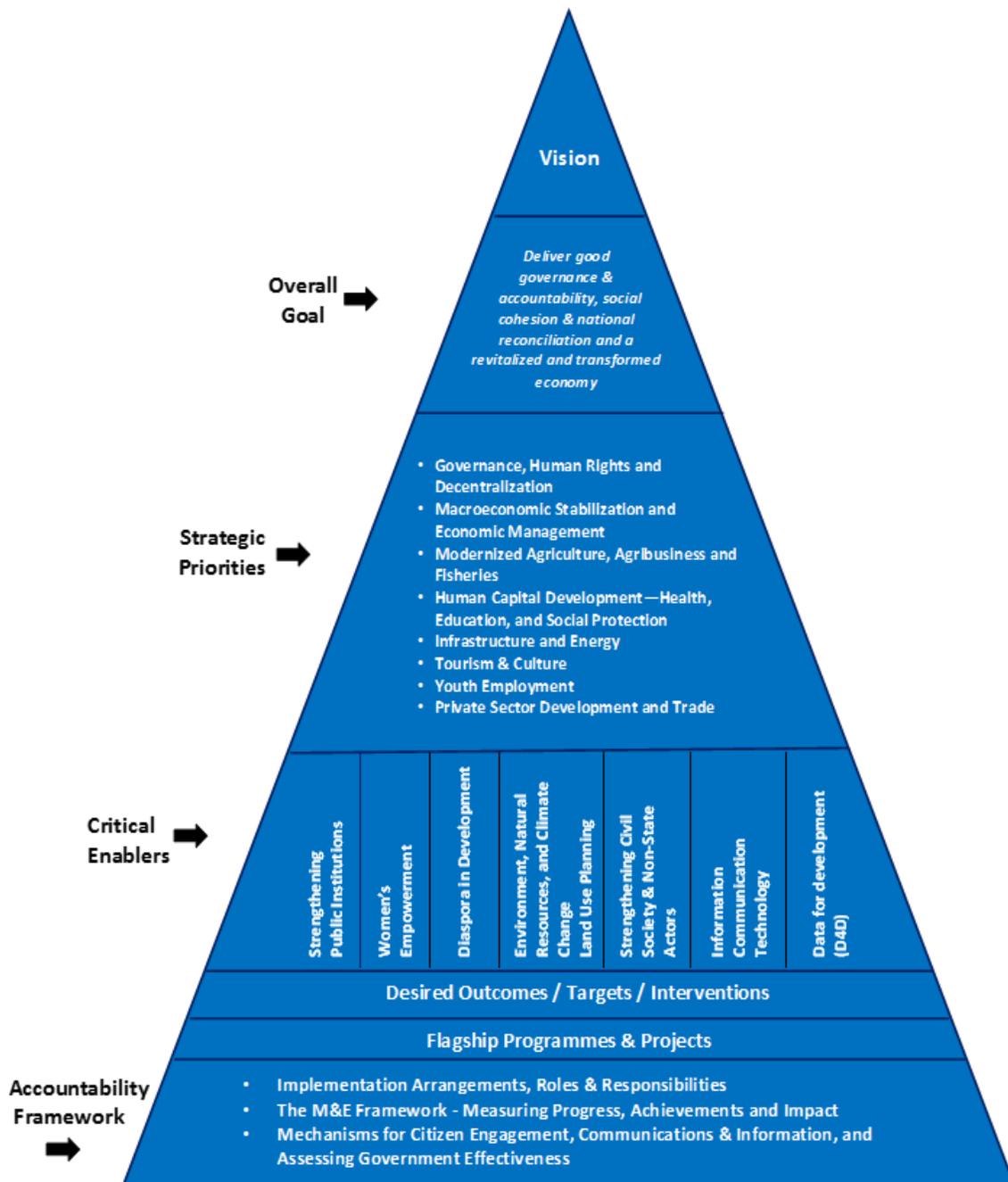
<sup>11</sup> The Gambia’s Vision 2020 aims “...to transform The Gambia into a financial center, a tourist paradise, a trading export-oriented agricultural and manufacturing nation, thriving on free market policies and a vibrant private sector, sustained by a well-educated, skilled, healthy, self-reliant and enterprising population, guaranteeing a well-balanced ecosystem and a decent standard of living for all, under a system of government based on the consent of the citizenry”.

growth projections, fiscal slippages, political instability, and exogenous shocks, progress on PAGE targets and global indices measuring other Pillars fell short.

45. **To move forward, the new Government has supported immediate and medium-term plans for recovery and development.** To mitigate immediate challenges, MoFEA developed the ANRP, which covered July-December 2017. The aim of the ANRP was to seek and leverage donors' financial and technical support to widen fiscal space and ease pressure on the budget, thereby resuscitating the economy and putting The Gambia on a sound socio-economic and political trajectory. Specific objectives of the ANRP were to: (i) enhance macroeconomic management and good governance; (ii) reinforce key social and economic drivers (health, energy, agriculture, and tourism); and (iii) support the NDP, donor coordination, and resource mobilization. Data on how well the Government implemented the ANRP is lacking at this early stage. Yet varying press reports praise achievements such as developing a more reasonable budget for 2018, reforming the judiciary, establishing commissions to investigate the financial activities and abuses of Jammeh associates, and providing cash transfers for the poor, while suggesting gains in service delivery have been slow, and persistent public distrust. The Government has reengaged partners including the WBG to improve resource mobilization and coordination in support of government priorities.

46. **The Barrow administration finalized a new medium-term development plan covering 2018 to 2021.** Officials from the previous regime had begun work on a successor to the PAGE in 2015, which culminated in a draft plan covering 2017 to 2020, but this plan was never validated amid the political impasse. Officials in Barrow's Government opted to update the draft given the momentous shift in the country's direction. The overall goal of this 2018-2021 NDP 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 NDP features eight strategic priorities: (i) governance, human rights, and security sector reform; (ii) macroeconomic stabilization and economic management; (iii) modernized agriculture, agribusiness, and fisheries; (iv) human capital development; (v) infrastructure and energy; (vi) tourism and culture; (vii) youth empowerment; and (viii) private sector development and trade. The NDP support seven cross-cutting "critical enablers" including, among others, strengthening public institutions, women's empowerment, civil society, and use of ICTs. The Government has established a presidential monitoring and evaluation (M&E) System and Dashboard for the NDP, and a comprehensive results framework with outcomes and indicators for each of the eight priorities and each critical enabler. The NDP includes measures to improve citizen consultation and engagement, including a requirement that public institutions develop and publish charters outlining service standards that citizens can expect. The WBG's proposed interventions under this CEN have been aligned to NDP priorities. Figure 3 features an overall schema of the NDP.

Figure 3. Framework of The Gambia’s National Development Plan for 2018-2021



**B. Overview of Partnership and Donor Coordination**

47. **The Gambia is highly dependent on development assistance.** More than 80 percent of the country’s development budget is financed by the international donor community. Apart from IDA, The Gambia’s largest development partners are the IMF, the EU, the AfDB, and agencies of the UN system. Bilateral assistance from China and Turkey has been increasing

recently. The Islamic Development Bank (ISDB) is also a major player providing short-term revolving funds and other financial support, along with Arab Fund for Economic Development in Africa (BADEA).

48. **Financial and technical support to The Gambia from bilateral and multilateral partners has increased over the past year**, following the new administration's pro-active re-engagement with the international community. Notably, significant budgetary support was provided by the EU, IMF and the WBG to cover the financing gap estimated at GMD 4.7 billion (approximately US\$100 million) for 2017. In June 2017, the IMF approved a US\$16.1 million disbursement from its RMF, and the WBG an emergency DPO of US\$56 million, to help with urgent balance of payment needs. The EU pledged a rescue package of €225 million. Development partners have been working closely with MoFEA to prepare for an International Conference to be hosted by the EU in Brussels in May 2018. This conference's objectives will be to: (i) mobilize external public and private financial resources for the financing gap of the 2018-2021 NDP; (ii) provide a platform to present The Gambia's vision and strategy for achieving its development goals to development partners; and (iii) strengthen the framework of partnerships with donors and other partners.

49. **The World Bank will continue to cooperate with leading development partners per their interest and presence in sectors covered by the CEN** (See Annex 3). A good working relationship established with EU partners in energy helped leverage US\$60 million in financing from the EU and European Investment Bank (EIB) as joint co-financers of The Gambia Electricity Restoration and Modernization Project, which is under preparation. The World Bank fully draws upon strategic partnerships with the United Nations Children's Fund (UNICEF) in the education, health, and SP sectors. Consultations are underway with the World Health Organization (WHO), UNICEF, Global Fund, and the United States Agency for International Development (USAID) to conduct a joint health sector assessment requested by the Government. The WBG will continue to coordinate closely with partners on governance, climate change, energy, ICT, and private sector development issues considering their present and planned programs.

### C. **Lessons Learned from WBG Engagement**

50. **The WBG and AfDB provided assistance to The Gambia under the JPS-2, which covered FY13-16.** This strategy, which was aligned to the Government Growth and Poverty Reduction Strategy and PAGE 2012-2015, had two Pillars: (i) *Enhancing productive capacity and competitiveness*; and (ii) *Strengthening the institutional capacity for economic governance and public service delivery*. Capitalizing on the success of the former joint strategy covering FY08-FY11, the JPS-2 provided select assistance capitalizing on each institution's comparative advantages, and helped to harmonize assistance, avoid duplication of efforts, and enhance development impacts. The JPS-2 supported eight outcomes in trade, health, education, telecom, agriculture, the business environment, and public financial management (PFM). However, two of eight JPS-2 outcomes—notably supporting agriculture and trade/cross-border

transit—were linked solely to AfDB interventions.

51. **The Completion and Learning Review (CLR) rates the overall program performance of the JPS-2 as *moderately satisfactory*, and WBG performance as *good*.** The CLR based its assessment solely on outcomes influenced by the WBG and its interventions. The WBG made good progress on outcomes targeting the business environment, telecom connectivity, basic education, and nutrition and health services, and partial progress on outcomes in PFM and agriculture. The turbulent political and macroeconomic environment were constraints to achieving program objectives. The design of the JPS-2 was adequately aligned to country priorities and lessons of the previous joint strategy, and the program deliveries and portfolio quality were largely satisfactory.

52. **In the waning days of the previous administration, while the macro situation deteriorated and budget support was not option, the WBG focused on reinforcing critical service delivery in energy, health and education as well as strengthening the government’s capacity to track expenditures through a governance project.** In FY17, given the change in the country circumstances and the arrival of a new administration, the WBG opted for not to submit a Progress and Learning Review (PLR), which prevented revising the JPS-2 and results matrix to reflect new realities. However, the WBG was able to build on the ongoing engagement to provide rapid support to the new administration in energy, health and education and to quickly support an emergency DPO focused on fiscal stabilization measures and SOE reform, as well as more competitive procurement of fuel and drugs. As part of this emergency response, expanded financing was provided for rural health programs, including a cash transfer program for vulnerable pregnant and nursing mothers.

53. **A key lesson from the JPS-2, and the previous joint strategy with the AfDB covering FY08-FY11, is that the joint strategies contribute to harmonizing WBG and other donor agencies’ support, particularly for budget support operations.** Given challenges with coordination and the WBG’s new country engagement model, the WBG will refrain from joint strategies in The Gambia in the future. Rather, collaboration and coordination with partners such as the AfDB and others in a difficult and fragile environment will be assured through improved dialogue between country management and staff on strategic and operational issues. The six main lessons are:

- (i) *Properly account for the broader country context, and assess what can be achieved in a difficult and fragile environment.* This CEN aims to pair policy dialogue through budget support with assistance provided through investment operations and/or analytical work in the covered sectors – to be able to provide a comprehensive and sustained engagement to support structural reforms and service delivery in a difficult context. The Maximizing Finance and Development (MFD) is also developed strongly in this sector to ensure strong upstream policy dialogue and analytical support in areas important for the private sector.
- (ii) *Continue donor collaboration and strategic coordination on project level; however, avoid joint strategy programming given high coordination costs and a need for an agile response in a fragile environment.* While the CEN program comprises mainly the WBG, there is

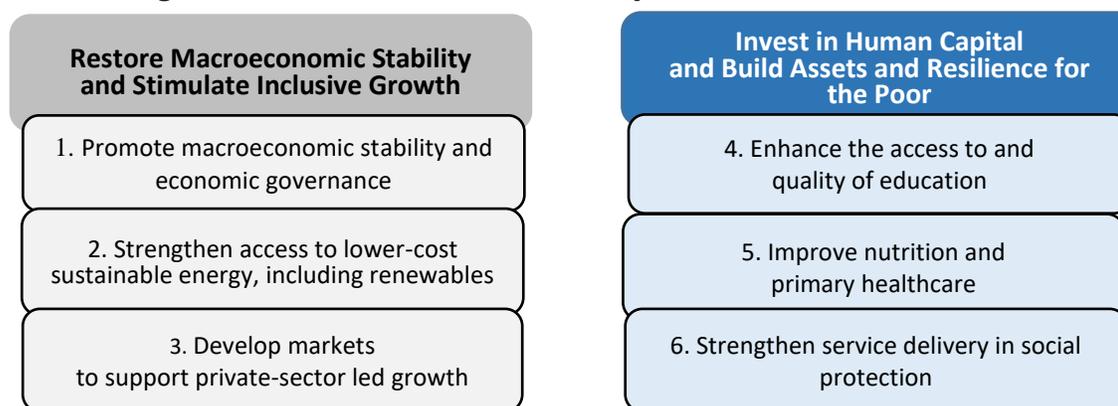
important coordination with other donors on the macro, economic governance, energy, health, and education. Donor coordination will be strengthened in the coming year.

- (iii) *As the formal private sector in The Gambia remains small, promote policies strengthening the growth of the private sector.* This CEN includes a Focus Area geared to drive growth of the private sector in key sectors of the economy, leveraging support of the World Bank and IFC.
- (iv) *To formalize mid-course corrections, and even amid difficult circumstances, develop and submit a PLR to enable stock-taking and adjustment of a country strategy.* This lesson has been noted for the expected next Country Partnership Framework (CPF).
- (v) *Provide capacity building to PIUs to help them integrate within government structures and better understand World Bank procurement procedures.* Following the recent Country Portfolio Performance review, the WBG is lining up training program on procurement, financial management, and M&E to address the capacity concerns, and has strengthened the operational staff in the country office.
- (vi) *Account for country constraints in data collection and quality when developing results frameworks, and consider assistance to build country capacity in statistics.* The CEN will support Advisory Services and Analytics (ASA) on building capacity for statistics and M&E in agriculture, and will consider programs to strengthen statistical capacity further in the next CPF period.

#### **D. Proposed WBG Program**

54. **The main organizing objective of the FY18-FY21 CEN is to assist The Gambia to restore macroeconomic stability and return to a pathway for inclusive growth, thus building resilience for transitioning out of fragility.** Recognizing the new Government's commitment to fundamental reform along with pressing challenges in macroeconomic, political, social, and environmental dimensions, this CEN provides critical short-term assistance, including through scaled budget support and investments, to address macro-fiscal challenges; restore basic services; stimulate growth in key sectors; and lay foundations for longer-term growth, by investing in human capital and assets for the poor. The CEN will leverage ASA to foster a deeper understanding of The Gambia's longer-term challenges and fragility drivers, which, together with a planned Systematic Country Diagnosis (SCD), are expected to inform a CPF in 2021. The CEN's select interventions are aligned with NPD priorities, and reflect WBG comparative advantages in low-income country environments. The CEN incorporates IDA18 TAR resources given The Gambia's urgent needs for scaled support to stabilize the country's transition and address gaps in basic services. The WBG strategy comprises two Objectives and six Focus Areas (Figure 4).

**Figure 4. The Gambia CEN: WBG Objectives and Focus Areas**



- **Objective 1: Restore Macroeconomic Stability and Stimulate Inclusive Growth:** The activities of this objective, which respond to more immediate needs, will assist the Government to ensure good economic governance and macroeconomic stability essential to public confidence and a broad-based recovery, especially by providing budget support and addressing bottlenecks to growth and services, specifically in energy, as well as in sectors that employ the rural poor such as fisheries and forestry. In addition, activities will focus on improving the environment for private sector-led growth and expanding opportunities for revenue generation through agriculture, tourism, ICT, and the financial sector.
- **Objective 2: Invest in Human Capital and Build Assets and Resilience for the Poor:** Activities under this objective aim to: strengthen government efforts to preserve stability and sustainable growth and support human welfare and human capital formation critical to country competitiveness; mitigate shocks on the poor and vulnerable; and provide targeted safety nets to the poor, covering the rural poor and the underserved regions.

55. **Assistance from the WBG is being channeled through a CEN instead of a CPF** reflecting the turmoil of the recent transition, the country’s heightened fragility, and the need for more time for the Government to consolidate its reform program over the medium-term; and for the World Bank to develop analytical work to help authorities understand longer-term challenges. Moreover, more than a year after the electoral transition, public support for the new administration remains precarious, and the window of opportunity may close if authorities are unable to demonstrate tangible results in improving growth and fiscal performance; reestablishing trust in the political system and security forces; restoring basic services, notably in energy; and improving people’s lives, including by addressing shocks on poor and vulnerable households.

