International Monetary Fund

The Gambia and the IMF

Press Release:
IMF Executive Board Approves US$10.8 Million Disbursement Under the Rapid Credit Facility for The Gambia
April 2, 2015

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The Gambia: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

March 4, 2015

Letter of Intent

Banjul, The Gambia
March 4, 2015

Ms. Christine Lagarde
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Ms. Lagarde:

1. The regional Ebola outbreak has had a major impact on The Gambia's balance of payments and fiscal outlook. Although The Gambia remains Ebola free, we are facing an urgent balance of payments need triggered by the shock's impact on tourism. The fiscal impact of the shock, at a time when we were dealing with fiscal pressures from legacy problems of key public enterprises and some policy slippages, has pushed off track the economic and financial programme supported by the Extended Credit Facility (ECF) that was approved by the IMF's Executive Board on May 25, 2012. We need urgent financial assistance to help us cope with the shock, but recognize that it will not be possible to complete any further reviews under the ECF. Accordingly, as detailed below, we would like to request support under the Rapid Credit Facility (RCF) and notify our decision to cancel the ECF arrangement effective immediately prior to the approval of the RCF disbursement.

2. Our immediate priority is to restore macroeconomic stability and bring policy implementation back on track. To this end, we are committed to implementing strong upfront fiscal measures, taking steps to put the public utility companies on a sound financial footing expeditiously, and safeguarding foreign exchange reserves. To assist us in fulfilling the pressing priority, we are counting on the financial support from the international community, which is necessary to cope with the acute impact of the shock. We are asking the IMF to provide immediate support in the form of a disbursement under the RCF in an amount equivalent to 25 percent of quota, or SDR 7.775 million that would be disbursed to the Central Bank of The Gambia (CBG). The CBG will then on-lend SDR 5.67 million to the Government for budgetary support.

3. We are interested in a successor ECF arrangement to help maintain economic stability and make progress towards inclusive growth and poverty reduction over the medium term. We recognize the need to re-establish a track record of strong policy implementation before moving to a new arrangement. We will need close engagement with the IMF staff to guide policy implementation and articulate medium-term adjustment measures during 2015. Therefore, we

request that IMF staff monitors the implementation of our economic programme covering the period March 2015 to March 2016.

4. The attached Memorandum of Economic and Financial Policies (MEFP) describes the policies that we plan to implement during the year 2015. It emphasizes policies—particularly fiscal policy and public enterprise reforms—that will enable us to obtain rapid results to address our chronic fiscal problems and restore confidence in economic policies. In turn, this will also help stabilize our balance of payments position. The Government has revived a high level economic committee comprised of the Vice-President, the Secretary General and Minister for Presidential Affairs, the Minister of Finance and the Governor of the CBG to provide the political leadership required to ensure that the programme remains on track.

5. We believe that the policies and measures included in this MEFP are adequate to achieve the objectives of our programme, but we will take any further measures that may become appropriate for this purpose. We will consult with the IMF staff prior to any revisions to the policies contained in the MEFP, in accordance with the IMF's policies on such consultations. We will continue to provide to the IMF staff on a timely basis the information required to monitor accurately the staff-monitored programme. We will fully cooperate with the IMF to achieve our policy objectives, and undertake furthermore not to introduce measures to compound the current balance of payments difficulties in The Gambia, including but not limited to an introduction or intensification of exchange and trade restrictions. The CBG will undergo a safeguards assessment before a successor IMF arrangement is in place. We will authorize the external auditors of the CBG to share relevant documents and hold discussions with the IMF staff.

6. The Gambian authorities agree to the publication of this Letter of Intent (LOI) and the attached MEFP and Technical Memorandum of Understanding (TMU), as well as the IMF staff report related to the request for a disbursement under the RCF and the proposed staff-monitored programme. We hereby authorize their publication and posting on the IMF website after approval by the Executive Board of the IMF.

Sincerely yours,

/s/	/s/
Kebba Touray	Amadou Colley
Minister of Finance and Economic Affairs	Governor, Central Bank of The Gambia

Attachments:

1. Memorandum on Economic and Financial Policies (MEFP)
2. Technical Memorandum of Understanding (TMU)

Attachment I: Memorandum of Economic and Financial Policies

Introduction

1. Context. We are facing an urgent balance of payments need due to a shock to agriculture and the impact of the regional Ebola outbreak on tourism. The fiscal impact of the shocks, policy slippages, and quasi-fiscal spending to support the public utility, have rendered the end-2014 targets of our informally monitored program out of reach. We understand that the 2nd ECF review could not have been completed before the ECF was to expire in May 2015 and we notify our decision to cancel the ECF arrangement as noted in our letter. We recognize that there is an urgent need to bring policy implementation back on track. We request the IMF's support under the RCF to cope with the acute impact of the external shocks. In addition, we are also requesting that IMF staff monitors the implementation of our economic program covering the period March 2015 to March 2016 to help us undertake the needed policy corrections.

2. This memorandum lays out the Gambian authorities' economic program and reform agenda for the period ahead.

Recent Economic Developments

3. Macroeconomic developments in 2014 have been impacted considerably by the external shocks. With erratic rainfall during the summer, some 15 percent of the crop will be lost according to the pre-harvest report. Furthermore, although The Gambia is still Ebola free, the impact of the regional outbreak is expected to cut by more than half tourism receipts for the 2014/15 season. Thus, real GDP is estimated to have declined by ¼ percent in 2014 and the recovery in 2015 is projected to be dampened. This has led to pressures on the dalasi since the end of June, with the currency depreciating by 7.8 percent against the U.S. dollar in the second half of 2014. The level of net international reserves declined to $68¼ million by end-December 2014 from US$113 million at end-June. The rate of annual inflation picked up to 7 percent in January 2015 from around 5½ percent in earlier months.

4. We took a number of steps to improve policy implementation during 2014:

- *Fiscal policy.* We liberalized fuel imports and introduced a new fuel pricing structure with higher pump prices on July 1, 2014. Fuel subsidies, which led to a sizable revenue loss in the past, were completely eliminated in September 2014. Strategic planning exercises in compliance with the MTEF have also been rolled over to other Ministries beyond those included in the initial pilot exercise and five ministries have completed their strategic plans. Going forward these strategic plans will inform the budget process as we move into the program-based budgeting.