56. **The WBG is preparing an SCD and is planning to support new ASAs to better understand mid- and longer-term challenges facing The Gambia, and identify entry points for further reform.** During the CEN period, the WBG will complete the SCD and will identify binding constraints and priorities for developing a full CPF re-engagement program. The new CPF will

review progress made from the economic recovery and the effectiveness of the Government's reform effort. Some of the areas where the CEN will deepen the country knowledge base for the preparation of the new SCD and CPF are medium-term debt management, banking supervision, ICT sector reform, health sector strategy, poverty, agriculture road map, and sources of growth. Delivery on this analytical agenda will require strong collaboration across practices, IFC, and Multilateral Investment Guarantee Agency (MIGA). The WBG expects to leverage trust fund (TF) resources.

57. **The CEN mirrors the IDA18 key priorities for “Investing in Growth, Resilience, and Opportunity”, and “Supporting Situations of Fragility and Turnaround Opportunity”.** In addition, the CEN's identified country challenges and proposed interventions align with key IDA18 objectives, including those related to strengthening governance and institutions, supporting jobs and economic transformation, and addressing climate change challenges.

58. **The filters that the WBG applied to select CEN interventions reflect government priorities and aim to accelerate The Gambia's transition.** Interventions of the CEN reflect strong client demand as confirmed during consultations, and are complementary to the work of other donors. Activities were also selected and sequenced to:

- Support policy adjustments to open fiscal space and remove bottlenecks to growth; and investments critical to responding to immediate needs, improving service delivery, restoring the social contract, and maintaining stability.
- Strengthen the government's implementation capacity.
- Prioritize regional interventions with potential multiplier effects, especially in energy, fisheries, and agriculture, recognizing the country's high dependence on regional cooperation and platforms for sustainable development.
- Support the government's goal that inclusive growth be led by the private sector, especially tourism, where the country has a competitive advantage, and where it can leverage backward linkages to other sectors, including agriculture and fisheries.
- Support investments that can help address rural poverty and vulnerability given high levels of rural poverty and food insecurity.

59. **The Focus Areas of the CEN are supported by ongoing and new lending.** Table 2 provides an overview of active projects and indicative program, and shows US\$62.8 million of undisbursed IDA16-17 and expected IDA18 funding amounts, which include resources from the TAR regime. In Objective 1, ongoing lending includes emergency DPO to help restore macroeconomic stability and mitigate shocks on the poor, and investment projects to support improvements in energy, agriculture, fisheries, and SOE governance. New projects include a new programmatic DPO series to deepen macroeconomic, SOE and structural reforms; projects to scale support in energy and fisheries; and new projects in SOE reform, community forestry management, and agriculture. In Objective 2, ongoing projects support basic education and material and child health, including activities to respond to the food security and nutrition crisis, and a regional project in higher education. New projects will support efforts to scale up assistance to education and build a national social safety net.

**Table 2. Lending Portfolio (Undisbursed) and Indicative Lending Program for FY18-21**  
*Assuming TAR Allocations, (US\$ millions, unless indicated)*

	Projects	Type	IDA16-17 Undisbursed				IDA18			IDA19
			2014	2015	2016	2017	2018	2019	2020	2021
<b>Restore macro-economic stability and stimulate inclusive growth</b>	Commercial Agriculture and Value Chains Mgmt		1.2							
	OMVG Interconnection project	R		44.7						
	Gambia Electricity Support Project				1.8					
	Emergency DPO					0.0				
	Integrated Financial Management IS (IFMIS)					5.9				
	West Africa Regional Fisheries Program (PRAO)	R				0.8				
	Electricity Restoration and Modernization						41			
	Programmatic DPOs							37	25	TBD
	West Africa Regional Fisheries Program (PRAO)	R						5		
	SOE Reform							9		
	West Africa Agricultural Transformation Project (WAATP)	R						5		
	Gambia Integrated Landscape Project (GamLAP)	R						5		
	West Africa Power Pool	R							26	
Agriculture, WACA	R								TBD	
<b>Invest in human capital and build assets and resilience for the poor</b>	Results for Education Achievement and Development (READ)		0.0							
	Maternal and Child Nutrition Health Results Project (MCNHRP)		7.85							
	Africa Centers of Excellence	R	0.23					4		
	Education Sector Support						30			
	Health Project (TBD)									TBD
	Social Protection Program							11		
<b>Total</b>			<b>9.28</b>	<b>44.7</b>	<b>1.8</b>	<b>6.7</b>	<b>71</b>	<b>76</b>	<b>51</b>	

60. **If TAR support does not materialize in FY20 based on an assessment of the government’s progress, capacity, and commitment, the World Bank will fall back to the PBA.** In FY18, PBA resources will be invested in projects in energy, fisheries, and education. In FY19, TAR resources would fund the first operation of a DPO series supporting fiscal stabilization; investment projects in SOE reform, land and forest management, and SP, and a WAATP. In FY20, TAR resources would fund the second operation of this DPO series, and The Gambia’s participation in the West Africa Power Pool Program.

61. **The CEN will seek to deepen the engagement of IFC in The Gambia, which has historically been constrained by the country’s small market size, lack of quality sponsors, and limited competitive sectors outside of tourism.** These issues are exacerbated by macroeconomic instability, weak institutional capacity, an inadequate regulatory environment, and a weak procurement process. The IFC has been successful at: supporting financial inclusion for small and medium enterprises (SMEs) through engagement with (regional) financial institutions; investing in local hotel projects; supporting one of the local telecom companies through a regional financing; and supporting government efforts to implement an improved enabling environment for PPPs.

62. **Given the government’s demonstrated openness and commitment to the private sector, IFC will seek to expand its interventions and deepen its footprint in The Gambia.** Currently, IFC is working to reinforce its engagement in the services (tourism, real estate, housing) and financial sector, and promote other sectors with high potential (ICT, agribusiness, infrastructure, energy, and logistics) including by way of PPPs and financing eventual privatizations of SOEs. In parallel, IFC will contribute to the development of the SME segment and an improved enabling business environment. In doing so, IFC aims to leverage the new instruments embedded in the Private Sector Window (PSW) and advisory services to increase and unlock private sector investment opportunities. Private sector diagnostic work will lay the groundwork for greater IFC engagement.

63. **The MIGA is open for business in The Gambia,** and will consider projects in energy, agriculture, and fisheries under its traditional political risk insurance covers—transfer restriction, expropriation, and war and civil disturbance. If the governance and macro and situation improves, MIGA will consider providing breach of contract cover.

#### **E. CEN Objectives**

64. This section details the CEN’s Focus Areas, including links to country challenges and the government program, and provides brief descriptions of proposed WBG interventions. An abridged results matrix in Annex 1 featuring expected WBG outputs in each Focus Area.

<b><i>Objective 1. Restore Macroeconomic Stability and Stimulate Inclusive Growth</i></b>
---

65. The WBG’s interventions under the first objective aim to assist the Government to address urgent macro-economic and governance challenges, bottlenecks in energy, and constraints in agriculture, fisheries, logistics, and tourism. The three Focus Areas in this objective are to: *1. promote macro-economic stability and economic governance; 2. strengthen access to lower-cost sustainable energy, including renewables; and 3. develop markets to support private-sector led growth.*

#### ***(1) Promote macroeconomic stability and economic governance***

66. **The Gambia must rapidly restore macroeconomic stability and improve economic governance and capacity in the public sector to ensure a recovery and growth.** The former regime’s unsustainable macro-fiscal policies and misuse of state resources left the country with sizeable fiscal and external imbalances, high debt, and substantial contingent liabilities from weakly performing SOEs, as well as banking and financial sectors with high exposure to the public debt, which has limited credit for the private sector. Public institutions, including many SOEs, have inadequate capacity to deliver their functions and mandates, including those responsible for safeguarding integrity, transparency, and accountability. The capacity of many institutions to manage resources is weak due to weak and poorly implemented legal frameworks, and inadequate systems and procedures to safeguard integrity and PFM. Strengthening the rule-of-law and foundations for integrity should be a high priority if The Gambia is to effectively address a legacy of misuse of and distrust in governance and public

security forces.

67. **The Government aims to restore governance and stabilize and transform The Gambian economy.** The new NDP seeks to *enhance macroeconomic management for sustainable and inclusive economic growth and poverty reduction*. Key priorities of the NDP include ensuring prudent fiscal management, enhancing debt sustainability, implementing PFM reforms, improving SOE management and services, and strengthening and deepening the financial sector, particularly to increase access to finance in the private sector and for women and youth. In such areas, authorities aim to strengthen integrity, the rule-of-law, and the systems and processes on which good governance depends, including systems to prevent and detect corruption, such as those for Asset Disclosure as well as Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). The Government is pursuing fundamental reform of the security sector to ensure peace and stability.

68. **The WBG will provide critically needed budget support to help the Government to restore macroeconomic stability, improve fiscal performance, and engage in SOE and other structural reforms.** The *FY17 Emergency DPO* supported rapid-response fiscal stabilization measures, such as revising the 2017 budget, and began to address fiscal risks of SOEs, including through SOE audits, publication of SOE financial statements, and regulations limiting SOE borrowing. The *Programmatic DPO Series* will continue to enhance macroeconomic stability, and make progress towards debt sustainability. Fiscal discipline, including in strengthening SOE performance management, improved civil sector and security sector reform, establishing a medium-term expenditure framework consistent with a medium-term debt sustainability strategy are areas supported by this series. A proposed *FY19 SOE Reform Project* will aim to improve service delivery and the financial performance of SOEs by strengthening government oversight and restructuring select SOEs. The IFC, in a coordinated effort with the World Bank with respect to the SOE Reform Project in The Gambia, will stand ready to make its advisory expertise available if the recommendations from the upcoming audits of the five major SOEs require any PPP transaction activities. The IFC will work with the World Bank team in charge of the SOE Reform Project and the ICT policy dialogue to determine how the WBG could add more value. The IFC's PPP advisory unit stands ready to aid the Government in structuring private sector tenders for the operation of certain assets. An option study for the port of Banjul is already underway.

69. **The WBG will assist the Government to improve management of public resources.** The FY10 *IFMIS* Project, which received additional financing (AF) in FY14 and FY17, supports strengthening PFM through the IFMIS to improve budget preparation, budget execution, accounting, payroll, reporting, and financial controls and auditing. The IFMIS project provides technical support for debt management, improvement in human resources, payroll and pension management of the civil service and statistical capacities. With support from the IFMIS project, the Government is carrying out special purpose audits of five major SOEs (NAWEC, Gambia National Petroleum Company, GAMTEL/GAMCEL, Social Security and Housing Finance Corporation (SSHFC), and The Gambia Ports Authority), and will undertake an actuarial review of SSHFC's finances. The audits will identify opportunities for improving financial management

within each SOE, and include recommendations for strengthening SOE oversight, regulation, and corporate governance. The DPO series also provides support for ICT policy and SOE reform which will help improve access to broadband, enhance competition, and facilitate private sector investment in the sector. The IFC will also collaborate to build on the MFD approach and explore options for private investment.

70. **In addition, the WBG will provide technical assistance (TA) and ASA to improve fiscal stability, address selected needs in the financial sector, and enhance understanding of security challenges.** A TA program financed by the Debt Management Facility TF is building the capacity of The Gambia's Debt Office to formulate a debt management strategy. To mitigate risks to the financial sector, the WBG is supporting TA to strengthen banking regulation and supervision; resolution; and crisis preparedness and management. The WBG is providing training to support authorities to undertake a National Money Laundering and Terrorist Financing Risk Assessment (NRA). The WBG is funding a review of public expenditures in the security sector, which encompasses police, defense, intelligence, customs, and criminal justice functions.

## ***(2) Strengthen access to lower-cost sustainable energy, including renewables***

71. **The Gambia must improve delivery of services in energy to reignite growth and satisfy high public expectations.** The Gambia is facing an electricity crisis with inadequate generation infrastructure, dilapidated equipment, a highly indebted and uncreditworthy power utility (NAWEC), and a policy environment poorly adapted to private sector investment. Inadequate energy supplies have led to rolling blackouts, especially in Banjul. Key priorities of the Government are to enhance domestic generation capacity and transmission networks; increase usage of renewable energy sources, including solar; improve regional connections; strengthen the performance and finances of NAWEC; and improve the policy and regulatory environment to attract private investment.

72. **The CEN will provide a comprehensive package of support to improve energy services to help address a bottleneck to growth and private sector investment and to dramatically improve access.** The ongoing *Gambia Electricity Support Project* is working to increase the availability and reliability of electricity supply, notably through improvements to thermal power plants in Kotu and Brikama, and investments in T&D networks. The FY15 *OMVG Interconnection Project*, which is part of the West African Power Pool initiative, is supporting the regional energy trade, and installing a backbone transmission line through the country to allow for regional energy imports. The *Fiscal Management and SOE Performance series* will improve services and financial sustainability in energy, such as by helping NAWEC secure a path toward financial viability, particularly by improving the sustainability of its debt. The proposed FY18 *Electricity Restoration and Modernization Project* will further support improvements in NAWEC's operational performance with support for a services contract. It will also build NAWEC's capacity to dispatch renewable electricity, and support finance for a greenfield solar Photovoltaic plant. A follow-on project from the *West Africa Power Pool* is expected to leverage

high-voltage transmission lines to expand access with support to medium voltage and distribution investments.

### ***(3) Develop markets to support private-sector led growth***

73. **In this Focus Area, the IDA and IFC will support The Gambia to strengthen foundations for private sector growth—such as logistics, infrastructure, the financial sector, and the investment climate—and provide advisory assistance and investments in key sectors with the potential to raise household incomes, agriculture, and tourism.** The IFC’s advisory engagements may pursue opportunities for harnessing PPPs to improve the quality and efficiency of public services. The IFC’s PPP Advisory Unit aims to conduct options studies for the Government, and is open to support the government plan and execute privatization of its SOEs and assets.

74. **The Government faces constraints in the enabling environment for the private sector, and in stimulating growth in sectors with vast potential for reducing poverty and promoting shared prosperity, such as transportation, logistics, energy, the financial sector, ICT, agriculture, and tourism.** The Gambia, which ranked 146<sup>th</sup> of 190 countries in *Doing Business 2018*, continues to struggle with challenges in logistics and infrastructure, such as inadequate port capacity, weak maintenance of feeder roads, insufficient functioning of cross-border routes, and high cost of ICTs. The Gambia’s financial sector is small and shallow, which has limited credit to SMEs. Agriculture supports livelihoods of many poor households, but is susceptible to erratic weather patterns, and impeded by inadequate resources, a weak policy and institutional framework, insufficient crop diversification, lack of modernization, inadequate irrigation, and limited advisory services. The fish stocks off The Gambia’s coast are plentiful, but the fisheries market has not been fully developed due to illegal fishing, weak surveillance of stocks, high costs of processing, and inability to satisfy standards of EU markets. Constraints in tourism include insufficient marketing of The Gambia as an attractive destination, lack of product diversification, limited transport and ICT connectivity, and inadequate backward linkages with agricultural supply chains.

75. **The Government aims to enhance the environment for private sector-led growth, and to accelerate poverty reduction by investing in key sectors.** The Government aims to expand the road network; enhance the functioning of key North-South and East-West corridors; continue to improve access to ICTs, especially broadband penetration; and upgrade sea and air ports, including through strategic use of PPPs. In the financial sector, financial institutions need to embark on important reforms, including the transition to Basel 2 and International Financial Reporting Standards (IFRS) 9. In agriculture, the Government aims to promote climate-smart agriculture (CSA), invest in innovation and irrigation; support agri-business and agro-processing, improve R&D and extension services, and strengthen quality assurance mechanisms to improve access to export markets. The Government seeks to promote vibrant fisheries and aquaculture sectors by strengthening relevant institutions and policies; enhancing infrastructure; and improving agricultural quality assurance and value chains. In tourism, the Government aims to improve the marketing of the country in high-value markets, improve

sector security, diversify products and hotels, and increase community participation in the sector.

76. **The WBG will assist the country to improve logistics and infrastructure to strengthen the climate for private sector-led growth.** The Fiscal Management and SOE Performance series will support reforms to further liberalize the telecom/ICT sector, with a view to decreasing costs. AfDB and the EU are investing in road and bridge infrastructure to facilitate connectivity to Senegal, but the poor state of the port remains an important obstacle to regional trade. The IFC conducted a study on the situation at the Port of Banjul together with a PPP assessment.

77. **The CEN will seek to improve the financial sector and business climate:**

- **The Gambia's financial sector is significantly exposed to the Government.** The sector has significant exposure through investment in Treasury bills/bonds and direct lending to parastatals, which poses important systemic risks to The Gambia's financial stability. In this context, the IFC will seek opportunities to crowd-in the private sector through investment and advisory engagements with financial institutions interested in financing underserved and unserved business segments. Specifically, IFC's investments in the financial sector will consist of: (i) credit lines for on-lending to micro, small, and medium enterprises (MSMEs) operating in critical agriculture value chains, such as cashew and groundnuts, to help improve productivity, competitiveness, job creation, and food security; and (ii) risk sharing facilities for SMEs, with a focus on agriculture and tourism. The IFC aims to use resources from the IDA18 PSW to help de-risk some of these investments and access local currency financing. Advisory engagements are likely to be in agriculture, SME development, and digital finance. In addition, the IFC aims to make investments in The Gambia's microfinance sector, and to provide financing in the local currency (GMD). On the financial regulation front, the WBG will support Gambian financial institutions, as they implement their transition to Basel 2 through enhanced support for banking supervision.
- **There is a need to address weak capacities of SMEs.** Complementing efforts to improve access to finance for SMEs, IFC will prepare a skills development program for SME business management and coaching that will look at priority value chains, anchor firms, and local partners, with the aim to allow trained SMEs access to new markets or access to financing. In this view, a pre-scoping SME Value Chain solution's mission took place in mid-February 2017 in Banjul.

78. **In agriculture, IDA will provide financing and TA to help the Government to leverage this sector for sustainable growth and poverty reduction.** Given that most of the poor are engaged in agriculture, progress in poverty alleviation in the short to medium term is closely tied to improving agricultural productivity. As most of the poor are net buyers of rice, the main food staple, improvements in the productivity of both cash crops as well as food crops can have positive impacts on food security. The *Commercial Agriculture and Value Chains Management (CAVCM)* Project will continue to provide improved seed varieties to farmers; support women owned vegetable gardens, rehabilitate irrigation infrastructure and improve access to irrigation

technologies among smallholders; and support small scale agribusiness.

79. **Under the CEN, a review of agriculture will be conducted to analyze challenges and opportunities for transitioning from subsistence-oriented production systems to a productive, climate-smart, market-oriented sector—and develop a roadmap for achieving this transformation.** This road map will include a CSA investment plan for prioritizing CSA strategies, policies, and investments, with a special focus on women. Analytical work will assess commodities and value chains with potential market opportunities and explore the options for strengthening the business linkages between agriculture and the tourism industry with the view to unlock access to input and output markets, productivity-enhancing technology and new jobs, especially for women. *The WAATP* (FY19) will support accelerated adoption of agricultural innovations by producers and processors – with a special focus on female producers, and facilitate their access to regional agricultural markets for targeted technologies and products. IFC aims to look further at this sector and identify opportunities where it can support local agribusiness, value-addition and processing

80. **In fisheries, IDA will support The Gambia’s participation in the West African Regional Fisheries Program (PRAO),** which is helping countries to generate wealth by improving the management of fisheries along the regional coast, and increasing the net value of catches in targeted landing sites. In The Gambia, this IDA program is expected to work with communities to improve management of high value, near-shore species, such as sole, oyster, and catfish, and improve the sanitary and health conditions of landing sites and processing of such species. In addition, the program is expected to support communities to market their catch toward the tourism sector.

81. **The WBG aims to help The Gambia to strengthen its tourism sector, where the country has a historical comparative advantage, as well as to diversify the sector from low value-added package tourism that is seasonal in nature.** In 2017, IFC undertook a detailed mapping exercise of players in the tourism, retail, and property sectors to assess potential and understand the market dynamics.<sup>12</sup> In addition to the pure tourism sector, IFC is looking at investments in the construction and commercial property sectors, given the potential of these sectors as the Gambian diaspora returns to the country or invests further in the fledgling economy. The Competitive Industries and Innovation Program (CIIP) -funded IDA ASA will conduct a market study for the tourism industry, evaluating The Gambia’s competitive position and growth options in the sector, the impacts of current challenges (e.g., seasonality, epidemics, and the lack of competitiveness, product quality, and diversification), and the possibility to develop niche and complementary tourism products (e.g., ornithology and ecotourism). This ASA will support a framework for public-private dialogue between the Minister of Tourism and the Gambian Tourism Board to strengthen implementation of the national tourism strategy, and address the issue of short seasonality. Results from the ASA will inform a pipeline operation designed to increase the competitiveness of tourism in The Gambia.

---

<sup>12</sup> This mapping exercise also targeted the Health and Education-TRP H&E.

82. **In addition, the World Bank will support the Government to address challenges related to climate change and the environment, particularly those that have an impact on household incomes.** The WBG is working with the Government and partners, notably the AfDB, to develop a Strategic Program for Climate Resilience, which includes such activities as assessing relevant institutional capacity, supporting collection of climate-related data, analyzing sector topics (e.g., agriculture resilience), assessing investment needs, and supporting community-based approaches to natural resource management. Contingent on TAR support, the WBG will fund the *Gambia Integrated Landscape Project* (GamLAP), which will be similar to the Sustainable and Participatory Energy Management Project (PROGEDE) in Senegal. The GamLAP will assist communities, especially women and youth, to better manage and restore forest resources; reforest degraded landscapes; diversify livelihoods from unsustainable farming and natural resources exploitation to sustainable alternatives; and diversify household fuels and energy supplies to reduce deforestation and forest degradation.

***Objective 2: Invest in Human Capital and Build Assets and Resilience for The Poor***

83. The second Objective will support the Government's efforts to ensure an educated, healthy population critical to human welfare and country competitiveness, and mitigate shocks on the poor and vulnerable, including through SP. The three focus areas in this Objective will be to: *enhance the access to and quality of education; improve nutrition and primary healthcare; and strengthen service delivery in SP.*

***(4) Enhance the access to and quality of education***

84. **The Gambia must continue to improve the access to and quality of education, particularly in underserved regions.** From 2010 to 2016, the Gross Enrollment Rate (GER) in LBS increased, but the GER in UBS stagnated at 48 percent. Enrollment in early childhood development (ECD) was only 36 percent in 2015. About 30 percent of children aged 7-12 are estimated to be out of school. Early grade reading scores are dismal, learning outcomes vary by region, and gender parity at the post-secondary level has not yet been achieved. Among other activities, The Gambia must address regional education disparities, ensure quality education at all levels, better train and deploy teachers, especially in science and mathematics, and improve management and monitoring of education.

85. **The Government is committed to accelerating progress in the sector.** The Government's Education Sector Strategic Plan (ESSP) focuses on: (i) access and equity; (ii) quality and relevance; (iii) research and development; (iv) science, technology, engineering, and math; and (v) sector management. Government priorities in *access* and *equity* include providing physical facilities, enhancing special education, mainstreaming gender, and supporting madrassah education and school feeding programs. Priorities in *quality* include, among others, updating curriculums, providing teaching and learning materials, and supporting teacher trainings (pre-service & in-service), early literacy skills, life skills, school agriculture, and school health and nutrition.

86. **The CEN will support key government priorities, particularly in access, equity, and quality.** The FY14 *Results for Education Achievement and Development Project* (READ), which is expected to close in FY19, is supporting such activities as the construction of multi-grade schools and ECD classrooms; revision of pre-service teacher training programs at The Gambia College; grants to cover schools' operational costs; hardship allowances to teachers in remote areas; distribution of donkey carts enabling distant students to travel to school; and an innovative math and science and English Language of Art (ELA) program. A follow-on FY18 *Education Sector Support Project* will continue to improve access to ECD and basic education, particularly by building additional schools in rural areas, and providing Conditional Cash Transfers (CCTs) to families to improve enrollment and attendance of students from vulnerable households in districts in Region 5, which have among the lowest enrollment in the country. In addition, this project aims to improve the quality of learning, such as by providing assistance to revise curriculums for grades 1-9, and professional development of teachers, including higher education scholarships for teacher candidates in math and science. The World Bank delivered in Q2 of FY18 a *Public Expenditure Review (PER) in Education*, which has provided input into sector reforms, and a framework for evaluating the efficiency and effectiveness of sector spending. The Gambia will continue to participate in the *Africa Centers of Excellence Project*, which aims to improve the capacity of universities in eight West African countries to deliver quality training and applied research relevant to regional challenges. A total of 131 students from The Gambia have been enrolled in the *Africa Centers of Excellence* in Nigeria, Senegal, Cameroun, Ghana, and Togo, with 23 pursuing PhDs and 108 MCS.

#### ***(5) Improve nutrition and primary healthcare***

87. **The Gambia must address a nutrition and health crisis marked by stagnating and deteriorating indicators.** Erratic rains and associated cuts in agriculture production eroded food security and exacerbated malnutrition, which is a contributing cause of almost half of under-five mortality. Multi-sector actions are needed between nutrition, health, women's affairs, agriculture, and SP to comprehensively address community nutrition, vulnerabilities, and food insecurity. The Gambia has not met the fifth MDG on maternal mortality. The performance of the health sector is hindered by diverse challenges, such as an inadequate focus on primary versus tertiary care; fragmented health services; insufficient infrastructure and personnel; inadequate linkages between health facilities and communities; shortages of health equipment and critical medicines, especially in outlying areas; and a misalignment of priorities and incentives. Urgent reforms are needed to adopt a horizontal health system approach to bring together current vertical approaches contributing to fragmentation of service delivery; improve the quality of health services; and align strategic priorities with incentives.

88. **The Government seeks to address such challenges in the NDP 2018-2021.** Among other activities, authorities plan measures to improve the nutrition of all Gambians, and especially mothers and children, through community programs and micronutrient initiatives. The Government seeks to expand access to primary care and community-based health services to reduce maternal and child mortality and the burden of communicable and non-communicable disease, including through RBF approaches to health services, which have made headway with donor support.

89. **Ongoing lending will support efforts to improve nutrition and primary healthcare.** The FY14 *Maternal and Child Nutrition and Health Results Project* (MCNHRP) will continue to support an RBF approach to improve nutrition and health outcomes in the poorest regions of The Gambia, including through CCTs to encourage women to use antenatal care; performance-based grants to communities for care-seeking and adoption of health and nutrition behaviors; and performance-based grants to health centers to deliver quality primary health and nutrition services. AF for the MCNHRP in 2015 and 2017 expanded this package of interventions to two additional regions, and is also supporting new food and nutrition interventions to respond to the food security crisis, including cash and in-kind transfers to vulnerable households. The MCNHRP will continue to provide TA to key agencies, such as the Ministry of Health and Social Welfare (MoHSW) and the National Nutrition Agency, to strengthen their capacity to manage and monitor RBF approaches and sector reforms. In parallel, the WBG is supporting an evaluation to assess the impacts of the RBF approach on service utilization and health and nutrition outcomes.

***(6) Strengthen service delivery in social protection***

90. **The Government implements some SP programs responding to the needs of the poor and vulnerable, but they are insufficient to safeguard the lives of poor and vulnerable groups or contribute to inclusive growth.** Most SP programs are limited in coverage, project-based, and financed by donors, with limited or no contribution from the Government. These programs provide cash grants or in-kind social transfers, largely to women with young children or school-age children, but leave gaps among the elderly poor, disabled, and other vulnerable groups. Preventive SP is extremely limited: social security is accessible to only a minority of workers in the formal sector, and the country has neither national unemployment insurance nor paid maternity benefits. The Government is advised to establish a national SP program that would provide protection to the extreme poor, and offer them a pathway out of poverty.

91. **The Gambia's NDP and National SP Policy recognize the need for a comprehensive delivery system to support SP programs.** Both policy documents promote the establishment of a National Social Protection Secretariat to coordinate interventions across sectors and agencies, supported by a Social Registry that can identify potential and actual beneficiaries, as well as M&E tools to promote efficiency and effectiveness.

92. **IDA will provide TA and analysis of the SP sector and—contingent on TAR support—a lending operation in FY19 to implement a national social safety net.** In FY18, the WBG delivered a diagnostic study of The Gambia's social safety net and SP programs, which assessed the SP system against ten criteria and identified next steps in SP planning, leadership, financing, and coverage. The CEN supports an ongoing TA program to help design SP delivery systems, including the proposed Secretariat and Social Registry, supported by a Rapid Social Response TF.

## F. Financing Envelope and Implementation

93. **Recognizing The Gambia’s fragility and need for scaled support, this CEN incorporates an exceptional allocation of TAR resources.** The Gambia’s standard PBA allocation is between US\$120-US\$125 million for FY18-FY20.<sup>13</sup> Commitments will be frontloaded and are estimated to reach US\$71 million in FY18. The TAR will allow to commit up to US\$76 million in FY19, and, if renewed and if per capita allocation remains the same, an additional US\$51 million for FY20.<sup>14</sup> This request recognizes that The Gambia has met the eligibility requirements for the IDA18 turnaround regime, namely that: (i) fragility, conflict and violence (FCV) are imposing significant obstacles to development; and (ii) a turnaround situation is present, which can include—as reflected in Barrow’s election and commitment to a new reform path—a major change in the policy environment after a major shift in policy priorities. The additional resources of the TAR will be used to scale up support for key areas, such as energy, SOE reform, SP, and agricultural transformation. The CEN request for a TAR top-up is predicated on the positive outlook for political stability, and expectations that TAR variables will move in the right direction during the FY18-FY21 period. During the remaining IDA18 period, The Gambia is expected to remain relatively stable, with increasing but manageable public discontent linked to high public expectations, which will be difficult to meet.

94. **Although the country allocation increased almost threefold under IDA18, the country portfolio size is expected to increase only gradually.** Under IDA18, the additional resources will finance five new national operations and will support The Gambia’s participation in four regional projects. During IDA18, the size of the planned budget support will comprise about one third of the estimated country envelope. The IDA18 envelope will be modestly leveraged with TFs for World Bank and client executed activities. The TFs are supporting the implementation of the World Bank and IFC programs in education, health, social development and statistical capacity. As of May 2018, there were eleven TFs active in The Gambia, which cumulatively have disbursed US\$9 million, and currently fund eight World Bank executed TF (BETF) activities.

95. **The WBG recognizes implementation risks related to this CEN, as limited government capacity and political economy challenges remain a major challenge to achieving CEN objectives.** The CEN aims to help address these challenges through complementary packages of assistance combining budget support with ASA and investment projects, which will help focus investments on sectors with stronger policy frameworks and where TA can be provided.

---

<sup>13</sup> Referenced IDA volumes are indicative. Actual PBA allocations will be determined annually during the replenishment period and will depend on: (i) total IDA resources available; (ii) the number of IDA-eligible countries; (iii) the country’s performance rating, per capita GNI, and population; and (iv) performance and other allocation parameters for other IDA borrowers.

<sup>14</sup> Allocation of TAR resources is reviewed and determined annually, subject to successful performance and continuation of a turnaround situation. The actual per capita TAR allocations are determined by modulating the notional per capita maximum to reflect country-specific factors, which include country needs, the country’s absorptive capacity, and the level and duration of the exceptional support already provided by IDA to the country.

The sector projects also aim to strengthen core ministerial functions in planning, strategy, resource management and procurement. A mechanism to strengthen coordination among development partners is also under consideration. Finally, under IDA18 the capacity of the country office has been strengthened with a resident representative and an operations officer.

96. **The political economy could undermine the CEN’s implementation, possibly through political interference, policy reversals, capture, vested interests, and corruption.** Such factors are expected to remain serious challenges during the country’s transition, and could negatively affect the selection and prioritization of investments, and implementation of interventions. To help build accountability for service delivery and policy reform, The WBG will also explore the opportunities to engage CSOs on policy deliberations, execution of selected interventions as well as M&E, as appropriate. In addition, the World Bank will strive to mitigate project-level risks, such as by strengthening the review process with higher attention paid to non-fiduciary (political economy) risks; ensuring vigorous review of social and environmental safeguards during project design; and undertaking regular reviews as part of Implementation Status Reports (ISRs), Mid-term Reviews (MTRs), and Country Portfolio Performance Reviews (CPPRs).

97. **Monitoring arrangements.** This CEN does not feature a standard results matrix, but includes an abridged progress monitoring matrix focused solely on key WBG outputs expected over the CEN period (see Annex 1). In addition, the World Bank will use the monitoring matrix included in the TAR request to monitor implementation of TAR funded operations, and assess continued eligibility for TAR resources in FY20 and FY21. Per policies for IDA Turnaround assistance, this separate matrix features a series of indicators and milestones that will testify to The Gambia’s commitment to reform.

98. **The CEN design was informed by consultations, including with government officials and stakeholders from the private sector, civil society, and donor community.** Discussions with the CSOs highlighted the importance of strengthening public sector accountability and transparency, as well as empowering women and girls through economic and education opportunities. Private sector representatives pointed out the prohibitive cost and unreliability of electricity, poor ICT infrastructure, and limited access to finance, by medium size enterprises in particular, as key binding constraints. Development partners singled out macro stability, debt sustainability, and policy consistency as fundamental to consolidating initial reform efforts and paving the way for longer-term transformation.

## **G. Risk Management and Mitigation**

99. **The overall risk to successful outcomes under the 2019–2021 CEN is *substantial*.** Key risks rated *High* or *Substantial* that may critically impede the CEN from achieving its objectives include: (a) political and governance; (b) macroeconomic; (c) sector strategies and policies; (d) implementation capacity; (e) fiduciary; and (f) environmental and social. Such risks may affect project implementation, such as by increasing costs of preparation, and delaying implementation and disbursements. The lessons from the JPS-2 CLR will play an important role

in addressing these risks. The CEN will give high importance to quality at entry for new operations, and continue strong monitoring and supervision.

100. **Macroeconomic risks are high.** Despite the Government’s progress on fiscal reforms and a projected uptick in growth, a deterioration in macroeconomic performance could affect the government’s reform program and the expected results from WBG engagement. The Government must pursue reforms amid high debt, SOE-related liabilities, lack of a stable financial sector, rising public demands and an acute vulnerability to shocks. If government commitment to reform ebbs, or external factors such as drought or global downturn erode economic performance, the Government might face pressure to curtail reforms, increase deficits, and postpone needed investments in growth sectors and services. The Government may also find it challenging to implement its development program relying on grants and domestic revenues and could be drawn to accept loans, thereby threatening debt sustainability. Such factors could impede the expected results of the WBG program, especially under the first CPF objective. To help mitigate the risks, the WBG and partners are scaling-up budget support and assistance for the Government, including on debt management, SOE regulation, and public-sector reform. In addition, the Budget Support series will emphasize strong links between the budget, the medium-term debt, and the medium-term expenditure frameworks, and these will be closely monitored together with the IMF.