- *Monetary and exchange rate policy.* We continued to pursue a flexible exchange rate regime and maintained a tight monetary policy stance to support macroeconomic and exchange rate stability following the period when the government rescinded the exchange directives in October 2013. In particular, the CBG increased the rediscount rate to 22 percent at the beginning of August 2014, kept the reserve requirements at 15 percent, and tightened the permissible foreign exchange net open position of commercial banks.

- *High-level Economic Council (HILEC).* The HILEC, comprised of the Vice President, the Minister of Finance and Economic Affairs, the Governor of the CBG, and the Secretary General of the Office of the President, was revived in order to take on a more active role in strengthening the monitoring of policy implementation. Its procedures and protocols were established at end-2013. Since then, meetings have been held regularly, and minutes of some meetings shared with the IMF staff.

5. However, the external shocks, policy slippages, and persistent financial difficulties in the public utility company, have pushed our end-2014 targets out of reach. Significant emergency spending (5¼ percent of GDP) on the National Water and Electricity Company (NAWEC), The Gambia Telecommunication (GAMTEL), and The Gambia Groundnut Corporation's (GGC) behalf for the reasons described below, weighed heavily on the government's finances. In addition, other unbudgeted spending (1¼ percent of GDP), together with the expected revenue loss and spending related to the external shocks (¾ percent of GDP), non-receipt of budget support from World Bank and African Development Bank (1 percent of GDP), as well as some other factors pushed up the government's net domestic borrowing (NDB) to some 12¼ percent of GDP in 2014. This significantly exceeded the 2¾ percent of GDP targeted under our informally monitored program. Commercial banks' capacity to finance the budget is largely tapped out and the government's NDB is being monetized by the central bank (CBG). T-bill rates remain at very high levels of 14-19 percent. The level of public debt had risen to 100 percent of GDP by end-2014.

6. A number of factors contributed to the public enterprises falling into financial distress in 2014.

- The national telecom and mobile operator (GAMTEL/GAMCEL) has been constrained in the implementation of their annual activities (including investment) in 2014 by debt service payments of short-term loans from the Domestic Money Banks (DMBs) amounting to GMD 614 million. As a consequence they were unable to meet their long-term loan repayment obligations, which Government had to intervene to settle on their behalf given the fact that Government is the guarantor of the long-term loan.

- The Gambia Groundnut Corporation (GGC) in 2014 had a consignment of their export returned as a result of not meeting quality standards. The product has been re-processed and will be re-exported in due course. In the interim, Government intervened to settle a payment on their behalf as result of the expected funds from the sale of groundnut products not realized. The amount paid on behalf of GGC will be reimbursed to the budget and a repeat of such payment by Government is not expected in 2015 as GGC is now better equipped to check quality prior to exporting.

7. The still on-going regional Ebola outbreak is having a considerable impact on our external accounts and budget. Although The Gambia is still Ebola free, the tourists are avoiding the entire region and regional transit trade is also being disrupted. We estimate that the two external shocks' negative net BOP impact will reach $12 million in 2014 and $28 million in 2015, after taking into account of the positive impact of lower international oil price.[1] We were able to contain the budgetary impact of the Ebola outbreak in 2014 to GMD 7 million (in addition to a contribution of $1 million to Ebola affected countries as part of The Gambia's contribution to the African Union initiative). In 2015, we have made a budget allocation of GMD 86 million to meet expenditures related to the shock.

8. In the absence of strong corrective measures and/or substantial external support, the Government's NDB in 2015 will rise to an unsustainable level. In particular, due to the fiscal impact of the shocks and the very high levels of domestic interest payments, even if all discretionary expenditures are held constant in real terms, the NDB in 2015 could reach 6½ percent of GDP. We recognize that, under such a scenario, T-bill rates will fail to decline from the already elevated levels, or even rise further, pushing public debt onto an unsustainable path.

Macroeconomic Policies and Structural Reforms for 2015 and the Medium Term

A. Main Macroeconomic Objectives

9. We are committed to pursuing prudent macroeconomic policies to restore macro-stability and boost growth. Fiscal and monetary policies will be targeted to keeping inflation under control, and the CBG will steadily build up gross international reserves with the aim of achieving about 5 months of import coverage in the medium term. Prudent macroeconomic policies and structural reforms should help establish a firm basis for real GDP growth. While growth in 2014, impacted by the delayed rains and the regional Ebola outbreak, is likely to contract by ¼ percent, the subsequent recovery in agriculture and tourism should push up real GDP growth to 5–8¾ percent during 2015–17. With good implementation and sound financing of our Program for Accelerated Growth and Employment (*PAGE)* and infrastructure projects, including structural reforms in telecommunications and the energy sector, there is some upside potential for longer-term growth rates, currently expected at about 5½ percent. Restraint on the Government's NDB in 2015 is expected to help safeguard exchange rate stability and ease pressure on T-bill yields and domestic borrowing costs, thus creating space for *PAGE*-related spending to promote growth and social objectives, as well as for private sector credit growth.

B. Policy Objectives

Fiscal policies to safeguard the NDB target in 2015

[1] Regional Ebola outbreak is estimated to lower tourism receipts by $15 million in 2014 and $46 million in 2015, while lower international oil price is estimated to lower imports by $3 million in 2014 and $18 million in 2015.

10. The Government will limit its NDB needs to 1 percent of GDP in 2015. As T-bill rates have hovered stubbornly at elevated levels for 18 months and the domestic debt ratio had reached 45 percent of GDP at end-2014, domestic interest payments alone will consume more than one-third of the Government's revenue in 2015. We understand that achieving this ambitious NDB target in 2015 is a necessary step to lower the T-bill rates. We will implement strong fiscal measures, both on the revenue and expenditure sides. These have been incorporated in the 2015 budget (see ¶10-11 below). We will also take steps to put NAWEC on a sound financial footing expeditiously, and seek substantial amounts of donor assistance.