**Table 3. Systematic Operational Risk-Rating Tool**

<b>Risk Categories</b>	<b>Ratings (H, S, M or L)</b>
Political and Governance	High
Macroeconomic	High
Sector strategies and policies	Substantial
Technical design of project or program	Moderate
Capacity for implementation and sustainability	Substantial
Fiduciary	High
Environmental and Social	Substantial
Stakeholders	Moderate
<b>Overall</b>	<b>Substantial</b>

101. **Political and governance risks are high.** The Gambia faces risks of further political instability, despite parliamentary elections confirming broad support for the Barrow administration. The Gambia’s legacy of fragility, combined with weakening of the political multi-party coalition, may continue to sow discord despite Barrow’s aims to unite the country, reform the security sector, normalize relations with the military, and hold those who committed abuses accountable. The Gambia’s newfound openness might allow for more vocal opposition. Growing crime, emigration to cities, outmigration of skilled workers to other countries, and lingering tensions around Casamance pose risks to stability. Signs of political fragmentation, including parties’ running separately in the recent election, could worsen and derail the reform momentum. The WBG will monitor such risks, which are partially mitigated by government commitment to breaking from past practices, consolidating democracy, and

providing services for all Gambians. The WBG will work with authorities to prioritize interventions to improve stability, governance, transparency, and accountability. A strong mitigating factor will be collective action by international donors to mobilize external financial support for implementation of the 2018-2021 NDP, such as through the International Conference process in May 2018,

102. **Public support for the Government might erode if authorities are unable to meet the public's high expectations for improved services, including benefits for the poor.** Barrow's election created hope, but support for reform may plummet if officials do not rapidly improve services, particularly in energy; increase employment in growth sectors, such as tourism and agriculture; and provide programs alleviating shocks on the most vulnerable. In response, donors are planning interventions to help authorities to scale public services and benefits for the poor. The WBG DPO series supports reforms to improve service delivery in the ICT and energy sectors. Projects in FY18 will further invest in power generation and transmission, and invest in improving access to basic education, complementary an ongoing health project focused on strengthening health services in rural areas. A SP program proposed for FY19 will support the Government to create a national, poverty-targeted social safety net by investing in visible, quick-win programs.

103. **Risks related to the design and implementation of sector strategies and policies are substantial.** Emerging from 23 years of autocratic rule, the Barrow regime is expected to face challenges in coordinating, designing, and implementing sector interventions that maintain fiscal discipline and reflect the broader reform agenda. To help mitigate this risk, the WBG and development partners are providing technical and financial support (using the full suite of WBG instruments) and mobilizing additional resources to help implement the NDP, identify priorities with high impact, and execute sector strategies. The WBG is also supporting the Government to develop reform road maps in energy, ICT, and agriculture to strengthen commitment to sector reforms, and is engaging in a multi-donor effort to develop a health sector strategy working closely with the Government.

104. **Risks of insufficient government capacity to implement reforms are substantial.** Some officials in the Barrow administration lack the background and skills to undertake reforms, and many public institutions lack human, financial, and physical resources to fulfill their mandates. The civil service suffers from insufficient performance incentives. Such constraints pose risks to the reform program and WBG-supported outputs related to economic governance and sector reform. To mitigate risks, the Government is working with the WBG and partners to build implementation capacity in critical areas. The WBG is supporting, through the programmatic DPO series, important policy reforms that aim to strengthen medium-term fiscal planning and debt management, and to enhance the efficiency of public investments as well as transparency and fiscal discipline. The SOE reform project will assist with strengthening the Government's monitoring and oversight capacity of the SOE sector as well as restructuring and implementing performance improvement programs in the most critical individual SOEs, while the sector projects in energy, health and education also aim to strengthen the capacity of sectoral ministries.

105. **Fiduciary risks are high.** The Government's processes for budget preparation and reporting are relatively sound, but there is scope to improve budget execution, budget control, and oversight mechanisms. The WBG has supported PFM through the IFMIS Project, but this project's slow progress testifies to enduring risks. The WBG and other partners will continue to support measures to improve fiduciary capacity, including through a SOE reform project. The IMF is also engaged in strengthening economic governance and oversight mechanisms with the CGB.

106. **Environmental and Climate risks are substantial.** Though the risk from potential climate related disasters over the implementation period of the CEN are moderate, the long-term effects of environmental degradation are substantial. The Gambia's vulnerability to rainstorms, droughts, coastal erosion, and flooding poses risks to agriculture, poverty, and food security. To mitigate such risks, the Government with support of donors is working to strengthen climate change adaptation and mitigation. Key aims of the Government are to strengthen resilience; increase the adaptive capacity of farmers; improve the efficiency of resource use in agricultural production systems; improve warning systems and emergency response; introduce drought resistant crops; enable "climate proofing" of urban infrastructure; support renewable energy; and mainstream climate change into policies for agriculture, forestry, and fisheries. The WBG will increase climate co-benefits in FY19-FY20 through the implementation of the Commercial Agriculture and Value Chain Project (25 percent), the Gambia Electricity Support Project (65 percent), and the Electricity Restoration and Modernization Project (26 percent).

107. **The lack of a stable financial sector is a substantial risk for The Gambia.** The financial sector is small and shallow, and the bulk of bank assets are oriented toward the public sector, which crowds out credit to the private sector. Limited risk management capacity and incomplete credit information on customers hamper the ability of financial institutions to serve the private sector. Authorities are seeking to mitigate this risk by reducing the economic dominance of the public sector, and by promoting the development of the private sector as an engine of growth. The World Bank is engaged in strengthening financial inclusion and banking supervision as well as exploring options to strengthen SME access to the financial sector.

108. **Power cuts and disruptions pose substantial risks to investors' perceptions and the social contract.** The inadequate power supply is a binding constraint to growth affecting all sectors and especially the tourism sector, which accounts for one fifth of GDP. Power cuts and the population's unmet demand for improved power services, exacerbated by heightened public expectations under the new administration, prompted demonstrations during the summer of 2017. The Government's support for NAWEC represents a substantial fiscal drain on public resources. The WBG's plan to mitigate this risk is to first restore generation in the Greater Banjul Area; close the generation gap and support investments in T&D; and scale up generation from 99 MW to 300 MW of available capacity by 2025, including through interconnection with the West African Power Pool (WAPP) to reach universal access. The WBG will also assist NAWEC to strengthen its management capacity and to develop capacity to dispatch variable renewable

electricity, which will also help crowd in and de-risk private sector investments in renewable energy.

109. **A significant risk to the development of private sector activities and trade is the lack of well-developed port infrastructure and other critical services** (telecoms, energy, housing) currently provided by SOEs. With support from the IFMIS project, the Government is carrying out special purpose audits of five major SOEs, including the Gambia Ports Authority, to identify opportunities for improving SOEs' financial management and to provide recommendations for strengthening SOE oversight, regulation, and corporate governance. The IFC is considering building on the MFD approach to explore options for private investment in the Gambian SOEs once they have been opened for private sector participation.

## ANNEX 1: RESULTS MATRIX FY18-FY21 CEN

Focus Area	WBG Outputs	WBG Program
<b>Objective 1. Restore Macroeconomic Stability and Stimulate Inclusive Growth</b>		
<b>1. Promote macroeconomic stability and economic governance</b>	<ul style="list-style-type: none"> <li>a. Medium-term Debt Management Strategy (MTDS) and Medium-term Fiscal Framework (MTFF) have been introduced</li> <li>b. The Government’s capacity to manage, monitor, and record debt classified as “adequate” by the IMF/WB</li> <li>c. Special audits of SOEs have been completed</li> <li>d. SOE audit reports, annual financial reports and latest audited financial statements available on the MoFEA website</li> <li>e. Central government expenditure covered through IFMIS</li> <li>f. Decline in SOEs sector arrears</li> </ul>	<p><b>New lending</b></p> <ul style="list-style-type: none"> <li>- Programmatic DPO Series, US\$62 million</li> <li>- SOE Reform Project, US\$9 million</li> </ul> <p><b>Ongoing lending</b></p> <ul style="list-style-type: none"> <li>- Emergency DPO, US\$56 million (P163285)</li> <li>- IFMIS Project, US\$5.25 million (P117275)</li> </ul> <p><b>ASA</b></p> <ul style="list-style-type: none"> <li>- The Gambia MTDS</li> <li>- The Gambia Banking Supervision, Resolution, and Crisis Preparedness</li> <li>- National AML/CFT Risk Assessment</li> <li>- PER for the Security Sector</li> <li>- Sources of Growth Study</li> </ul>
<b>2. Strengthen access to lower-cost sustainable energy, including renewables</b>	<ul style="list-style-type: none"> <li>g. Performance Contract between NAWEC and MoFEA signed and under implementation</li> <li>h. 50 km of distribution lines constructed or rehabilitated</li> <li>i. 30 km of transmission lines constructed or rehabilitated</li> <li>j. Dispatch center with Supervisory Control and Data Acquisition (SCADA) constructed</li> <li>k. 20 MW of solar PV plant constructed</li> <li>l. 50 percent female direct beneficiaries of improved generation capacity<sup>15</sup></li> </ul>	<p><b>New lending</b></p> <ul style="list-style-type: none"> <li>- Programmatic DPO Series, US\$62 million</li> <li>- Electricity Restoration and Modernization Project, US\$41 million</li> <li>- West Africa Power Pool, US\$26 million</li> </ul> <p><b>Ongoing Lending</b></p> <ul style="list-style-type: none"> <li>- Electricity Support Project, US\$18.5 million (P152659)</li> <li>- OMVG Interconnection Project, US\$44.7 million (P146830)</li> </ul> <p><b>ASA</b></p> <ul style="list-style-type: none"> <li>- The Gambia ICT Sector Reform</li> </ul>
<b>3. Develop markets to support private-sector led growth</b>	<ul style="list-style-type: none"> <li>m. Developed action plan for government’s fisheries reform; revised laws and regulations for the sector;</li> <li>n. Increased number of farmers adopting climate-smart agricultural practices</li> <li>o. Developed action plan for protection of forest area under sustainable management practices</li> <li>p. Established phytosanitary authority for export certification.</li> </ul>	<p><b>New lending</b></p> <ul style="list-style-type: none"> <li>- West African Regional Fisheries Program (PRAO), US\$5 million</li> <li>- Gambia Integrated Landscape Project (GamLAP), US\$5 million</li> <li>- West Africa Agricultural Transformation Project (WAATP), US\$5 million</li> </ul> <p><b>Ongoing lending</b></p> <ul style="list-style-type: none"> <li>- Commercial Agriculture and Value Chains Management (CAVCM) Project, US\$15.92 million (P125024)</li> <li>- Tourism, Retail, Construction &amp; Real Estates (TRP) (IFC)</li> </ul>

<sup>15</sup> Estimated as 235,000 female direct beneficiaries from increased generation capacity. See The Gambia Electricity Support Project PAD, pp.19-20.

		<p><b>ASA</b></p> <ul style="list-style-type: none"> <li>- Finance, Competitiveness and Innovation for Inclusive Growth</li> <li>- Competitive Industries and Innovation Program (CIIP)</li> <li>- Agriculture Engagement Note</li> <li>- Banjul Flood Risk Assessment and Urban Resilience Investment Plan</li> <li>- The Gambia Strategic Program for Climate Resilience</li> </ul>
<b>Objective 2: Invest in Human Capital and Build Assets and Resilience for The Poor</b>		
<b>4. Enhance the access to and quality of education</b>	<p>q. Improved GERs for ECD from 46.5 (2018) to 49.0 (2020) Male students from 45.2 (2018) to 48.5 (2020).</p> <p>r. Primary GER in Region 5 from 70.4 (2018) to 74.0 (2020) (Male baseline is 63.0 and target is 67.0).</p> <p>s. Partnership for excellence developed with the private sector; competitive scholarships awarded for top students</p> <p>t. Successful graduation by 2021 of 120 graduate students of which half female;</p>	<p><b>New lending</b></p> <ul style="list-style-type: none"> <li>- Education Sector Support, US\$30 million</li> <li>- Africa Centers for Excellence, US\$4 million</li> </ul> <p><b>Ongoing lending</b></p> <ul style="list-style-type: none"> <li>- Results for Education Achievement and Development (READ), US\$11.9 million (P133079)</li> <li>- (READ) AF US\$7.5 million (P160282)</li> <li>- Africa Centers for Excellence, US\$2 million Credit/US\$1 million Grant (P126974)</li> </ul> <p><b>ASA</b></p> <ul style="list-style-type: none"> <li>- Public Expenditure Review (PER) in Education</li> </ul>
<b>5. Improve nutrition and primary healthcare</b>	<p>u. Increased number of exclusively breastfed children</p> <p>v. Increased number of children consuming at least four of six food groups</p> <p>w. Increased number of deliveries assisted by skilled personnel, especially target rural populations and remote regions</p> <p>x. Increased percentage of women using modern methods of family planning</p>	<p><b>Ongoing lending</b></p> <ul style="list-style-type: none"> <li>- Maternal and Child Nutrition and Health Results Project (MCNHRP), US\$3.68 million plus US\$5 million co-financing from Health Results Innovation TF (P143650); AF1 for US\$5 million, and AF2 for US\$7.5 million</li> </ul> <p><b>ASA</b></p> <ul style="list-style-type: none"> <li>- Health RBF Impact Evaluation</li> </ul>
<b>6. Strengthen service delivery in social protection.</b>	<p>y. Introduction of a poverty-targeting program for the extreme poor</p>	<p><b>New lending</b></p> <ul style="list-style-type: none"> <li>- Social Protection Program, US\$11 million</li> </ul> <p><b>ASA</b></p> <ul style="list-style-type: none"> <li>- Support for Designing a Basic Social Safety Net in the Gambia</li> <li>- Social Safety Net Diagnostic</li> </ul>

## ANNEX 2: COMPLETION AND LEARNING REVIEW (CLR)

### Second WBG-AfDB Joint Partnership Strategy (JPS-2) FY2013-2016

<b>Date of JPS-2:</b>	March 11, 2013
<b>JPS-2 Report Number:</b>	72140-GM
<b>Period covered by JPS-2:</b>	FY13-16
<b>Period covered by CLR:</b>	July 1, 2013 – June 30, 2016
<b>Date of the CLR Report:</b>	April 9, 2018

#### Introduction

1. **This Completion and Learning Review (CLR) assesses the WBG’s performance in implementing the Second Joint Partnership Strategy (JPS-2) for The Gambia covering FY13-16, which was developed and implemented with the African Development Bank (AfDB).** The WBG and the AfDB designed the JPS-2 to harmonize development assistance in line with the 2011 Busan Declaration on Aid Effectiveness, and to continue collaboration under the first FY08-11 Joint Assistance Strategy (JAS), which had proved beneficial in coordinating interventions, avoiding duplication of efforts, and accelerating development impact.

2. **The Gambia experienced political and macro-economic instability affecting the pace of development and the JPS-2’s implementation.** After seizing power in a bloodless coup in 1994, former President Yahya Jammeh presided over a relatively stable period of governance for two decades—despite recurring regional instability and conflict, and criticisms of his government for oppression, and capture of state funds. In the first years of the JPS-2, the Jammeh regime pursued policies increasing the country’s isolation from its traditional partners, such as pulling out of the UK Commonwealth, leading to acute macroeconomic and fiscal crises. By 2014, The Gambia was re-classified as a fragile state, and several development partners began to rethink their engagement. In a historic election in 2016, Gambians elected a new President Adama Barrow, who supported reengagement with traditional partners and a fundamentally different reform path.<sup>16</sup> After initially accepting the results, President Jammeh sought to annul the election. This led to turmoil and pressure from neighboring countries—including the arrival of troops from the Economic Community of West African States (ECOWAS)—to ensure Adama Barrow’s assumption to office, which took place in January 2017. Jammeh ultimately agreed to leave the country for Equatorial Guinea. This turmoil affected The Gambia’s relations with the regional and international communities, and the effectiveness of its development programs.

---

<sup>16</sup> According to Freedom House, international observers were not allowed into The Gambia before the December 2016 presidential election. However, the Independent Electoral Commission performed an impartial vote count, and declared that Barrow had won the election.

3. **Recognizing the joint nature of the JPS-2, this CLR assesses the JPS-2 program based solely on outcomes influenced by the WBG, and was undertaken without a Performance and Learning Review (PLR) given the country’s turbulence.** The WBG and the AfDB agreed to develop separate assessments of the JPS-2 covering each institution’s contributions—in line with each institution’s respective requirements and timetables. In 2014, the WBG and the AfDB engaged in consultations in Banjul to assess mid-term progress on the JPS-2, and the WBG began work on a PLR. The AfDB completed its mid-term review in early 2015, but the WBG opted to delay submission of the PLR amid concerns about emerging macroeconomic imbalances, uncertainty linked to 2016 elections, and reforms of WB procedures for country engagement. The AfDB proceeded with extending the JPS-2 through FY18. In 2016, the WBG opted to abort the current country engagement cycle, including submission of a PLR, given the fragile context, growing policy uncertainty, and the political crisis at end-2016. Instead, the WBG opted to develop this CLR based on the interim PLR content and other sources, and to reset the partnership through an FY18-21 Country Engagement Note (CEN) reflecting The Gambia’s fragility and pressing challenges going forward. A key aim of this CLR is to draw lessons for WBG’s engagement through this CEN.

4. **This CLR used multiple sources to assess the JPS-2 from Board approval through June 2016.** The assessment is based on interviews of Country Team members and Task Team Leaders (TTLs) operating in The Gambia during the JPS-2 period, and desk reviews of: (i) Implementation Completion Reports (ICRs), Implementation Status and Results reports (ISRs), and aide memoires from projects implemented during the JPS-2 period; (ii) Country Portfolio Performance Reviews (CPPRs) conducted during FY13-16; and (iii) the FY15 country opinion survey. The CLR draws on the progress evaluation in a draft PLR prepared in 2016.