11. To achieve the NDB target for 2015, we will aim to raise revenue collection relative to the 2014 outturn by about 1½ percent of GDP. To this end, we intend to maintain pump prices for fuel at the increased levels that were set in September 2014 despite falling international oil prices in the context of eliminating the fuel subsidy. In light of the substantial decline in global fuel prices since then, this will entail a significant increase in the government's tax collection from fuel. Achieving the revenue target will also require the pursuit of improvements in tax administration, as envisaged at the time of the 1st review under the ECF arrangement. In the course of 2015, we will complete the process of amending the legislation that provided the authority to grant tax incentives to the Ministry of Trade and Industry (based on the advice of the designated inter-agency committee as provided for under the GIEPA Act), and transferred that authority to the Minister of Finance and Economic Affairs. For any new tax incentive under consideration, the near and medium-term tax revenue implications will be presented to the Minister of Finance and Economic Affairs. It is our intention to ensure that any new tax incentive, should it entail an adverse impact on revenue, will only be approved if a similarly near-term spending cut or revenue increase can be identified.

12. We have also introduced the following revenue measures to shore up the 2015 NDB target (saving impact of each measure is in parenthesis):

- Reforming of energy and telecom sectors (see ¶16 and ¶19 below), including to enhance VAT and company tax collections from SOEs. (GMD 172 million.
- We have introduced a levy of GMD 1 per liter for Road Maintenance Fund. (GMD 88 million)
- We have increased the import levy on premix oil from GMD 4.76 per liter to GMD 11.42 per liter. (GMD 60 million).
- Raising the GSM levy from 1.25 percent to 2.5 percent. (GMD 33 million)
- Increasing excise tax and environment tax on cigarettes and tobacco products. (GMD 25 million)
- Introducing 35 percent levy on imported poultry products. (GMD 15 million)

- Sales of 200 government plots. (GMD 226 million)[2]

13. The Government will also take strong measures on the expenditure side:

- *Streamlining expenditures.* We will pursue aggressively avenues to streamline spending. To this end, we have begun implementing the plan to downsize our embassies with expected savings of about GMD 80 million in 2015. We have introduced a new, streamlined, and stricter travel policy for civil servants (GMD 60 million). In addition, we will introduce a comprehensive vehicle policy, including a freeze on purchases of new cars in 2015, disposal of all older government vehicles, and identifying designated garages with whom we will sign maintenance and repair contracts. We expect to generate savings on maintenance and running costs of GMD 50 million.

- *Expenditure controls and budget process.* Starting on April 1, 2015, all cash management functions will be transferred to the Directorate of the National Treasury, while the Budget Directorate will be responsible for cash allocation to further strengthen the cash-budgeting approach to control spending. We intend to complete the strategic planning exercise in all ministries by 2016 to facilitate more efficient allocation of scarce public resources. We will continue to strictly adhere to a zero ceiling on unbudgeted spending, and implement concrete measures to minimize abuses and inefficiencies in the system.

- *No domestic arrears accumulation.* We will not accumulate domestic arrears in 2015 as they would violate the spirit and objectives of the NDB targets. We will also, by end-June 2015, institutionalize a mechanism for monitoring, reporting and evaluating domestic arrears, and implement it to determine the stock of arrears at end-2014.

14. To complement our fiscal adjustment efforts in 2015, we are engaging with donors to step up external budget support. The 2015 budget assumes receipt of external budget support amounting to about $30 million. Of this, discussions are advanced on grants of $11.2 million from the World Bank and $4.5 million from the African Development Bank (AfDB). We also intend to use $8 million from the RCF proceeds of $11¼ million for budget support.

15. We have established a contingency mechanism to protect the NDB target for 2015. Specifically, we have identified Government spending programs in the 2015 budget amounting to GMD 423 billion (see Table 3) that could potentially be canceled or postponed, in case the revenue or budget support grant fall short of our expectation. Implementation of these programs will not begin until the level of budget support assumed in the 2015 budget has been firmed up. In deciding which programs in this list to be canceled or postponed if needed, we will stick to our principle to protect the poorest segmentation of the population.

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[2] This measure was originally planned to be implemented in 2014.

Energy and water sectors' reforms

16. We are developing a comprehensive strategy to address the quasi-fiscal costs associated with NAWEC's financial distress. In 2015, NAWEC cash flow will benefit from the second installment of the ECOWAS grant amounting to $12½ million, and the fuel prices which are significantly lower than those in 2014. With a view to closing the remaining cash flow gap to a manageable level and put the utility on sound financial footing, we are implementing the following additional measures:

- *Revenue increase*. We have increased average electricity tariffs by 12 percent, and increased average water tariffs by 14 percent starting February 1, 2015. In addition, the Government is committed to support NAWEC's efforts to reduce the level of uncollectable bills from 15 percent to 10 percent of sale revenue. To this end, we have taken steps to move some remaining budget entities from post-paid to pre-paid power plans, and we will ensure regularly and timely payments of utility bills of the budget institutions that will remain on post-paid power plans by prohibiting virement of budget allocations for electricity and water bills. We will also introduce in July 2015 a levy of GMD10 on each bill issued by NAWEC to partly cover for the payment of street lights. Review of NAWEC tariff conditions will be conducted on semi-annually basis.

- *Cost reduction and control*. NAWEC is implementing tight budgetary controls in 2015, including by eliminating all new vacancies in the budget. As part of the Rural Electrification Extension Project, financed by the ECOWAS Bank for Investment and Development (EBID), NAWEC is currently installing two Heavy Fuel Engines in two provincial towns to drastically minimize the high costs of diesel for the existing plants. Under the same project, we plan to reduce the number of Power Plants in the Provinces from six to two by running a transmission line to link the smaller Power stations to the two major ones for operational efficiency. NAWEC will continue to subject all major procurements to competitive bidding especially for fuel, lubricating oil and machinery.

- *Restructuring of liabilities*. We have already started to take some actions towards establishing a financially viable and efficient public utility. In particular, we have reached preliminary agreement with commercial banks on the terms under which NAWEC will service its restructured debt (including banks' exposure to NAWEC's main supplier). The Boards of all but two banks have ratified the agreement. We are also in discussions with one of NAWEC's main supplier (the Euro-Africa Group) on an agreement to restructure its direct claims on the utility. Reconciliation of cross-claims/debts between NAWEC and government, as well as with other public entities, will be finalized by end- April 2015 and the implementation of an offsetting arrangement will follow thereafter.

- *Medium-term reform. F*or the medium-term, a complete restructuring of the utility will be needed to make it financially viable. With the assistance of the World Bank, we have engaged a consultant to prepare a comprehensive energy strategy that will provide a roadmap to address NAWEC's problems and restructure the energy sector. Based on the consultant's initial findings, and in collaboration with World Bank's staff, we have prepared a time-bound plan of key actions that will be required over the next two years and will adopt comprehensive energy and water sectoral strategies once the full report of the consultant is ready. The Government is also committed to ensuring that PURA fulfills its role as a strong and independent regulator.

- *Mobilization of financing.* For 2016, we expect that some grant financing will be needed and we are pursuing a number of different options to secure such assistance, including a request to ECOWAS to renew their grant. A loan amounting to about US$45 million has been secured from EXIM Bank of India to finance the restructuring of the power and water sectors. We have also significantly advanced our discussions with the World Bank on an energy sector loan to finance critical investments for power generation, transport and distribution network, and building institutional capacity in the sector. A donor round table will be organized by end-June 2015, which will provide an opportunity to present our strategies, mobilize additional financing and improve coordination of various interventions.

Medium-term measures to secure fiscal sustainability and enhance growth potential

17. We will target the NDB at or below ½ percent of GDP in 2016 and beyond, in line with our medium-term objective envisaged in the PAGE 2012–15. We recognize that the stepped-up external budget support in 2015 is one-off and additional saving measures on top of those implemented in 2015 would be needed to shore up the NDB target in 2016 and beyond. During the course of 2015, we will articulate measures for deeper restructuring of the budget. In particular, with the help of the World Bank, we will work out civil service reform measures by end-June 2015. We will consult with the Fund staff later in 2015 to discuss the list of fiscal consolidation measures to be implemented starting in 2016. We will postpone the implementation of the minimum wage policy, which will cost 0.4 percent of GDP, until such time as the civil service reform measures produce offsetting savings.

18. Over the medium term, the Government also intends to reform business taxation to enhance the business environment. To provide key inputs to simplify and rationalize business taxation, the Government will initiate a detailed study on tax expenditures during the second half of 2015 with the help of technical assistance from the Fund. Eliminating the numerous "nuisance" business fees currently in place in the medium term would make The Gambia a more attractive destination for foreign direct investment. To replace the revenue loss associated with this measure in the future, the Government will update the basis for property valuations used in the property tax by end-December 2015.

19. We are aiming at improving the business environment and strengthening project design and execution capacity to take full advantage of major infrastructure projects.

- Bandwidth capacity for international telecommunications has increased dramatically. In this context, building on the findings of the strategic study we conducted with assistance from the World Bank, the Government will complete within one year, and submit to the World Bank, a detailed time-bound action plan setting out steps and policies to achieving substantially improved performance of the telecommunications sector over the next three years. The envisaged reform efforts will include: (i) liberalizing the international voice gateway; (ii) promoting open access to telecommunications infrastructure and acceleration of broadband access; (iii) privatizing GAMCEL to a selected strategic investor; (iv) repositioning GAMTEL in the local telephony market; and (v) modernizing the regulatory and institutional frameworks for the telecommunications sector to reflect international best practice.

- We recognize that while these medium-term measures are being formulated and implemented, there is a need to operate GAMTEL/GAMCEL in a manner that will ensure it does not have an impact on the 2015 government spending. To ensure that the problems experienced in 2014 do not re-occur in 2015, GAMTEL/GAMCEL will not undertake any major investment during 2015. Government has made it categorically clear to GAMTEL/GAMCEL that it will not settle any of their external obligations and that they should raise within their budget the necessary funds needed to settle any external debt obligations. Government has also rejected application from GAMTEL for short-term financing arrangements in 2015.

- The AfDB has recently approved over $100 million in grants to build the Trans-Gambia River Bridge. Given the limited budget resources, private sector participation would be necessary to implement this major infrastructure project in a timely manner. To strengthen the capacity to design and negotiate public-private partnerships (PPPs), the government has made the PPP unit in the MOFEA operational. The Government is working closely with a coordinated group of development partners to make the most of the donors' support in agriculture and water management—about $130 million has been committed by development partners to support this effort. This will create the opportunity to introduce commercialization of agriculture and attract private investment into the sector to achieve the objectives of Vision 2016.

20. Prudent debt management is needed to manage the risks associated with a large public debt while meeting the financing needs of investment plans identified in the PAGE. Improved information exchange between the relevant departments of MoFEA and the CBG on both domestic and external debt will lead to better forecasting of interest payments. The Government recently started to compile the database on the debt and contingent liabilities of state-owned enterprises (SOEs), including liabilities not guaranteed by the Government. The Government will continue to seek external grants and concessional loans to finance public investment with a minimum grant element of 35 percent. We will not incur any new external payments arrears and will not contract or guarantee any new non-concessional external debt or any external debt with original maturity of one year or less. We will also ensure that in case any fiscal costs related to NAWEC, GAMTEL/GAMCEL, GGC, or any other SOEs arise in 2015 and beyond, it will be met by additional resources or savings in other areas. To this end, the Government will articulate contingency measures by end-June 2015 to create the necessary savings in the 2015 budget to help meet the NDB target. The MoFEA will monitor the cash flow of NAWEC, GAMTEL/GAMCEL, and GGC on a monthly basis starting in January 2015. This will serve as an early warning mechanism to protect the NDB target.

Pursue price stability, maintain a flexible exchange rate, and strengthen CBG independence

21. We are committed to continue implementing a flexible exchange rate policy and a monetary policy which aims at price stability. The CBG will intervene in the market only to ensure orderly market conditions. If necessary, the CBG may enter the market to obtain foreign exchange to meet its targets for international reserves.[3] The CBG will continue to (i) use a money targeting framework to pursue its price stability objective (inflation at or below 5 percent by end-2015 and thereafter); (ii) use its rediscount rate to signal changes in the policy stance; and (iii) actively monitor energy and food prices. We will monitor average daily reserve money, with a view to shifting to an average daily reserve money target by [end-December 2015], once an effective market tool for managing daily liquidity is available and fully tested, and control over fiscal policy implementation has been re-established. Monetary policy in 2015 will aim at limiting growth in average reserve money and broad money to 16¼ percent and14 percent, respectively.