### Summary of Key Findings

5. **The WBG and AfDB designed the JPS-2 to support the Government’s Growth and Poverty Reduction Strategy,** as documented in its Program for Accelerated Growth and Employment (PAGE) 2012-2015.<sup>17</sup> In turn, the PAGE was based on a long-term development strategy outlined in the country’s Vision 2020.<sup>18</sup> The JPS-2, discussed by the WBG Board of Executive Directors in March 2013, had two Pillars:

- I. *Enhancing productive capacity and competitiveness; and*

---

<sup>17</sup> The PAGE program was ultimately extended from 2015 to 2016.

<sup>18</sup> The Gambia’s Vision 2020 aims “...to transform The Gambia into a financial center, a tourist paradise, a trading export-oriented agricultural and manufacturing nation, thriving on free market policies and a vibrant private sector, sustained by a well-educated, skilled, healthy, self-reliant and enterprising population, guaranteeing a well-balanced ecosystem and a decent standard of living for all, under a system of government based on the consent of the citizenry”.

II. *Strengthening the institutional capacity for economic governance and public service delivery.*

6. **This CLR assesses the overall progress towards the development outcomes influenced by the WBG as Moderately Satisfactory.** The WBG contributed to six of the eight Outcomes of the JPS-2.<sup>19</sup> Table 1 delineates all eight JPS-2 Outcomes by Pillar, and provides ratings for the six Outcomes influenced by the WBG—two were achieved, two mostly achieved, and two were partially achieved. Table 1 also rates the two Pillars, though without considering Outcomes associated solely with AfDB interventions. As explored later, the six Outcomes influenced by the WBG included twelve indicators, of which nine were fully or partially met, and three unable to be verified due to data limitations (though often other evidence testified to relevant progress). The challenging and turbulent political and macroeconomic environment in The Gambia posed major constraints to achieving the program’s objectives.

**Table 1: Summary of CLR Objective Ratings**

(Note: *Italicized outcomes* were influenced by AfDB interventions, and unrated)

JPS-2 Pillar	JPS-2 Outcomes	Outcome Rating	Pillar Rating
<b>Pillar 1:</b> Enhancing Productivity and Competitiveness in order to strengthen resilience to External Shocks	<i>Outcome 1: Adoption of Diversified Production and Marketing of Selected Agricultural Commodities</i>	<i>Not Rated: AfDB-influenced outcome</i>	<b>Moderately Satisfactory</b>
	Outcome 2: Adoption of improved technologies in Agriculture	Partially Achieved	
	Outcome 3: Improved Business Environment	Mostly Achieved	
	Outcome 5: Improved Telecommunication/ Internet connectivity	Achieved	
<b>Pillar 2:</b> Strengthening the Institutional Capacity for Economic Governance and Public Service Delivery	<i>Outcome 4: Improved Cross Border Transit Time</i>	<i>Not Rated: AfDB-influenced outcome</i>	<b>Moderately Satisfactory</b>
	Outcome 6: Improved Public Financial Management	Partially Achieved	
	Outcome 7: Improved quality of learning outcomes for basic education	Achieved	
	Outcome 8: Improved nutrition and health services for women and children	Mostly Achieved	

<sup>19</sup> The WBG supported Outcome 3, 5, 7, and 8. AfDB supported Outcome 1 and 4. Both the WBG and AfDB supported Outcomes 2 and 6.

7. **The Bank’s performance in designing and implementing the strategy is assessed as good.** The design of the JPS-2 was appropriately aligned to country priorities and previous lessons of engagement; deliveries and portfolio quality were largely satisfactory; and risks were rightly identified. As noted, the WBG began work in 2016 on a draft PLR, which envisioned extending the JPS-2 through FY18; providing budget support to help restore macroeconomic stability; extending projects in education, health, and PFM; and revising elements of the results matrix to reflect new realities. Yet, given The Gambia’s political crisis, breakdown in stability, and subsequent election of a new president committed to a fundamentally different reform direction, the Bank refrained from submitting a PLR, and instead opted to “reset” country engagement by developing this CLR and a CEN for FY18-21. The absence of a PLR represented a missed opportunity to officially undertake mid-course corrections, including revising the results matrix, though the WBG took steps to adjust the program significantly to new circumstances, with many adjustment mirroring changes debated during discussions of the PLR.

8. **Alignment with WBG Corporate Goals.** The JPS-2 supported areas which are vital to addressing the corporate goals of reducing extreme poverty and boosting shared prosperity. Among other examples, WBG activities in agriculture sought to enhance productivity and incomes of poor farmers, and activities in health sought to strengthen health and nutrition services for women and children. Engagement in education sought to enhance access to a quality education among underserved populations. The WBG’s engagement mirrored key regional priorities, such as investing in agriculture to boost incomes, and strengthening health and education.

9. **Collaboration with AfDB contributed to harmonizing the institutions’ support, but coordination on operational matters was limited**—except for successful coordination in budget support. Given challenges with coordination and the WBG’s revised approach on country engagement, the WBG did not envisage a successor to JPS-2. Nevertheless, collaboration and coordination with AfDB and other development partners will be assured through improved dialogue between staff from the Country Management Unit (CMU) and authorities on strategic and operational issues.

10. **Key lessons from this CLR, which will inform future WBG engagement in The Gambia, include:** (i) properly account for the broader country context, and assess what can be achieved in a difficult and fragile environment; (ii) continue strong collaboration with donors, but not through a joint strategy given its high transaction costs and less feasibility given changes in WBG country procedures; (iii) consider support for policies supporting growth sectors in the broader private sector, especially as the formal private sector remains small; (iv) account for country constraints in data collection and quality when developing results frameworks, and consider assistance to build country capacity in statistics; (v) provide capacity building to PIUs to help them integrate within government structures and better understand Bank procurement procedures; and (vi) even amid difficult country circumstances, submit a PLR to provide for mid-course corrections in a country program.

## I. PROGRAM DEVELOPMENT OUTCOMES

- Review of JPS-2

11. The JPS-2 supported the Government's PAGE 2012-2016<sup>20</sup>, which was designed to respond to three main development challenges in The Gambia, namely: (i) restoring growth and macroeconomic stability; (ii) improving service delivery; and (iii) improving transparency and accountability in public financial management and public procurement. This section assesses the progress towards achieving the outcomes in the JPS-2 results matrix, which were organized around two JPS-2 pillars. The assessment focuses only on the six JPS-2 outcomes influenced by WBG interventions, though it also describes what the AfDB aimed to achieve in the remaining two outcomes. The AfDB is preparing its own review of progress on these additional outcomes. A summary assessment of the Bank's contributions can be found in Annex 1.

### ***JPS-2 Pillar 1: Enhancing Productivity and Competitiveness in order to Strengthen Resilience to External Shocks.***

12. JPS-2 interventions under Pillar 1 aimed to strengthen agriculture and rural development, especially the resilience of farmers to drought and other extreme weather events, and to improve the Gambia's business and investment climate.

#### *Outcome 1: Adoption of Diversified Production and Marketing of Selected Agricultural Commodities – AfDB Outcome/Indicator, Not Rated/Not Verified*

13. AfDB interventions were designed to empower small-scale farms and households to diversify production of agricultural commodities and to market products, with a view to reducing poverty. AfDB interventions were to include a Livestock and Horticulture Program, and programs promoting sustainable land management, infrastructure, and food security. The AfDB Livestock and Horticulture Program was to support the sole JPS-2 indicator under this outcome: an increase in the number of households engaged in food diversification through small scale fruit and vegetable production, and/or small animal husbandry from 0 in 2012 to 25,000 by June 2016. The WBG was not officially linked to this outcome, but some of its programs, such as the FY14 Commercial Agriculture and Value Chain Management (CAVCM) Project (P125024), helped boost production and marketing of products. This WB project increased the production of targeted agricultural commodities from 0 metric tons in 2014 to 5,683 in 2016 and 38,424 in 2017. The share of commodities marketed by participating producers rose from 0 percent in 2014 to 42 percent in 2016.

#### *Outcome 2: Adoption of Improved Technologies in Agriculture – Partially Achieved*

14. With support from the World Bank, The Gambia made headway in providing technologies to farmers to improve their production and resilience, despite a drought in 2014 that undercut the performance of the agriculture sector. The West Africa Agricultural

---

<sup>20</sup> The Government's program was extended by one year, from 2015 to 2016.

Productivity Program (WAAPP, P122065), which closed in December 2016, increased the number of beneficiaries adopting technologies to enhance agricultural productivity and storage from 0 in 2012 to 69,137 by December 2016, against a JPS-2 target of 120,000 for June 2016.<sup>21</sup> In addition, the WAAPP increased the area under improved technologies to 56,000 hectares by 2016, representing 80 percent of the project target of 70,000 hectares. The FY12 Emergency Agriculture Support Project (P143329) provided farmers with improved seeds for high-yield crops, and supported 50,083 beneficiaries—against a target of 40,000—to receive grant support in 19 districts affected by the 2011/12 drought. The CAVCM project increased the number of project beneficiaries using improved seed varieties of rice and vegetables from 0 in 2014 to nearly 5,000 by 2016, and the area under improved irrigation and drainage services from 0 hectares in 2014 to 2,150 in 2016. Despite such gains, the JPS-2 agriculture portfolio faced challenges affecting the pace and efficiency of deliveries, such as low human resource capacity, high staff attrition rate, and high turnover of senior government officials and project coordinators. Such challenges suggest the need to carefully evaluate and work to build the capacity of counterpart project staff in future projects.

*Outcome 3: Improved Business Environment – Mostly Achieved*

15. **With WB support, The Gambia made good progress on improving aspects of the business climate, though the country’s performance on the *Ease of Doing Business* fell slightly.** The Bank’s support was anchored in the FY11 Growth and Competitiveness Project (GCP, P114240), which supported such areas as business registration, tax administration, investment promotion, economic clusters, and tourism. The GCP closed in December 2015. This project helped to reduce the number of days to receive a business license from 27 in 2010 to 3 by 2015, and decrease the cost of registering a business from 206.1 percent of GNI/per capita in 2012 to 141.6 percent in 2015—nearly attaining the target of the sole JPS-2 indicator (i.e., less than 140 percent). This target would have been met had the country’s GNI not fallen over the JPS-2 period, suggesting that GNI may not be a sufficiently stable measure for such costs. The project met the target for reducing the cost of registering a business measured in US dollars. In addition, the GCP provided support to establish a new business registry and a moveable collateral registry, which contributed to MSME credit, as well as a value-added tax system. The Gambia Investment and Export Promotion Agency increased the value of new investments from US\$5 million in 2011 to \$US48 million in 2015—an 860 percent gain exceeding the project target of 10 percent. The project helped to increase tourist arrivals from non-traditional markets from 54,163 in 2011 to 92,862 in 2015. Nonetheless, The Gambia’s score on the *Ease of Doing Business*, as measured by the Distance to Frontier (DTF), which controls for different Doing Business Surveys over time (0=worst score, 100=best), fell slightly from 51.7 in 2013 to 49.3 in 2016. The DTF scores improved on *Starting a Business* and *Paying Taxes*, but fell in other indicators, such as *Getting Credit* and *Getting Electricity*. Changes to the Doing Business methodology might have contributed to drops in the country’s overall ranking and *Getting Credit* subdimension. The Gambia’s macroeconomic and governance weaknesses impaired broader gains in the business climate. For example, the Government’s high domestic borrowing and interest rates, combined with the banking sector’s

---

<sup>21</sup> Data for June 2016 was unavailable.

increasing exposure to public debt, acted to reduce credit to the private sector. In addition, the GCP was delayed due to an inadequate understanding among staff in the Project Implementation Unit (PIU) of WB procurement procedures, delays in hiring key PIU positions, cabinet reshuffles, and delays in passing key laws, such as the Single Business Window Registry and Companies Act. After Bank procedures were fully understood and the PIU fully staffed, project implementation was timely and efficient.

**16. To alleviate pressing energy constraints hindering business productivity and household welfare, the Bank supported activities outside the original JPS-2 portfolio,** including an Energy Roadmap and Action Plan, the FY16 Gambia Electricity Support Project (GESP, P152659), and the OMVG<sup>22</sup> interconnection project (P146830). Financed in early 2015, the Energy Roadmap and Action Plan identified investments to help restore sector performance, including basic investments; short-term investments, such as Heavy Fuel Oil (HFO) thermal power plants and improvements in the Transmission and Distribution (T&D) network; and medium-term investments, such as regional interconnections providing access to cheaper electricity imports. The GESP aims to increase the availability and reliability of electricity supply by investing in such areas as electricity generation, the T&D network, and the design of a new IT system for the National Water and Electricity Company (NAWEC). As of October 2017, all major contracts for the GESP had been signed and procurement activities underway. The OMVG Interconnection project aims to enable electricity trade between Senegal, Guinea, Guinea-Bissau and The Gambia, such as by installing a backbone transmission line through the country. As of December 2017, all contracts for works under this project had been signed, and preparation was to commence of Resettlement Actions Plans required before initiating construction of the line.

*Outcome 4: Improved Cross Border Transit Time – AfDB Outcome/Indicator, Not Rated/Not Verified*

**17. Linked to PAGE priorities to strengthen the trade and transport, the AfDB was expected to support analytical work and investment in cross-border infrastructure,** notably the Trans-Gambia bridge, which is critical to cross border trade with Senegal. Such programs and TA on customs and other border procedures were expected to reduce transit times across The Gambia River, and help reduce waiting times at borders from four hours in 2012 to two hours in 2016. The WBG did not provide direct support to this outcome, and as such is unrated.

*Outcome 5: Improved Telecommunication/ Internet Connectivity – Achieved*

**18. Support from the WB made substantial progress in improving telecommunications and internet connectivity,** which is important to the country's competitiveness and economic growth. A project approved in 2011 under the West Africa Regional Communications Infrastructure Program (WARCIP APL-1B, P122402) aimed to increase the geographic reach of broadband networks and reduce the costs of communication services in Guinea, Burkina Faso, and The Gambia. This project achieved its key activities, including linking The Gambia to a high

---

<sup>22</sup> OMVG stands for the Organization de la Mise en Valeur du fleuve Gambie—a river basin organization linking The Gambia with Guinea (Conakry), Guinea-Bissau, and Senegal.

capacity, Africa to Europe (ACE) submarine cable, and facilitating high-speed internet and telecom services in the country. Under this project, the volume of international communications, measured as bandwidth in kilobits (kbit) per person, increased from 10 kbit in 2012 to 528 kbit by 2016—greatly exceeding the JPS-2 target of 30 kbit by 2016. The volume of available international capacity, measured as gigabits (Gbit) per second, increased from 0.16 Gbit in 2012 to 10 by 2016, again surpassing the JPS-2 target of 5.9 by 2016. The project made solid progress on other indicators, including decreasing the wholesale costs of an “E1” capacity link to Europe, and increasing internet subscribers in The Gambia from 0.75 per 100 in 2010 to 28 per 100 by 2016. The component of the project for The Gambia closed in December 2016, though the WARCIP APL-1B underwent later restructuring to support completion of a component in Burkina Faso.

### ***JPS-2 Pillar 2: Strengthening the Institutional Capacity for Economic Governance and Public Service Delivery***

19. JPS-2 interventions under Pillar 2 aimed to increase the transparency and accountability of the use of public resources, and improve public service delivery, notably in health and education.

#### ***Outcome 6: Improved Public Financial Management – Partially Achieved***

20. **The Gambia made gains in Public Financial Management (PFM) in select areas targeted by Bank interventions.** To improve client understanding of key financial management challenges, the Bank conducted a Public Expenditure Financial Accountability Assessment (PEFA) in 2014 and a Public Expenditure Review (PER) in 2015, and supported capacity building of the Public Accounts and Enterprises Committees (PAEC) and Finance Committee of the National Assembly. Anchoring WB assistance was the FY10 Gambia Integrated Financial Management Information (IFMIS) System Project (P117275), which aimed to improve public resource management and the use of the IFMIS, particularly to improve IFMIS coverage, roll out the IFMIS to more agencies, and improve public credibility and financial reporting. This project received additional financing in 2014, and made progress on improving PFM and JPS-2 targets under this outcome. For example, the Government succeeded for a full year in reconciling public accounts within thirty days of the end of the month, and the Public Audit Committee now reviews audit reports within a maximum of two months—surpassing the JPS-2 target of fewer than 12 months. Though such indicators were achieved during the JPS-2 period, technical challenges with IFMIS software prevented full and sustained use of the IFMIS for publishing timely and reliable budget execution reports. Due to data limitations, the Bank is unable to confirm whether nine procurement organizations are compliant with the Gambia Public Procurement Act (PPA), which represented a JPS-2 target. The project made good headway on other project and JPS-2 milestones. For instance, the percentage of central government expenditure covered by the IFMIS rose from 60 percent in 2009 to 75 percent in 2017, and today five ministries, two departments, and nearly 50 agencies are using the IFMIS—many of which are outside of Banjul. The Bank approved a Second AF for the IFMIS project in FY17 to continue to expand the IFMIS rollout; provide support for human resources (HR) management, payroll efficiency, pension reform, debt management, and statistical capacity

building; and address urgent needs in reform of SOEs. The AF2 has extended the project's closure until December 31, 2018.