22. Curbing the monetization of government deficits is of paramount importance, but other challenges remain. The Government will continue adhering to a zero limit, on a monthly basis, on new credit from the central bank at below-market interest rates and adhere strictly to the schedule for payments of principal and interest on CBG-held government securities (see Table 1). We also need to strengthen the independence of the CBG, continue improving liquidity forecasting and management, and empower the CBG to proactively set a consistent and predictable path for monetary policy and liquidity. To this end, the MoFEA will regularly participate with the CBG in the meetings of the interagency committee to improve liquidity forecasting. The existence of a working tool for daily liquidity management and durable exit from fiscal dominance will allow the CBG to start targeting average daily reserve money by end-2015, and to gradually switch to a fortnightly schedule for T-bill auctions by end-2015, making auctions more competitive and helping to lower interest rates.

Strengthen Financial Sector Stability and Support Private Sector Credit Growth

23. The immediate priority is to set a strategy to deal with recently intervened banks. In May 2014, two financially distressed banks were seized by the CBG but with limited impact on financial stability. One of the banks has been returned to its owners after they injected additional capital, reimbursed the CBG, and agreed to implement a turnaround strategy under CBG's supervision. This incident appears to have not contributed to a loss of confidence in the banking sector. While the other bank remains under the CBG's control, a detailed time-bound plan with

[3] The CBG will continue to closely monitor the foreign exchange market in order to limit the potential size of deviation of the rate at auction dates from the official market rate. To this end, the CBG will introduce an official foreign exchange monitoring mechanism and will communicate the latter with the IMF on a quarterly basis.

clear benchmarks for the CBG to divest from this bank will be adopted by the CBG and Government by end-March 2015. Essentially, our strategy, which will be encapsulated in the action plan entails separating the bad assets of the bank and then offering the remaining "good bank" for sale. Steps taken to improve the efficiency of the bank have resulted in its returning to profitability and we intend to use its audited financial statement for 2015 as a basis to establish an initial asking price for the bank. To help recovery of the assets in the bad bank, we expect to set up a special purpose vehicle by end-June 2015.

24. To ensure financial sector stability going forward, the CBG is pursuing a series of structural reforms. Loan classification and provisioning rules have already been tightened by introducing a new category of "special mention loans", which capture loans that are 30–90 days past due, with a provisioning rate of 5 percent in 2013. With this measure, the CBG believes that its provisioning rules are adequate. The capacity for macro-prudential analysis, including stress testing, will continue to be enhanced to ensure that banks' capital and liquidity buffers are assessed correctly and timely. A new credit risk stress-testing model is being developed with MCM assistance and in-house TA sessions will be provided in early 2015.

25. Continuous capacity building of CBG's supervisory staff is absolutely critical for keeping pace with a rapidly changing banking system. The CBG will continue to maintain adequate staffing levels and provide training for the staff of the Financial Supervision Department (FSD), with a particular focus on IT-related needs. The launching of the new automated system, the V-RegCoss, for the electronic filing of regulatory returns will improve the speed and accuracy of the FSD staff in validating regulatory returns. This will free-up staff resources that will be shifted to on-site supervision.

26. Policies to increase access to private sector investment are underway. The very high interest rates on loans from commercial banks are not only due to crowding out by the public sector, but also to high reserve requirements, high overheads, and legal and institutional difficulties in recovering loans and realizing collateral. To increase access to credit for the private sector, the CBG is working with other stakeholders, such as the Ministry of Finance and Economic Affairs, the Ministry of Trade, Regional Integration and Employment and the Ministry of Justice, on developing a Collateral Registry. The Security Interest in Movable Assets Act was passed into law by the National Assembly, and assented to by the President in October 2014. The Law took effect from January 1, 2015. The infrastructure for the registry is in place and will be fully operational by end of March 2015.

C. Improve the Quality of Macroeconomic Statistics

27. We keep improving the quality of macroeconomic statistics which are a key component of the economic development of The Gambia:

- *Staffing and resources*. The Government has allocated more resources for GBoS to enable the Bureau to recruit and train more staff. The conduct of an economic census and an establishment survey has been budgeted under the World Bank's IFMIS and Trust Fund for

Statistical Capacity Building (TFSCB) project proposal. The economic census was carried out in November/December 2014 and the establishment survey has been scheduled for April 2015 in order to capture 2013 business operations for benchmarking GPD estimates. CBG also plans to re-build staffing levels and continuously build up capacity in the BOP unit at the Economic Research Department, in line with recommendations from IMF technical assistance.

- *Collaboration.* Under the MoFEA leadership, the joint IFIs (IMF, World Bank, AfDB and IFAD) and UNDP initiative to improve national accounts in The Gambia will help to focus attention among the National Account stakeholders (GBoS, CBG, MOFEA and the line ministries) on improving inter-agency collaboration on improving national accounts. Line ministries will contribute to the development of sectoral statistics, particularly in agriculture, health, education, transport, and construction through the timely submission to GBoS of all necessary data. MOFEA, GBoS, Gambian Tourist Board, Ministry of Agriculture, GRA, and CBG will improve collaboration on the production and sharing of administrative data for input into the national accounts.

- *Data availability and standardization.* The National Accounts unit at GBoS has developed GDP estimates by the expenditure approach, which will be disseminated by June 2015. GBoS, CBG, the GRA's Customs and Excise Department, and the National Transport Union will resume holding regular quarterly meetings on re-exports, in order to standardize procedures and reports for border stations. The procedures and reports for border stations will be standardized by end-March 2015, with a particular focus on recording re-exports correctly and consistently

D. Progress on Poverty Reduction and Key Strategic Directions

28. The Government reform agenda continues to be based on the country's national blueprints, the Vision 2020 long-term development plan and the medium-term Program for Accelerated Growth and Employment (PAGE). The PAGE, approved in 2012 through a participative process involving all national stakeholders, aims to accelerate and sustain economic growth and development while creating employment opportunities for Gambians in order to improve their socio-economic conditions. The PAGE mid-term review emphasized the urgent needs to restore macroeconomic stability to strengthen the foundation for achieving PAGE goals. Given the expensive nature and other macroeconomic effects of domestic debt financing, our macroeconomic framework for implementation under the Staff Monitored Program (SMP) seeks to reduce the government borrowing needs. In this regard, we expect to generate fiscal savings from lower interest costs—that could eventually be redirected to spending on PAGE priorities—and to ease crowding out of the private sector. Since The Gambia is a small open economy that is vulnerable to wide range of external shocks, the requested access under the RCF will support our efforts to rebuild international reserves buffers, which serve as a shock absorber.