21. **Despite these gains, The Gambia's governance and economic challenges affected WBG assistance, and PFM performance was mixed when measured by broader indicators.** The impacts of macroeconomic policy slippages and external shocks affected program implementation and planned budget support operations for FY15 and FY16, which were dropped due to policy reversals. Though the IFMIS project has improved the timeliness of financial reporting and sector allocation, planning, and analysis, there remains significant scope to strengthen daily monitoring of budget performance, commitment controls, and cash and debt management, including transition to Treasury Single Account. Key PEFA indicators measuring progress on PFM between 2010 and 2014 were mixed, and included improvements in budget transparency, multi-year budgeting, and aspects of budget execution, along with slippages in aspects of budget credibility.

*Outcome 7: Improved quality of learning outcomes for basic education – Achieved*

22. **Assistance from the WBG helped to increase access to basic education and improve learning outcomes.** The Bank began work on a PER in education to provide input into sector reforms, and provide a framework for evaluating the efficiency and effectiveness of sector spending.<sup>23</sup> The FY14 Results for Education Achievement and Development Project (READ, P133079)—designed to complement the FY06 Third Education Project (P077903)—made significant gains in increasing access to basic education and improving teacher training and education quality, as well as on JSP-2 outcomes. Among other activities, READ supported the construction of 40 multi-grade schools; distribution of 100 donkey carts to enable distant students to travel to school; intensive teacher trainings and allowances for teachers in remote areas; grants to schools to provide fee-free education; and a comprehensive reading program for grades 1-3. The project helped to increase the teachers attending class on time in project areas from 90 percent in 2013 to 95 percent in 2016—meeting the first JPS-2 indicator. The project made available more student textbooks and materials, and conducted teacher trainings. The project supported an increase in the percentage of students reaching a minimum literacy standard on the grade 3 National Assessment Test (NAT) from 36.7 percent in 2012 to 43.4 percent by 2017—surpassing the 43 percent target for 2016. The Government decided to conduct the NAT for grades 3 and 5 biennially, which explains why data for 2016 is not available. The share of female students reaching this standard rose from 35.3 percent in 2012 to 45.1 percent in 2017, but the share of male students rose less from 36.3 percent to 41.5 percent. Of note, the percentage of students reaching a minimum literacy standard on the grade 3 NAT also increased from 2012 to 2015, but the test topics and item difficulty varied in 2012 and 2015, thus it is inappropriate to compare test results in this shorter timeframe, though the 2017 NAT was

---

<sup>23</sup> The Education PER was delivered in November 2017.

designed to be comparable to the 2012 NAT.<sup>24</sup> Partly due to WB support, Gross Enrollment Ratios (GERs) for early childhood education rose from 36.5 percent in 2013 to 45.8 percent in 2016, and for lower basic school from 92.8 percent in 2013 to 104 percent in 2016. In addition, GERs rose in hard-to-reach areas, such as in Region 5 from 60.2 percent in 2013 to 68.5 percent in 2016. Despite these improvements, student learning outcomes are still relatively low, and many children remain out of school, especially amid high population growth. In this context, the FY18-21 CEN proposes a follow-on FY18 Education Sector Support Program. This project will continue to improve access to basic education, particularly by building additional schools in rural areas and offering CCTs to families to improve enrollment, and to improve the quality of learning, such as through curriculum revisions and professional development of teachers.

*Outcome 8: Improved nutrition and health services for women and children – **Mostly Achieved***

**23. The Gambia made good progress on this outcome, though performance on JPS-2 indicators is mixed given unexpected data constraints.** The WB's support was anchored on the FY14 Maternal and Child Nutrition and Health Results Project (MCNHRP, P143650), which is using Results-Based Financing (RBF) to improve nutrition and health outcomes for women and children in three of the poorest regions in The Gambia. The MCNHRP received additional financing in FY15 to increase support for food and nutrition security and the Ebola crisis, and expand project activities to two additional regions. The MCNHRP provides conditional cash transfers (CCTs) to communities to increase demand for health and nutrition services and change behaviors at household and community levels; CCTs to women to increase timely utilization of antenatal care; and performance-based grants to health centers for delivery of maternal and child health and nutrition services. As the Government did not conduct a household survey in 2016 amid budget constraints and political uncertainties, the Bank is unable to report on the JPS-2 indicator on the share of births assisted by skilled personnel nationally. However, the project achieved an increase in attended births in project regions from 8,885 in 2013 to 15,315 by 2016. Because of data constraints, the Bank is unable to report on a second JPS-2 indicator measuring a reduction in children under five with anemia. Yet the MCNHRP made related progress, including increases in pregnant women receiving iron supplements; children under the age of 24 months benefitting from improved feeding; and children under the age of five treated for malnutrition. The MCNHRP increased the share of children under six months exclusively breastfed from 34 percent in 2012 to 49 percent in 2016 in project regions—surpassing the JPS-2 target of 40 percent. In addition, the project strengthened M&E of the health system, improved the quality of care, conducted an assessment of drug procurement and supply chain management, developed a roadmap for primary health care revitalization, supported revision of health financing policy, and developed and implemented a social and behavior change communications strategy. Development of a

---

<sup>24</sup> The World Bank did not intervene in the design of the NAT between 2012 and 2015. The West Africa Examination Council (WAEC) and Ministry of Basic and Secondary Education (MoBSE) used different test blueprints to assess a wider range of topics in the curriculum. The NAT in 2015 had more items measuring basic early-grade literacy skills and fewer on grammar and reading comprehension. However, the NAT for 2017 was designed to measure improvements in student learning outcomes since 2012 by linking test items and matching the test item difficulty levels with those in 2012.

health financing strategy is ongoing. The MCNHRP has strengthened the National Nutrition Agency (NaNA), empowered NaNA to operate multi-sectorally per its mandate, helped mainstream RBF approaches in the health sector, and set the stage for health system reform in the medium to longer-term. Of note, a second Additional Financing was approved in FY17 to continue to mitigate the effects of economic hardships on health and nutrition, such as through unconditional cash transfers to vulnerable households; quality of care improvements; expansion of community food and nutrition security interventions; and expansion of behavior change communication activities.

- **IFC and MIGA**

24. **IFC.** Given the absence of an enabling business environment, the IFC's activities in The Gambia have been limited and focused on tourism and financial services. The IFC has been successful at supporting financial inclusion for SMEs through its engagement with (regional) financial institutions. This has proven particularly effective and timely during the Ebola epidemic. Despite strong commitment and several attempts to sustain a dialogue with the government on Public-Private Partnerships (PPP), there was limited success around the PPP agenda. The IFC aims at building upon the recently renewed momentum to deepen its focused strategic engagement in access to finance and PPP in infrastructure.

25. **MIGA.** The Multilateral Investment Guarantee Agency (MIGA) is open for business in The Gambia, but has not yet issued coverage for any investments in the country.

## **II. WORLD BANK GROUP PERFORMANCE**

26. **The Bank's performance in design and implementation of the JPS-2 program FY13-16 is rated as good.** The design of the JPS-2 was aligned to country priorities and previous lessons of engagement; project deliveries and portfolio quality were largely satisfactory; and risks were rightly identified, with some materializing during the JPS-2 period. The JPS-2 performed moderately well or better in project delivery, portfolio quality, program supervision, and attention to safeguards issues. The absence of a PLR was a missed opportunity to officially adjust the WBG program to new realities, particularly for the results matrix, but the Bank took steps to adjust the program even without a PLR.

### **1. Design**

27. **The JPS-2 was appropriately designed to reflect the Government's goals, lessons of previous engagement, and guiding principles for WBG engagement.** The JPS-2's pillars and outcomes were closely aligned to the development goals and priorities in the PAGE 2012-2016—and remained relevant throughout the JPS-2 period. An assessment of the previous Joint Assistance Strategy (JAS) from 2008-2011 emphasized the benefits of a joint approach, such as in aligning development programs, avoiding duplication of efforts, combining technical expertise, and enhancing impact. Accordingly, the WB and the AfDB developed the JSP-2 as a follow-on platform for shared objectives and activities,

embodied in a joint results matrix. The JPS-2 also prioritized and largely adhered to guiding principles of engagement elucidated in the CPS:

- The JPS-2 program was appropriately **selective**, focusing on only a few interventions drawing on the **complementarity** and **comparative advantages** of each institution, such as the AfDB's focus on agriculture and economic governance, and the WBG's focus on health and education.
- Given the country's location and small size, the program successfully supported **regional approaches and integration**, such as the West Africa Agricultural Productivity Program, and West Africa and Regional Communications Infrastructure Program.
- The program reflected a focus on **gender**, notably by including gender-related indicators in lending projects.

28. **The results framework was appropriately selective and generally sound at the design stage.** Overall, the JPS-2 results framework provided adequate results chains, with logical links between country goals based on PAGE Pillars, outcomes influenced by the JPS-2, and milestones associated with WBG and AfDB interventions. Most outcomes included quantifiable baselines and targets. Yet in hindsight, additional indicators would have been helpful to further assess certain outcomes, such as improvements in the business environment. Some indicators, such as in health and education, were based on infrequent or delayed surveys, which prevented their measurement in the CLR, and suggest using more frequent data sources. During the JPS-2, TTLs of key projects, such as in health and agriculture, revised project baselines and targets to reflect changing circumstances. However, the absence of a PLR prevented reflecting such revisions in the JPS-2 results framework, which is discussed in the next section.

29. **The WBG rightly identified risks to JPS-2 implementation, some of which materialized during the period.** The JPS-2 identified risks related to exogenous shocks, governance, macroeconomics, project implementation, and institutional and fiduciary capacity. The strategy noted concern about risks of policy reversals and reduced confidence in the Government's commitment to its international agreements. Anticipating these risks but also an opportunity for change, the team started the preparation of an emergency DPO during the old administration and positioned the World Bank for an eventual political and policy change, which materialized; the DPO was delivered in July 2017. Key risks that materialized during the period, which required adjusting the WBG program, are discussed below:

- a. **The Gambia experienced exogenous shocks which prompted additional WBG support.** The country experienced erratic and late-arriving rains in 2014, which led to an estimated 15 percent decline in agriculture production and a food security crisis. Though The Gambia did not have confirmed cases of Ebola Virus Disease (EVD), the outbreak in neighboring countries disrupted trade, led to a drop in tourist arrivals, and highlighted the inadequacies of the health system to address EVD. In response to such shocks, the WB included in an Additional Financing program for the MCNHRP greater support for food and nutrition security and the country's response to EVD.

- b. **The Gambia experienced a decline in quality of governance and economic management.** The exogenous shocks and unsustainable policies of the Jammeh administration, such as financing of debt by the Central Bank, fueled macroeconomic slippages. Such slippages, which manifested in early 2015 and persisted into 2016, included a widening fiscal deficit, higher public debt, and sharply rising borrowing rates. Since 2015, the monetary policy rate has remained constant at 23 percent. Deterioration in the macroeconomic policy framework prompted the WBG to cancel the planned IDA Economic Governance and Reform Grant in 2015, mainly as the proposed prior actions could not be completed. In addition, the AfDB cancelled its budget support operation in 2015, as fiscal policy slippages had contributed to delays. The Government completed a first review of an Extended Credit Facility (ECF) program with the International Monetary Fund (IMF) in mid-2013, but the ECF was declared off-track in 2014 due to policy slippages. The Government reached agreement on an IMF Staff Monitored Program (SMP) in April 2015, but this too was subsequently declared off-track later in 2015. At the end of the JPS-2 period, there was no IMF program, though the Bank was working closely with the IMF to identify the adjustment paths that could restore debt to a sustainable level.<sup>25</sup>

30. **The JPS-2 acknowledged that risks related to governance, including accountability in managing public resources, could not be fully mitigated, but proposed multi-stakeholder dialogue and participation as mitigatory actions.** Yet multi-stakeholder dialogue and engagement with non-state actors was limited during JPS-2 period, mainly due to the autocratic and repressive nature of the Jammeh government. Stakeholder responses to the WB's country opinion survey in FY15 suggest that the Bank should reach out more to groups outside of Government, and strengthen capacity development in the country.

31. **Overall, the design of the JPS-2 is rated as good.** Though the WBG could have worked with the AfDB to strengthen approaches for managing risk, the JPS-2 rightly identified key risks, and proposed a generally realistic program well aligned to government priorities at the design stage. Further, the JPS-2 integrated key lessons of previous engagement, and elucidated appropriate guiding principles for WBG engagement. The JPS-2 design was key to the WBG remaining engaged in a productive manner despite the country's fragile and volatile environment.

## 2. Implementation

---

<sup>25</sup> In the post JPS-2 period, the IMF has provided TA in macroeconomic, fiscal, and monetary areas, and in compilation of macroeconomic statistics. In June 2017, the IMF Executive Board approved emergency financial assistance under its Rapid Credit Facility (RCF) in the amount equivalent to US\$16.1 million, to enable Gambian authorities to meet urgent balance of payment needs amid recent economic shocks and the government transition. In addition, the IMF Managing Director approved a one-year SMP to guide policy implementation. Gambian authorities have expressed interest in securing medium-term support under the IMF's ECF to help maintain macroeconomic stability and make progress on inclusive growth and poverty reduction. The Government's participation in the SMP aims to build a track record toward an ECF arrangement.

**32. Funding from the WBG for the JPS-2 generally aligned with allocations at the design stage.** The JPS-2 was expected to receive an IDA-16 allocation of US\$44.7 million (SDR 29.8 million) and an IDA-17 allocation of US\$14 million. The total IDA commitment amount between FY13-16 was US\$60 million. Given the portfolio's small size and the country's fragility, the share of regional projects and trust funds was substantial in the JPS-2. As an aside, the WBG in FY17 agreed with the Government on short term support to fully use the remainder of The Gambia's IDA-17 allocation to underpin the country's resilience, both directly and by improving the Government's capacity to manage its finances. The portfolio and approval of new operations was thereafter selective, and concentrated in three main sectors—agriculture, human development (education, health and nutrition), and economic governance, which align to the pillars of JPS-2 and PAGE.

**33. Deliveries of lending projects were on track during the first two years of the JPS-2, but fell off track later amid governance and macroeconomic challenges.** The WBG delivered all planned lending for the first two years of the JPS-2, comprising two new projects in education, one in health, and one in agriculture—representing a total commitment of US\$36 million, and exceeding IDA annual commitments of the previous five years. Additionally, two regional projects were delivered in education and energy. External shocks and macroeconomic policy slippages subsequently affected program achievement. Planned budget support operations in FY15 and FY16 were dropped due to the Government's repeated policy reversals. A project on governance did not materialize in FY16 given a change in client priorities, but was replaced by Additional Financing for the IFMIS project in FY17.

**34. The quality of the JPS-2 portfolio was marginally satisfactory.** During the JPS-2 period, the national IDA portfolio comprised three active projects in FY13 (US\$30.75 million), and five active projects between FY14-16 (US\$53.74 million in FY14/15, and US\$60.24 million in FY16). Reflecting the country environment, project risk ratings were high or substantial. Country Portfolio Performance Reviews (CPPR) were held annually—except for in 2015. According to the CPPRs, portfolio performance was marginally satisfactory in implementation progress, but the portfolio was overall healthy, with only one under-performing project—the Gambia Commercial Agriculture and Value Change Management Project. Of five projects that closed during the period, the Independent Evaluation Group (IEG) rated four as Moderately Satisfactory and one—the Budget Support DPL—as Unsatisfactory. The disbursement rate of the WBG portfolio during the JPS-2 period was 30.13 percent, which was higher than averages for the Africa Region and the global portfolio.<sup>26</sup> The CPPRs highlighted several issues related to portfolio performance, such as: (i) limited capacity, including in procurement, within government institutions and PIUs; and (ii) limited access to reliable information for monitoring and evaluation.

**35. The WBG's Advisory Services and Analytics (ASA) under the JPS-2 proved useful in analyzing constraints to development and poverty reduction in The Gambia.** Analytical work informed institutional and policy reforms consistent with country priorities, and was responsive

---

<sup>26</sup> As of April 3, 2017.

to changing country circumstances. Major areas of recent focus were governance, education, fiscal management, and planning for disaster risk assessment. Other work included advice through the West Africa Economic Monetary Union (WAEMU) to improve mechanisms for enhancing budget execution, and a study on policies to foster growth to better provide the rationale for determining government priorities. A gender study on Women's Production, Consumption and Reproduction informed the preparation of the MCNHRP. The Global Facility for Disaster Reduction and Recovery (GFDRR) funded a small TA program to strengthen the capacity of the National Disaster Management Agency in disaster assessment by (i) developing an information system for disaster risk reduction, and (ii) training staff to use this system effectively for the prevention and early warning for disaster events. That said, some expected ASA activities did not materialize during the JPS-2 period, such as on statistical development, and others were delayed, notably work in social protection.

**36. During the JPS-2, IFC had limited opportunities to work with IDA in The Gambia.** Though the IFC's Risk Adjusted Return on Capital (RAROC) has been broadly positive in The Gambia, the IFC's only current direct investment in the country—the Coco Ocean hotel—is in IFC's Special Operations Unit, and the project owed US\$4.9 million to IFC as of end-2017 (the sponsor is paying only interest and default interest on each payment date). Low occupancy exacerbated by Ebola and political issues, and health issues that led the sponsors to physically leave The Gambia, impacted the hotel's financial and operation performance. Moreover, the lack of political will to promote a strong business regulations reform program, and to adopt and implement a sustained PPP agenda, limited the IFC's ability to engage in the PPP arena, which is a key entry point for WBG collaboration.