29. A new National Development Plan (NDP) to succeed the PAGE will cover the period 2017-2020 to coincide with the last phase of our Vision 2020. The formulation period for the successor program will start in 2015 and be finalized by mid 2016 to feed into the 2017 budget. This will allow the plan to benefit from the findings of the Integrated Households Living Conditions Survey (IHS) being conducted in 2015 and subsequent analytical studies. The Ministry of Finance and Economic Affairs (MoFEA) will prepare an addendum, informed by the Midterm Evaluation (MTE) of the PAGE, to guide poverty reduction efforts in 2016. As the year 2020 is nearing, the transition period will also offers an opportunity to take stocks of progress so far in the implementation of the Vision 2020 goals, strategically realign our policy actions under the PAGE and its successor NDP with the Vision 2020's main pillars, and along form a strong basis for the design of the next long-term development cycle.

Table 1. The Gambia: Schedule of Payments on Government Securities Held by the CBG Due by End-2015

(in GMD million)

	30-year Bond		10-year Bond		Perpetual	Advance to the government 1/	
Due date	principal	interest	principal	interest	interest	principal	interest
JANUARY 30,2015						55.78	55.78
MARCH 1,2015	30.42	51.40					
JUNE 30,2015			10.42	3.75	6.25		
JULY 30,2015						55.78	54.39
SEPTEMBER 1,2015	30.42	50.41					
DECEMBER 30,2015			10.42	3.43	6.25		

1/ Both the interest and Principal repayments on CBG Advance to Government is proposed to be converted to a 20-Year Bond. So the interest and the principal repayments shown here were based on the proposed 20-Year Bond, and it is yet to be converted to a 20-year Bond.

Table 2: The Gambia: Proposed Quantitative Targets under a Staff-Monitored Program

(Stocks; unless otherwise indicated)

	Mar. 2015 Proposed	Jun. 2015 Proposed	Sep. 2015 Proposed	Dec. 2015 Proposed
Indicative quantitative targets				
1. Ceiling on net domestic borrowing of the central government (cumulative flows from the beginning of the calendar year, GMD millions)[1]	103	-510	-158	386
2. Ceiling on the stock of net domestic assets of the central bank (GMD millions, TMU exchange rates)	5,099	5,075	4,887	5,345
3. Floor on the stock of net usable international reserves of the central bank (USD millions, TMU exchange rates)[2 3]	70.2	77.7	77.5	74.6
4. Continuous ceiling on new external payments arrears of the central government (USD millions)	0	0	0	0
5. Continuous ceiling on new nonconcessional external debt contracted or guaranteed by the central government (USD millions)[4]	28	28	28	28
6. Continuous ceiling on the outstanding stock of external public debt with original maturity of one year or less (USD millions)	0	0	0	0
7. Monthly ceiling on central bank credit to the central government at non-market terms (GMD millions)[5]	0	0	0	0
8. Floor on poverty-reducing expenditures (cumulative flows from the beginning of the calendar year, GMD millions)	1,149	2,874	3,736	5,747

[1] The proposed targets to be adjusted by the dalasi equivalent of the shortfall of the receipts of the external budget support grants.
[2] The proposed targets to be adjusted by the US dollar equivalent of the shortfall of the receipts of the external budget support grants.
[3] Measured at the TMU exchange rates, which was revised at the beginning of 2013 (see TMU of the MEFP for the 1st ECF review).
[4] The non-zero limit starting in December 2012 is tied to a specific loan financing a specific project, as defined in the TMU.
[5] Zero ceiling applies to outstanding credits (for example, overdrafts) at non market terms as of the end of each month during the quarter.

Table 3: Expenditure Items/Programs that Could Be Delayed or Cut Back Should Fiscal Shocks Occurs in 2015

Table 3. Expenditure items/programs that could be delayed or cut back should fiscal shocks occurs in 2015

	Name of Ministry and Institutions	Projects	Budget 2015	Amount delayed
				Dalasi
1	**Ministry of H/Edu, Research,Science&Tech**			**215,000,000**
	i. University of The Gambia Campus Project	Schools, Laboratories and Facilities	207,333,333	170,000,000
	i. University of The Gambia Campus Project	Furniture and Fittings	10,000,000	5,000,000
	ii. Technical and Vocational Education & Training-ROC	Schools, Laboratories and Facilities	50,000,000	40,000,000
2	**Ministry of Transport, Works & Infrastructure**			**38,000,000**
	Road Transport Management	Transfers to Development Fund	88,000,000	38,000,000
3	**Ministry of Basic and Secondary Educatio**			**33,000,000**
	Third Education Sector Project -Special Programmes	Schools, Laboratories and Facilities	10,000,000	5,000,000
	Third Edu Sector Proj-Phase 2 Expansion	Other Major Rehabilitation Works	10,000,000	5,000,000
	Third Edu. Sector Proj-In-Service Teacher Training	Training	18,000,000	10,000,000
	Third Education Sector Project - Girl's Education	Specialized and Technical Materials	10,000,000	5,000,000
	Third Education Sector Project - Girl's Education	Improving the Quality of Teach&Learning	13,000,000	8,000,000
4	**Ministry of Agriculutre**			**30,000,000**
	Regional Agricultural Directorate	Land Levelling and Fencing	60,000,000	30,000,000
5	**Ministry of Enviroment, Climate Change, Water Resources and Wildlife**			**5,000,000**
	Construction of Office Building	Construction of Office Building	5,000,000	**5,000,000**
6	**Ministry of Health and Social Welfare**			**20,000,000**
	Reproductive And Family Health Program	Support to Local organisation (RCH Commo	100,000,000	20,000,000
7	**Office of the President**			**3,500,000**
	Office of the Vice President	Construction Of Office Buildings	3,500,000	3,500,000
8	**Gambia Embassy-South Africa**			**18,047,210**
9	**Not Filling Vacancy Position**			**60,000,000**
	Total			**422,547,210**