**37. Governance and macroeconomic challenges affected donor support during the JPS-period.** The Gambia remains highly dependent on external assistance—some 80 percent of the Government's development budget is financed by the international community. Donor coordination and aid effectiveness are particularly important, especially given the need to build The Gambia's resilience to external shocks. However, the deterioration in governance and economic policy reversals constrained partner engagement during the period. In 2013, The Gambia withdrew from the British Commonwealth. In 2014, after the Government failed to implement reforms, the EU delayed a Euro 150 million aid package, and the United States excluded The Gambia from its African Growth and Opportunity Act (AGOA) trade program. This impacted the achievement of JPS-2 objectives. One example is the IMF, which given repeated policy reversals, had limited engagement for most of 2015-16. As previously noted, the IMF has reengaged The Gambia in the post JPS-2 period, including by providing emergency financial assistance in June 2017 to meet urgent Balance of Payments (BOP) needs under the new Government, and approving a one year SMP to guide policy implementation.

**38. The absence of a PLR represented a missed opportunity to officially revise the WBG program, particularly the JPS-2 results matrix, to new realities, though the Bank still took steps to revise the program to emerging political and economic shocks.** The Bank began work on a PLR in 2016, which was expected to extend the JPS-2 through FY18 to allow time for the WBG to engage with a new government after the presidential elections. The PLR was expected to

recognize The Gambia's external shocks and macroeconomic slippages, and propose a greater emphasis on restoring macroeconomic stability and structural reforms through a possible DPO, and greater investments in health, energy, and education, including through second Additional Financings for the IFMIS project and MCNHRP. The PLR was expected to feature changes to the JPS-2 results matrix, namely revisions to targets based on new realities and the extended JPS-2 timeframe, and additional indicators for new projects. Yet the Bank opted to forgo a PLR given the turmoil of the election; growing instability, including the arrival of ECOWAS troops to secure Barrow's election; and the subsequent democratic transition, which ushered in space for fundamental reform. Instead, the Bank opted to reset the country engagement cycle, and develop this CLR and a CEN for FY18-21, particularly given the country's acute fragility in this momentous period. The lack of a PLR prevented revisions to the JPS-2 results framework, thus ratings in this CLR were wedded to the original targets, risking a somewhat distorted assessment of program performance. Yet the Bank took steps to adjust the program to new circumstances even without a PLR. Notably, the Bank supported an emergency DPO in FY17 to support fiscal stabilization measures and SOE reform, and followed through on AFs for the IFMIS and MCNHRP. Moving forward, the FY18-21 CEN proposes new lending in such areas as energy and education in FY18, and supports projects in later years to support macroeconomic stability as well as investment in human capital and resilience.

39. **Overall, implementation of the strategy is rated as good.** The JPS-2 performed moderately well or better in project delivery, portfolio quality, program supervision, and attention to safeguards issues. The WBG missed an opportunity to officially make mid-course corrections and updates through the preparation of a PLR, but took steps to adjust the WBG program in line with new realities.

### **III. ALIGNMENT WITH THE WORLD BANK GROUP CORPORATE GOALS**

40. **The WBG's program in The Gambia was well aligned with Corporate Goals and the WBG's regional priorities for Africa.** The JPS-2's objectives and outcomes, despite being prepared prior to the introduction of the WBG twin goals, helped to catalyze progress on poverty reduction and shared prosperity. The WBG's engagement in agriculture sought to enhance productivity and incomes of poor farmers, and projects supported improvements to the business environment and connectivity to enable inclusive growth. Activities in health sought to increase health and nutrition services for women and children amid a food security crisis, and engagement in education sought to enhance the poor's access to a quality education. The WBG's engagement dovetailed with regional priorities, such as investing in agriculture as an alternative to minerals, oil, and gas; and investing in health and education, including in Science, Technology, Engineering, and Mathematics (STEM).

### **IV. KEY LESSONS LEARNED**

41. **The review for this CLR has yielded the following country and World Bank-wide lessons:**

- **The design of WBG strategies must take due account of fragility and the broader country context.** Though JPS-2 accounted for country circumstances and identified valid risks, progress in certain sectors, such as health and education, were jeopardized by external shocks and policy slippages. The country was not considered *fragile* when the JPS-2 was prepared, but was reclassified as a fragile state in 2014. The case of The Gambia is in line with recommendations from the WDR 2011 on Fragile and Conflict-affected Situations (FCS), and validates the importance of accurately assessing a country and its fragility when determining WBG strategies that are realistic and can maximize poverty reduction. Strategies should build flexibility into project design and identify and address fragility dynamic that can persist in countries that may not be included in the Harmonized List.
- **The WBG should continue donor collaboration, but no longer support a joint strategy given its limitations.** The joint strategy approach with AfDB was initiated in 2007 to harmonize assistance in line with the 2005 Paris Declaration on Aid Effectiveness and the 2011 Busan Partnership for Development Cooperation. The Completion Report of the first JAS (2008-11) concluded that this collaborative approach was successful in improving the impact of the development efforts by the two institutions—allowing them to align their development programs, avoid duplication of efforts, and combine technical expertise. The Banks thus developed a shared platform and shared objectives for JPS-2. Yet except on budget support, the Banks’ operational coordination and joint implementation of the strategy proved weak, stymied by each institution’s separate areas of work, and high cost and efforts of maintaining coordination. Furthermore, a joint strategy approach seems less feasible given the WBG’s new country engagement procedures, and different requirements across the two institutions. Nevertheless, dialogue and close cooperation with development partners remains a key to mitigating risks, and to accelerating development outcomes.
- **Assistance from the WBG and donors should be directed at sectors important to growth of the formal private sector in The Gambia.** A recent study on policies to foster growth emphasizes that private sector growth is constrained by uncertainty of abrupt macroeconomic policy changes, difficulties in accessing finance, high costs of energy, supply issues, and transport and logistical constraints. Moreover, sectors which most significantly contribute to growth—tourism and agriculture—have major issues: tourism growth has been hampered by a short season, low prices, the outbreak of EVD in neighboring countries, and the over reliance on package tourism and tour operators. Agricultural productivity is low due to major farm input constraints, limited irrigation, difficult access to markets, and weak support services. The Gambia must continue to support access to a quality education to ensure the competitiveness of the private sector. Absent a vibrant economy and considering the country’s geographical position and population size, regional integration and cooperation continue to be extremely important for The Gambia.
- **Given the inadequate availability of quality development data for Monitoring and Evaluation (M&E), the Bank should account for such constraints when developing results matrices, and consider assistance to build The Gambia’s capacity in M&E and statistics.** The Bank should choose indicators for CPF and project results matrices that can be realistically

measured and account for the country's limited capacity in collecting, analyzing, and disseminating development data, including through poverty and other surveys.

- **The Bank should provide capacity building to PIUs, particularly to help PIU staff understand Bank procurement policies, and help integrate PIUs within the regular structures of government.** Certain activities, such as the FY11 GCP, were delayed or impeded by an inadequate understanding among PIU staff of WBG procurement procedures and broader Bank policies. The 2016 CPPR noted more needs to be done to integrate PIUs into government structures.
- **Even amid difficult circumstances, CMU teams should develop and submit a PLR to enable stock-taking of a country strategy and formalize mid-course corrections, including revisions to the results matrix.** Otherwise, the WBG program risks misalignment with changing country priorities and contexts, and program performance risks being misrepresented in the CLR.

ANNEXES

CLR Annex 1: The Gambia JPS-2 FY13-16 Results Matrix

Outcomes and Indicators	Status and Evaluation Summary	WBG Lending Operations
<b>JPS-2 Pillar 1: Enhancing productive capacity and competitiveness in order to strengthen resilience to external shocks</b>		
<p><b>Outcome 1:</b> Adoption of Diversified Production and Marketing of Selected Agricultural Commodities (AfDB only)</p> <p><u>AfDB</u></p> <ul style="list-style-type: none"> <li>- Indicator: Number of additional households engaged in food diversification through small scale fruit and vegetable production, and/or small animal husbandry. (25,000 by June 2016 from 0 in 2012)</li> </ul>	<p><i>[AfDB Indicator Outcome – Unrated/Not Verified]</i></p>	<p>N/A</p>
<p><b>Outcome 2: Adoption of improved technologies in Agriculture (WBG+AfDB)</b></p> <p><u>WBG</u></p> <ul style="list-style-type: none"> <li>• <b>Indicator:</b> Number of additional beneficiaries who have adopted technologies for enhanced agricultural productivity and storage.</li> <li>• <b>Baseline and Target:</b> 120,000 by June 2016 from 0 in June 2012</li> </ul> <p><u>AfDB</u></p> <ul style="list-style-type: none"> <li>- Incremental percentage increase in horticulture sales (≥15% in June 2015, from 0% in September 2012 relative to baseline of GMD 3,644 in January 2011)</li> </ul>	<p><b>Rating: Partially Achieved</b></p> <p><i>The target was partly met.</i> With support from the West Africa Agricultural Productivity Program (WAAPP), 69,137 producers adopted new technologies as of December 2016 (data for June 2016 is unavailable).</p>	<p><b>Emergency Agricultural Production Support Project (P143329)</b></p> <p><b>West Africa Agricultural Productivity Program (WAAPP, P122065)</b></p> <p><b>Commercial Agriculture and Value Chain Management Project (P125024)</b></p>

<p><b>Outcome 3: Improved Business Environment</b> (WBG only)</p> <p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>• <b>Indicator:</b> Cost of registering a business</li> <li>• <b>Baseline and Target:</b> &lt;140% of GNI/capita by June 2015, from 206.10% in September 2012</li> </ul>	<p><b>Rating: Mostly achieved</b></p> <p><i>The target was partially met.</i> With support of the Growth and Competitiveness Project (GCP), the cost of registering a business was reduced to 131.2% of GNI per capita in November 2014. Yet by November 2015, this cost had risen to 141.6% of GNI per capita, mainly due to a drop in GNI in the country. The GCP achieved its targeted reduction in the cost of registering a business in US dollars. Additional evidence for the outcome rating is provided in the main text.</p>	<p><b>Growth and Competitiveness Project (P114240)</b></p>
<p><b>Outcome 4: Improved Cross Border Transit Time</b> (AfDB only)</p> <p><b><u>AfDB</u></b></p> <ul style="list-style-type: none"> <li>- Reduced travel time across the Gambia River (from 79min in 2012 to &lt; 30min by 2016)</li> <li>- Reduced waiting time at borders (from 4 hrs in 2012 to 2 hrs by 2016)</li> </ul>	<p><i>[AfDB Indicator Outcome – Unrated/Not Verified]</i></p>	<p>N/A</p>
<p><b>Outcome 5: Improved Telecommunication/ Internet connectivity (WBG only)</b></p> <p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>• <b>Indicator 1:</b> Volume of international traffic: International Communications (Internet, Telecoms, and Data) bandwidth per person (kbit/per person)</li> <li>• <b>Baseline and Target:</b> 30kbit/person by December 2016, from 10kbit/person in September 2012</li> </ul>	<p><b>Rating: Achieved</b></p> <p><i>Target for Indicator 1 was met.</i> With support from WARCIP, The Gambia’s international traffic measured as bandwidth per person reached 528 kilobits per person by 2016—greatly exceeding the JPS-2 target of 30 kilobits.</p>	<p><b>West Africa Regional Communication Infrastructure Project (P122402)</b></p>

<ul style="list-style-type: none"> <li>• <b>Indicator 2:</b> Volume of available international capacity: International Communications (Internet, Telecoms, and Data) bandwidth (Gbit/s)</li> <li>• <b>Baseline and Target</b> 5.9 Gbit/s by December 2016, from .16 in September 2012</li> </ul>	<p><b>Target for Indicator 2 was met.</b> Measured as available bandwidth in Gbits per second, international capacity reached 10 Gbits by 2016—exceeding the JPS-2 target of 5.9.</p>	
<b>JPS-2 Pillar 2: Strengthening the Institutional Capacity for Economic Governance and Public Service Delivery</b>		
<p><b>Outcome 6: Improved Public Financial Management (WBG+AfDB)</b></p> <p><u>WBG</u></p> <ul style="list-style-type: none"> <li>• <b>Indicator 1:</b> Completion of public accounts reconciliation within 30 days of the end of the month for at least 12 months in a row by June 2016 (Target).</li> <li>• <b>Indicator 2:</b> Time needed for Public Accounts Committee’s completion of review of latest audit reports.</li> <li>• <b>Baseline and Target:</b> within 12 months of receipt from the NAO by June 2016, from &gt;12 months in 2011</li> <li>• <b>Indicator 3:</b> Number of procurement organizations compliant with the Gambia Public Procurement Act, as reflected in annual Gambia Public Procurement Agency report.</li> <li>• <b>Baseline and Target:</b> 9 by end-2015, from 0 in 2012</li> </ul> <p>(No AfDB Indicator)</p>	<p><b>Rating: Partially Achieved</b></p> <p><b>Target for Indicator 1 was met.</b> As of June 2016, the reconciliation of Government accounts has been done within 30 days for 12 months.</p> <p><b>Target for Indicator 2 was met.</b> By 2016, the maximum time needed for the Public Accounts Committee to complete review of audit reports was 2 months.</p> <p><b>Target for Indicator 3 was unconfirmed due to data limitations.</b> However, the IFMIS project assisted organizations to implement procurement under a decentralized procurement system under the Public Procurement Act (PPA).</p>	<p>IFMIS – AF (IFMIS: P117275; AF-P132881)</p> <p><b>Budget Support</b></p> <p><b>Public Accounts Committee TA (IDF)</b></p>

<p><b>Outcome 7:</b> Improved quality of learning outcomes for basic education (WBG only)</p> <p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>• <b>Indicator 1:</b> % of teachers whose attendance is over 90% in 2016 by region, from 75% in 2012</li> <li>• <b>Baseline and Target:</b> details on regional baseline and target values will be available upon approval of new operation.</li> <li>• <b>Indicator 2, Baseline and Target:</b> % of students reaching the minimum literacy standard on grade 3 National Assessment Test (NAT) reaches 43% in 2016 (Target), disaggregated by gender, from 36.7%, in 2012 (Baseline)</li> </ul>	<p><b>Rating: Achieved</b></p> <p><b>The target for Indicator 1 was met.</b> Teacher attendance reached 95% by 2016 in areas targeted by the READ project.</p> <p><b>The target for Indicator 2 was met in aggregate.</b> The percentage of students reaching the minimum literacy standard on the grade 3 National Assessment Test (NAT) reached 43.4% in 2017. Scores for 2016 are not available as the Government opted during the JPS-2 period to no longer conduct grade 3 NATs annually, but biennially. The share of female students reaching this standard rose from 35.3 percent in 2012 to 45.1 percent in 2017. The share of male students rose from 36.3 percent to 41.5 percent.</p>	<p><b>Third Education Phase 2 (P077903)</b></p> <p><b>READ: Results for Education Achievement and Development Project (P133079); EFA-FTI (P115427)</b></p> <p><b>Africa Higher Education Centers of Excellence (P126974)</b></p> <p><b>Community Driven Development (CDD) component sanitation (of Commercial Agriculture &amp; Rural Dev. P.,)</b></p>
<p><b>Outcome 8:</b> Improved nutrition and health services for women and children (WBG only)</p> <p><b><u>WBG</u></b></p> <ul style="list-style-type: none"> <li>• <b>Indicator 1:</b> Proportion of births assisted by skilled personnel</li> <li>• <b>Baseline and Target:</b> 65 percent by June 2016, from 57% in 2012</li> </ul>	<p><b>Rating: Mostly Achieved</b></p> <p><b>Note:</b> Indicators 1 and 2 are based on national household survey data, but an expected survey in 2016 was not completed, and the next national survey is not expected until 2018/2019. However, the MCNHRP made good progress on related measures, justifying a mostly achieved rating.</p> <p><b>Target for Indicator 1 on a national level could not be verified as data is only available for 2013.</b> However, the MCNHRP achieved an increase in such births from 8,885 in 2013 to 15,315 by 2016.</p>	<p><b>Rapid Response Nutrition Security Improvement (P121509)</b></p> <p><b>Maternal and Child Nutrition and Health Results Project (MCNHRP, P143650; AF: P154007)</b></p> <p><b>Community-based nutrition and health-care services (RBF)</b></p>

<ul style="list-style-type: none"> <li>• <b>Indicator 2:</b> Exclusive breastfeeding rate in the first six months (i.e., proportion of children 0-6 months exclusively breastfed in the last 24 hours)</li> <li>• <b>Baseline and Target:</b> 40 percent by June 2016, from 34% in 2012</li>   <li>• <b>Indicator 3:</b> Prevalence of anemia in children under five</li> <li>• <b>Baseline and Target:</b> 52% by June 2016, from 62% in 2012</li> </ul>	<p><b>Target for Indicator 2 was met.</b> The MCNHRP helped to increase the share of children under six months exclusively breastfed from 34 percent in 2012 to 49 percent in 2016—surpassing the JPS-2 target of 40 percent.</p> <p><b>Target for Indicator 3 could not be verified.</b> However, the MCNHRP supported progress on related measures, such as increases in pregnant women receiving iron supplements; children under the age of 24 months benefitting from improved feeding; and children under the age of five treated for malnutrition.</p>	
---	--	--

## CLR Annex 2: Planned Versus Actual Lending Deliveries

(The following table covers only the WBG portion of JPS-2; unforeseen lending projects are *italicized*)