Table 4. The Gambia: Proposed Structural Agenda, 2015

	Measures	Implementation Date
	I. Strengthen Expenditure Controls/ Budget Preparation	
I.	Transfer all cash management functions to the Directorate of the National Treasury.	End-March 2015
II.	Submit the strategic plans of three more line ministries to the Cabinet.	End-June 2015
III.	Institutionalize a mechanism for monitoring and reporting of domestic arrears and for evaluation and valuation of the stock of arrears for 2013 and every end of each year starting 2014.	End-June 2015
	II. Strengthen Revenue Collection	
IV.	Update the basis for property valuations used in the property tax	End-December 2015
	III. Shore up Medium-term Fiscal Sustainability	
V.	Complete the database on debt and contingent liabilities of State Owned Enterprises (SOEs)	End-December 2015
VI.	Increase the water and electricity tariff in line with PURA's recommendations.	February 2015
VII.	Submit a policy note outlining medium-term reform strategy on telecommunication sector to the World Bank.	End-April 2015
VIII.	Articulate a civil service reform plan with a view to starting implementation in 2016.	End-June 2015
	IV. Strengthen Monetary Operations and Financial Intermediation	
IX.	Submit to the National Assembly amendments to the Banking Act 2009	End-June 2015
X.	Submit to the National Assembly amendments to the CBG Act	End-June 2015
XI.	Adopt a time bound action plan to implement a strategy for the CBG to terminate its ownership position in Keystone Bank	End-March 2015

Attachment II: Technical Memorandum of Understanding

Introduction

This memorandum sets out the understandings between the Gambian authorities and the staff of the International Monetary Fund (IMF) regarding the definitions of quantitative indicative targets, and structural benchmarks that will be used to monitor under the staff-monitored program (SMP) covering the period of the year 2015. It also sets out the related reporting requirements and describes the adjusters that will be applied to certain quantitative targets of the program.

Quantitative Targets

A. Net Domestic Borrowing of the Central Government

1. **Definition:** The *net domestic borrowing* of the Central Government is defined as the change in net claims on the Central Government by the domestic monetary sector (monetary authorities and deposit money banks) plus the change in the discounted value of domestic government securities held by the non-monetary sector. Net domestic borrowing also covers the change in any other net claims on the Central Government by the domestic non-monetary sector, as well as the change in government arrears on domestic debt service obligations. Central Government excludes local and regional governments and public enterprises. In computing the net domestic borrowing of the Central Government, changes in the balances of the project accounts listed in Table 1 will be excluded.

2. **Adjuster:** The quarterly NDB targets for each quarter will be adjusted downward/upward by the excess/shortfall of the dalasi equivalent of the total budget support grants received in that quarter relative to the program forecasts for the quarter as specified in the table below.

Program forecasts of external budget support grants in 2015
(flow in each quarter, in millions of US dollars)

2015			
Q1	Q2	Q3	Q4
0	15.7	6.2	0

3. **Supporting material:** Reporting on net domestic borrowing will form part of the consolidated budget report described in paragraph 29 below.

B. Net Domestic Assets of the Central Bank

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

5. For program monitoring purposes, in the calculation of the net domestic assets of the CBG, foreign assets and liabilities will be converted at the prevailing end-of-period market exchange rates for end-December 2014: 45.28 GMD/USD, 1.21 USD/EUR, 1.56 USD/GBP, 1.01 USD/CHF, 1.45 USD/SDR. Foreign assets and liabilities denominated in other currencies will be converted into U.S. dollars at the prevailing end-of-period market exchange rates for December 2014, and then into dalasi at the rate listed above. These are accounting exchange rates only and should not be construed as projections.

6. **Supporting material:** Net domestic assets of the central bank will be transmitted as part of the balance sheet of the CBG (compiled based on the TMU rates) on a monthly basis within four weeks of the end of each smonth. For analytical purposes, the balance sheet of the CBG compiled on a current-rate basis will alo be submitted.

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

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

8. For program monitoring purposes, in the calculation of the net usable international reserves of the CBG, foreign assets and liabilities will be converted at the exchange rates listed in paragraph 6 above.

Program forecasts of external budget support grants in 2015
(flow in each quarter, in millions of US dollars)

2015			
Q1	Q2	Q3	Q4
0	15.7	6.2	0

9. **Adjuster:** The quarterly NIR targets for each quarter will be adjusted downward/upward by the US dollar equivalent of the shortfall/excess of total budget support grants received in that quarter relative to the program forecasts for the quarter as specified in the table below.

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

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

D. New External Payments Arrears of the Central Government

12. **Definition:** External payments arrears are defined as the stock of external arrears on loans contracted or guaranteed by the Central Government, except on debts subject to rescheduling or a stock of debt operation. Debts subject to rescheduling include debts covered under traditional mechanisms (bilateral creditors, such as the Paris Club members) or the enhanced HIPC Initiative. External payments arrears occur when undisputed interest and amortization payments on the above-referenced loans are not made within the terms of the debt contract or in conformity with the terms for interim relief provided under the enhanced HIPC Initiative. This performance criterion will be assessed on a continuous basis.

13. **Supporting material:** An accounting of non-reschedulable external arrears (if any) by creditor countries, with detailed explanations, will be transmitted on a monthly basis within four weeks of the end of each month. This accounting would include, separately, arrears owed by the Central Government and other public sector entities to Paris Club and non-Paris-Club creditors.

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

14. **Definition:** This target refers to new non-concessional external debt contracted or guaranteed by the Central Government denominated in any currency other than the Gambian Dalasi. It applies not only to debt as defined in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted by the Executive Board of the IMF on August 3, 1979 (Decision

No. 6230–(79/140), as amended by Decision No. 14415–(09/91), but also to commitments contracted or guaranteed for which value has not been received. Loans or purchases from the IMF and debts with a grant element of at least 35 percent [1]are excluded from this target. This performance criterion will be assessed on a continuous basis.

15. **Supporting material:** A comprehensive record, including a loan-by-loan accounting of all new concessional and non-concessional debt contracted or guaranteed by the Central Government with detailed explanations, will be transmitted on a quarterly basis within four weeks of the end of each quarter. Non-concessional external debt includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on non-concessional terms.

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

16. **Definition**: This target refers to the stock of outstanding external public sector debt with original maturity of one year or less, owed or guaranteed by the public sector.[2] Public sector consists of the Central Government and regional governments and other public agencies, including the central bank. Normal import-related credits are excluded from this target.

17. **Supporting material:** A comprehensive record of all external debt with original maturity of less than one year owed or contracted by the public sector, with detailed explanations, will be transmitted on a quarterly basis within four weeks of the end of each quarter.

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

18. **Definition**: This target refers to the consolidated balance on the Treasury Expenditure Account, the Consolidated Revenue Fund, and other revenue accounts. It also covers all gross claims on the Central Government on the balance sheet of the central bank, with terms (including maturity and yield) materially different from the ones prevailing in the market for Treasury bills and bonds around the time of acquisition of these claims. The target also covers any overdue payments of principal and interest on Central Government securities held by the central bank. This performance criterion will be assessed at the end of each month.

[1] To be considered concessional under this arrangement, a loan should have a grant element of at least 35 percent, calculated using the discount rate at 5 percent.

[2] The term "debt" has the meaning set forth in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt, adopted by the Executive Board of the IMF on August 3, 1979 (Decision No. 6230–(79/140), as amended by Decision No. 14415–(09/91). "Domestic debt" is defined as debt denominated in Gambian dalasi, while "external debt" is defined as debt denominated in any currency other than the Gambian dalasi.

19. **Supporting material:** Reporting on new central bank credit to the government at non-market terms will form part of the monetary sector data described in paragraphs 31 and 32 below.

H. Total Government Revenues

20. **Definition:** Total government revenues are defined as the sum of tax revenues and non-tax revenues. External grants are not included. Revenue from the ECOWAS Community Levy is not included.

21. **Supporting material:** Reporting on total government revenues will form part of the consolidated budget report described in paragraph 29 below.

I. Poverty-Reducing Expenditures

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

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

J. Average Daily Reserve Money

24. **Definition:** Reserve money is defined as the sum of currency issued by the CBG (i.e., currency in circulation) and the deposits of commercial banks at the CBG. This indicative target applies to the monthly average of the daily stocks of reserve money.

25. **Supporting material:** See paragraph 33 below.

Other Data Requirements and Reporting Standards

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

K. Prices

27. The monthly disaggregated consumer price index, including weights for each major category, with August 2004 = 100, will be transmitted within three weeks of the end of each month.

L. Government Accounts Data

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

29. End-week data on net domestic borrowing (including data on the project accounts listed in Table 1) will be transmitted weekly within five business days of the end of each week.

M. Monetary Sector Data

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

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

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

N. Treasury Bill Market and Interbank Money Market

33. Weekly data on the amounts offered and issued, net issuance, over/under subscription, and yields (interest rates) of the various instruments will be transmitted on a weekly basis within five business days of the end of each week. Data on treasury bills outstanding (both at face value and at discounted value, and including information on the distribution by bank and non-bank holders) will be transmitted on a monthly basis within six weeks of the end of each month. The weekly Short-Term Liquidity Forecast will be transmitted following each meeting of the Treasury Bills Committee. The monthly Liquidity Management Report, reflecting the data as of the last working day of the month, will be transmitted within seven days after the end of each month. Three-month ahead forecasts of T-bill auctions, broken down by date and maturity, will be transmitted on a monthly basis.

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

O. External Sector Data

35. The CBG will also forward within four weeks of the end of each month, data on transactions in official reserves. Further, the CBG will forward the foreign exchange liquidity forecast following each meeting of the Foreign Reserves Management Committee.

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

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

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

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

K. Public Enterprises' Data

40. The MOFEA will forward within four weeks of the end of each month, data on monthly cash flow of NAWEC, GAMTEL, GAMCEL and GGC.

41. The MOFEA will forward within four weeks of the end of each month, data on the stock of consolidated Central Government's stock of payment arrears to NAWEC at the end of each month.

Table 1. The Gambia: List of Projects Accounts at the CBD Excluded from the Calculation of NDB

Account number	Account name
1101000124	Livestock Development Project
1101000306	Small Scale Water Ctl. Project
1101001633	UNICEF PRIMARY EDUC. PROJECT]
1101001822	ENERGY INSFRASTRUCTURE (ROC)
1101002692	IDA 3RD EDUC PHASE II GLF
1101002881	Proj.Impl.Mngmt A/C PIMA
1101003039	INST.SUPPORT PROJ.ECON/FIN.G...
1101003125	Livestock H/Development Proj.
1101003204	WORLD BK DEV. POLICY OP.ACCO
1101003527	IFMIS PHASE II
1103000654	LOWER BASIC EDUC.SUPP.PROJ
1103000908	SDF (EPMDP) PROJECT
1103000915	SDF (EPMDP) CREDIT FUNDS
1103000939	IDA 3RD EDUCATIO PHASE(II)
1103001008	IFAD RURAL FINANCE PROJ. USD
1103001053	INST. SUPPORT ECON/FIN GOV A/C
1103001118	IDB/GOTG WATER SUPPLY PROJECT
1103001156	Livestock H/Development Proj.
1103001259	Education for All-Fast Track II
1103001266	GAMBIA ARTISANAL FISHERIES
1103001280	LIVESTOCK H/Development Proj.(IFAD)
1103001297	IDB SUPPORTED MALARIA PROJECT
1103001307	IFMIS II
1103001321	GCP
1103000685	Global Fund/Malaria
1109000058	Global Fund Round 8 HIV/AIDS
1103001345	GLOBAL FUND TUBERCULOSES RND 9
1103001314	GAMBIA EMERGENCY AGRIC. PRO
1103000702	EDUC FOR FAST TRACK INITIATIVE
1103001046	Proj.Impl.Mngmt.A/C PIMA