FY	Project Name	Plan US\$ Million	Comments	Actual US\$ million
<b>Projects Approved Before JPS-2 Period</b>				
FY06	Third Education Project Phase II	13.5m IDA	Closed December 2013	13.5m IDA / 10.7 TF
FY10	Integrated Financial Management Information System (IFMIS) Project	5.25 IDA	Received AFin 2014 and 2017	5.25m per original plan, plus 5m AF in 2014 and 5m 2AF in 2017
FY10	BEIA-Promotion of Improved Biomass Vesto Stoves	0.15m TF	Closed September 2012	0.15m TF (BEIA)
FY10	Support of NGO Network TANGO	0.2 TF	Closed December 2012	0.2 TF (JSDF)
FY10	Education for All Project EFA-FTI	28m TF	Closed September 2013	28m TF (GPE)
FY11	Rapid Response Nutrition Security Improvement Project	3m TF	Closed July 2013	3m TF (RSR)
FY11	Integrated Biodiversity Management Project	1m TF	Closed May 2014	1m TF (GEF)
FY11	IDF for Civil Service Reform	0.48m TF	Closed May 2014	0.48m TF (IDF)
FY11	West Africa Regional Communications Infrastructure Project-WARCIP (Regional)	35m IDA	The Gambia-portion closed December 2016	35m IDA
FY11	West Africa Agricultural Productivity Program APL-WAAPP (Regional)	7m IDA	The Gambia-portion closed in [December 2016?]; received AF in February 2017	7 million IDA/ 5 million TF
FY12	Emergency Agricultural Production Support Project	3m TF	Closed June 2015	2.85m TF (JSDF)
FY12	Teaching Physics and Mathematics (pilot p.)	0.49m TF	Closed November 2015	0.49m TF (JSDF)
FY12	Growth and Competitiveness Project	11m IDA	Closed December 2015	11.76m IDA
<b>Projects Approved During CPS Period*</b>				
FY13	Emergency Agricultural Production Support Project	3m TF	Approved May 2012 Closed June 2015	2.85m(JSDF)
FY14	Commercial Agriculture and Value Chain Management (CAVCM) Project	8m	Approved March 2014	8.72m (IDA Grant) plus 7.2m (IDA Credit)
FY14	Budget Support 2 (IDA)	5m	Dropped	Dropped
FY14	IFMIS Additional Financing including Energy ESW (IDA)	5m	Approved September 2013	5m
FY14	Maternal and Child Nutrition and Health Results (MCNHR)	2m IDA / 5m RBF	Approved March 2014	3.68m IDA Grant 5m MTTFHRI
FY14	CDD component /CARDP (IDA)	6m	Dropped	Dropped
FY14	Results for Education Achievement and Development (READ) Project**	12.7m IDA 6.9 TF (GPE)	Approved March 2014	11.9m IDA 6.9m TF (GPE)

FY14	Additional Financing—IFMIS	5m	<i>Additional Financing—not foreseen in JPS-2</i>	5m
FY14	<i>Africa Centers for Excellence</i>	<i>n/a</i>	<i>Approved in March 2014</i>	<i>2m IDA Credit 1m IDA Franr</i>
FY15	<i>Additional Financing-- MCNHR</i>	<i>n/a</i>	<i>Additional Financing</i>	<i>5m</i>
FY15	<i>OMVG Interconnection Project</i>	<i>n/a</i>	<i>Regional project not foreseen in JPS-2</i>	<i>47m</i>
FY15	Gambia Electricity Support Project	8m	Moved to FY16	18.5m
FY15	Budget Support 3 (IDA)	6m	Dropped	Dropped
FY16	Budget Support 4 (IDA)	6m	Dropped	Dropped
FY16	Regional	1m	Dropped	Dropped
FY16	Governance, incl. private sector governance, debt management, PFM (IDA)	7m	Dropped	Dropped
<b>Overall Support FY13-17 for Indicative Projects (both IDA and TF)</b>		<b>86.6m</b>		<b>129.75m</b>

Source: JPS-2 document, Operations Portal, and Business Intelligence

\* Table is based on indicative Lending Table on page 25 of JPS-2.

\*\*Original title in the JPS-2 was Education Sector Support Project

### CLR Annex 3: WB Planned and Delivered ASA (FY13-16)

Proposed ASA/TA	PO Number	FY	Status
Financial Sector TA (FIRST)	N/A	FY13	Delivered
Improving Parental Investment in Children	P129344	FY14	Delivered
National Language Pilot TA	N/A	FY14	Dropped
Statistics TA	P146017	FY14	Dropped
Improving Land Sector Governance in The Gambia: Implementation of LGAF	P154656	FY14	Dropped
Customs Assessment Trade Toolkit	P144475	FY14	Dropped
Medium-Term Debt Strategy (MTDS)	P126900	FY14	Delivered
Multi-Sector Study on sources of Growth	P133061	FY15	Delivered
Energy sector diagnostic study	N/A	FY15	Dropped
PPP Development TA (PPIAF)	N/A	FY15	Dropped
The Gambia Supporting IFRS Implementation in the Financial Sector	P130228	FY15	Delivered
The Gambia Follow up Reform Plan	P144582	FY15	Delivered
The Gambia: DeMPA follow-up	P150789	FY15	Delivered
The Gambia: Impact Evaluation- Whole school development & grants	P110689	FY15	Delivered
Health RBF impact evaluation	P149035	FY15	Ongoing Completion expected in FY19
National Disaster Risk Assessment and Strengthening TA	P133303	FY16	Delivered
Boosting budget execution in West Africa Economic and Monetary Union(WAEMU) countries (regional)	N/A	FY16	Delivered
Debt Management TA	P151648	FY16	Delivered
Poverty Monitoring TA	P152846	FY16	Dropped
Gambia Education PER	P153483	FY16	Delivered in FY17
Gambia Risk and Resilience Assessment	P163176	FY16	Delivered in FY17
Public Expenditure and Financial Accountability (PEFA) Assessment	N/A	Unspecified	Delivered

<b>Proposed ASA/TA</b>	<b>PO Number</b>	<b>FY</b>	<b>Status</b>
Trade Logistics TA	N/A	Unspecified	Dropped
HD Policy Dialogue	N/A	Unspecified	Incorporated into lending
Strengthening Public Accounts & Public Enterprise Committee TA (IDF)	P144005	Unspecified	Delivered in FY17
Social protection TA	P163738	Unspecified	Initiated FY17, Closure expected in FY19
The Gambia: Social Safety Nets Diagnostic	P161936	Unspecified	Initiated in FY17 Closure expected in FY18

Source: JPS-2 document, Operations Portal, and Business Intelligence

#### CLR Annex 4: World Bank Portfolio Performance Selected Indicators (FY13-16)

Data as of	FY10	FY11	FY12	FY13	FY14	FY15	FY16
<b>Portfolio and Disbursements</b>							
Active Projects (Number)	4	5	5	3	5	5	5
Net Commitments Amount (US\$, m)	66.26	66.26	64.75	30.75	53.74	53.74	60.24
Total Disbursements (US\$, m)	24.06	31.51	41.50	22.32	18.30	25.23	25.13
Total Undisbursed Balance (US\$, m)	42.92	36.35	24.30	9.52	36.47	26.27	33.50
Disbursements in FY (US\$, m)	13.82	17.49	14.79	5.79	9.49	6.94	9.30
Disbursement Ratio for IPF only %	123.3	42.5	44.5	37.8	106.5	20.9	39.0
IBRD/IDA Disbursements Ratio	56.2	44.9	20.4	37.8	106.5	20.9	39.0
<b>Slow Disbursements (%)</b>	0.0	20.0	0.0	0.0	0.0	0.0	0.0
<b>Portfolio Riskiness</b>							
Actual Problem Project (Number)	0	0	0	0	0	1	0
Problem Project (%)	0.0	0.0	0.0	0.0	0.0	20.0	0.0
Potential Problem Projects	0	0	0	0	0	0	0
Projects at Risk (#)	0	0	0	0	0	1	0
Projects at Risk (%)	0.0	0.0	0.0	0.0	0.0	20.0	0.0
Commitments at Risk (US\$, m)	.00	.00	.00	.00	.00	15.92	.00
Commitments at Risk (%)	0.0	0.0	0.0	0.0	0.0	29.6	0.0
Proactivity (%)	100						100.0

Source: Business Intelligence, Portfolio Trends (FY10-16).

### ANNEX 3: MAIN DONORS AND PARTNERS IN THE GAMBIA

- 1. The EU** is one of the main donors in The Gambia. The EU's total allocation to the country under the 11<sup>th</sup> European Development Fund (EDF) for the period 2014–2020 was set at €150 million. The initial envelope of €33 million for the first phase of the EU-The Gambia National Indicative Program (NIP) 2015-2016 supported agriculture, food security, nutrition, and the transport sector. The allocation for the second phase NIP for 2017-2020 amounts to €117 million, and focuses on the following three sectors: (i) governance, rule of law and security; (ii) inclusive sustainable growth and job creation; and (iii) renewable energy, climate change, and infrastructure.
- 2. The IMF's engagement** in The Gambia encompasses surveillance, concessional financing and policy support, and capacity development. On June 26, 2017, the IMF Executive Board approved emergency financial assistance under the RCF in the amount equivalent to US\$16.1 million, to enable Gambian authorities to meet the country's urgent balance of payment needs. In addition, the IMF Managing Director approved a one-year staff-monitored program (SMP) to guide policy implementation. To address fiscal risks and reduce debt vulnerabilities, the IMF provides TA to refine The Gambia's Medium-term Debt Management Strategy (MDTS) and lengthen the maturity of domestic debt. It also supports The Gambia in mobilizing additional highly concessional financing to help achieve and foster debt sustainability over the medium term. The IMF's assistance with capacity building focuses on national accounts and price statistics; PFM; debt management; taxation administration and policy; monetary policy and operations; risk-based financial supervision; and payments systems operations and oversight.
- 3. The UN System**, represented by 14 residents and nine non-resident agencies, is guided by the 2017-2020 United Nations Development Assistance Framework (UNDAF, with a total indicative budget of US\$227 million). It is focused on the following priority areas: (i) strengthening economic management for poverty eradication; (ii) promoting good governance and the rule of law; (ii) developing human capital; and (iii) sustainable management of natural resources and the environment.
- 4. The AfDB's** active portfolio in The Gambia comprises eleven operations of approximately US\$172 million. The portfolio includes the Trans-Gambia Bridge project valued at US\$91 million; and one private sector operation amounting to US\$8.2 million.
- 5.** In December 2017, the **Millennium Challenge Corporation's** (MCC) Board of Directors selected The Gambia as eligible for its threshold program to reduce poverty and promote economic growth. The MCC delegation conducted its first visit in January to launch the program development process. As the first step, the MCC and the Government will jointly conduct a rigorous economic analysis— "Constraints to Economic Growth Analysis"—to determine the most significant factors constraining growth in the country. This analysis will inform the development of MCC projects under the threshold program.

## ANNEX 4: INDICATORS OF WORLD BANK PORTFOLIO PERFORMANCE AND MANAGEMENT

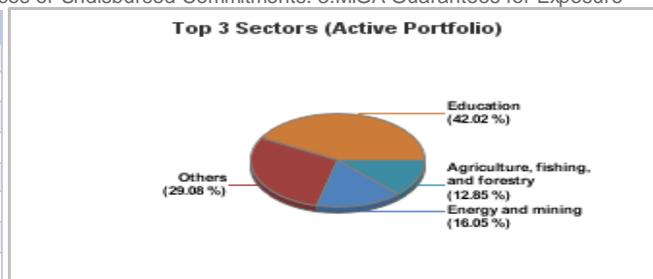
Population (millions) (2016)	2.0	IDA, Blend or IBRD	IDA
GNI (\$billions) (Atlas) (2016)	0.9	IDA 16 allocation(SDR)	
GNI per capita (\$) (2016)	430.0	% Change over IDA15	
GDP growth (%) (2016)	2.2%	Inflation Rate (%) (2016)	7.2%

Ranking in Doing Business Report (2017) ▲ 146 \* Data as of : May 08, 2018 <sup>4</sup> IBRD/IDA Exposure Data as of: Sep 30, 2018

WBG	Net Commitments/Committed (\$m) *	Undisbursed (\$m) *	Exposure (total sums disbursed & outstanding)(\$m)
IBRD	0.0 <sup>1</sup>	0.0	
IDA	115.2 <sup>1</sup>	46.7	103.4 <sup>4</sup>
IFC	5.7 <sup>2</sup>	0.0	5.7
MIGA			
<b>World Bank Group</b>	<b>120.9</b>	<b>46.7</b>	<b>109.1</b>

1.Net Commitments for active portfolio projects. 2.Outstanding balances or Undisbursed Commitments. 3.MIGA Guarantees for Exposure

IBRD/IDA	
Net Commitments(\$m)	# of projects in portfolio
115.2	6
Disbursements in FY18 (\$m)	% Undisbursed
85.5	40.5
# projects in FY18 pipeline	Of which Approved (YTD) (#)
2	1
Commitments(\$m) in FY18 pipeline	Of which Approved (YTD) (\$m)
71.0	30.0



World Bank Data as of : May 08, 2018

Current IFC Committed Portfolio												
IFC's own account (\$m USD)									Syndicated (\$m USD)		IFC AMC (\$m USD)	
Loan		Equity		Quasi Equity (LN & ET)		GT (incl. Trade Fin) and Risk Mam		IFC Total	B-Loan		Quasi Equity (LN & ET)	
Exposure	Cmtd	Exposure	Cmtd	Exposure	Cmtd	Exposure	Cmtd	Cmtd	Exposure	Cmtd	Exposure	Cmtd
5.7	5.7	0.0	0.0	0.0	0.0	0.0	0.0	5.7	0.0	0.0		
IFC Investment Business - Top 5 Sectors (IFC Committed \$m USD)						IFC Advisory Services - Business lines (\$m USD funds managed)						
4	Accommodation & Tourism Services					5.7						
6	All others					0.0						
<b>Total</b>						<b>5.7</b>						

IFC Data as of : Apr 30, 2018

MIGA		
	Currently Active	Total
# of Projects Guaranteed for Investment		
Guarantees Gross Exposure (\$m)		
Guarantees - Top Sectors		

MIGA Data as of : May 08, 2018

**ANNEX 5: THE GAMBIA OPERATIONS PORTFOLIO**  
(as of May 9, 2018)

**National IDA Portfolio**

Project Name	Date, Board App	Rev Closing	Proj Age Yrs	Net Comm Amt (\$m)	Tot Disb (\$m)	Tot Undisb Bal (\$m)	% Disb
GM - Results for Education Achievement and Development Project (READ)	03/06/2014	08/31/2018	4.2	19.40	18.97	0.00	97.8%
GM - Education Sector Support Program	03/28/2018	12/31/2022	0.1	30.00	0.00	29.95	0.0%
GM - Electricity Support Project	05/10/2016	05/31/2021	2.0	18.50	17.21	1.82	93.0%
GM - Commercial Agriculture & Value Chain Project	03/18/2014	11/30/2019	4.1	15.92	13.39	1.19	84.1%
GM - Integrated Financial Management Information System (IFMIS)	06/01/2010	12/31/2019	7.9	15.24	9.45	5.92	62.0%
GM - Maternal and Child Nutrition and Health Results Project	03/21/2014	07/31/2021	4.1	16.18	8.60	7.85	53.2%
<b>Total</b>				<b>115.24</b>	<b>67.63</b>	<b>46.72</b>	<b>58.7%</b>

**Regional IDA Portfolio**

Project	Approved Amount	Percent Disbursed	Approval Date	Effective Date	Closing	Disbursed	Undisbursed
West Africa Regional Fisheries Program Phase 2 in Cabo Verde, The Gambia, Guinea Bissau and Senegal	1,475,000.00	44%	05/15/2017	05/31/2017	06/30/2018	646,557.20	828,442.80
OMVG Interconnection Project	47,000,000.00	7%	04/29/2015	06/14/2016	06/30/2022	3,177,007.60	44,739,634.40
Africa Higher Education Centers of Excellence Project	2,000,000.00	93%	04/15/2014	09/02/2014	12/31/2018	1,726,082.70	138,936.30
Africa Higher Education Centers of Excellence Project	1,000,000.00	91%	04/15/2014	09/02/2014	12/31/2018	907,100.00	93,273.10
	51,475,000.00	13%				6,456,747.50	45,800,286.60

**Advisory Services and Analytics**

- Social Safety Nets Diagnostic (FY18)
- The Gambia Strategic Program for Climate Resilience (FY18)
- PER of the Security Sector (FY18)
- The Gambia ICT Sector Reform (FY18)
- Public Expenditure Review (PER) in Education (FY18)
- National AML/CFT Risk Assessment (FY19)
- Agriculture Engagement Note (FY19)
- Support for Designing a Basic Social Safety Net in The Gambia (FY19)
- Health RBF Impact Evaluation (FY19)
- Sources of Growth Study (FY19)
- The Gambia MTDS (FY19)
- Competitive Industries and Innovation Program (CIIP) (FY19)
- Banjul Flood Risk Assessment and Urban Resilience Investment Plan (FY20)
- The Gambia Banking Supervision, Resolution, and Crisis Preparedness (FY20)
- Finance, Competitiveness and Innovation for Inclusive Growth (FY20)

## ANNEX 6: IFC INVESTMENT PORTFOLIO

<b>Client</b>	<b>IFC Group Sector</b>	<b>Committed Portfolio</b>
Coconut Company	Tourism, Retail, Construction & Real Estates (TRP)	5.7
<b>Total</b>		<b>5.7</b>

## ANNEX 7: MAP OF THE GAMBIA

