

INTERNATIONAL MONETARY FUND
INTERNATIONAL DEVELOPMENT ASSOCIATION
THE GAMBIA
**Enhanced Heavily Indebted Poor Countries (HIPC)
Initiative—Preliminary Document**

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| | Page |
|---|------|
| I. Introduction..... | 3 |
| II. Eligibility for HIPC Initiative Assistance..... | 3 |
| III. Summary Debt Sustainability Analysis and Possible HIPC Assistance | 6 |
| IV. Decision and Floating Completion Points..... | 8 |
| V. Issues for Discussion..... | 10 |
| Boxes | |
| 1. Possible Triggers for a Floating Completion Point | 9 |
| Tables | |
| 1. Summary of Poverty Rates, 1992-1998..... | 4 |
| 2. Key Macro-Economic Indicators, 1990-1999 | 5 |
| 3. Selected Economic and Financial Indicators, 1995/96–2003 | 11 |
| 4. Nominal and Present Value of External Debt Outstanding at End-1999 by Creditor Group..... | 12 |
| 5. Estimated HIPC Initiative Assistance | 13 |
| 6. Discount Rate and Exchange Rate Assumptions | 14 |

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| | Page |
|--|------|
| 7. The Net Present Value of Debt After Full Use of Traditional Debt-Relief Mechanisms, 1999–2019 | 15 |
| 8. External Debt Service Before and After Traditional Debt Relief, 2000–2019 | 16 |
| Annexes | |
| 1. Main Assumptions for the DSA | 17 |
| 2. Main Economic Objectives and Outcomes Under the PRGF-Supported Program, 1998–2001 | 18 |
| 3. Selected Poverty and Living Standard Indicators, 1993–99 | 19 |

I. INTRODUCTION

1. This paper presents a preliminary assessment of The Gambia's eligibility for assistance under the Enhanced Initiative for Heavily Indebted Poor Countries (HIPC).
2. Since the mid-1980s, The Gambia has pursued economic reform programs supported by the IMF and IDA. The focus of policy reform in recent years has been to restore macroeconomic stability, supported by improvements in the fiscal position, and liberalize domestic markets and external trade, so as to establish a basis for sustained growth within which poverty reduction can be achieved. However, The Gambia remains one of the poorest countries in the world, and faces an unsustainable debt burden. After the full application of the traditional debt-relief mechanism (i.e., Naples stock-of-debt operation), the net present value (NPV) of debt would be US\$251 million at end-1999, equivalent to 211 percent of exports of goods and nonfactor services and 325 percent of government revenues.

II. ELIGIBILITY FOR HIPC INITIATIVE ASSISTANCE

3. **PRGF and IDA Status.** The Gambia is currently a Poverty Reduction and Growth Facility (PRGF)-eligible and IDA-only country, with a per capita GDP of about US\$340 in 1997. The Gambia ranks 161st (out of 174 countries) in terms of the United Nations Development Program 2000 Human Development Index, with a life expectancy of 53 years and an illiteracy rate of 65 percent in 1998. The most recent household survey, dated 1998, reveals that 69 percent of the Gambian population (estimated at 1.3 million) lives in poverty and 51 percent in extreme poverty.² Projections indicate that The Gambia's per capita GDP would increase to about US\$500 by 2019. In the medium term, The Gambia will continue to need substantial international concessional assistance and is likely to remain a PRGF-eligible and IDA-only country.
4. **Poverty and social development.** Poverty is widespread in The Gambia as defined by the poverty line, and in terms of other dimensions, such as food security, access to basic services and assets, and powerlessness, as defined by the poor. The Gambia's high population growth of 4.2 percent and rapid urbanization are undermining rural development and contributing towards crowding in urban areas, along with poor performance in the agriculture sector. It employs over 70 percent of the population (mainly in the groundnut sector³), but contributes only 22 percent of GDP. As a consequence, poverty may have

² The definition of income poverty used in analyzing the results was the purchasing power equivalent of a minimum consumption basket, two-thirds of which is food. Adjustments were made for regional differences. The extreme poor are those who cannot afford the basic food basket.

³ Groundnut production declined from 145,000 tons in 1974 to a low point of 55,000 tons in 1992; it has not yet come back to its peak level of 1974, due to erratic weather conditions, declining terms of trade, (continued...)

increased by more than 50 percent in the agricultural sector between 1992 and 1998. Whereas extreme poverty affects 13 percent of the population in the Greater Banjul area, its incidence is 70 percent in rural areas. Inequality is also high, both in terms of income and in terms of gender.

5. Health indicators remain poor: life expectancy is 53 years, and the fertility rate was 5.8 children per woman in 1998, higher than the average for Sub-Saharan Africa. Only 50 percent of the population has access to safe water, facilitating the transmission of diseases and malnutrition. Moreover, the infection rate of HIV has been increasing with a preliminary estimate for 2000 of at least 3 percent. Education indicators are also poor: in spite of high enrolment rates (77 percent in primary education of which 67 percent were girls in 1995), the literacy rate for the population of 15 years and above remains low at about 35 percent with females accounting for only one third of this proportion.

Table 1. The Gambia: Summary of Poverty Rates, 1992-1998

| | Poverty Rate | | |
|------|--------------|-------|-------|
| | National | Urban | Rural |
| 1992 | 33 | 23 | 60 |
| 1998 | 69 | 58 | 79 |

Source: Central Statistics Department

6. **Track record.** Since the mid-1980s, the adjustment record of The Gambia has been characterized by stop-go policies. Periods of successful adjustment have been interspersed with very expansionary fiscal policies and heavy-handed intervention by the government in economic affairs, which have hampered sustained consolidation of growth, expansion of private sector activity, and poverty reduction. More recently, during 1993-97, the economy suffered from a series of adverse shocks, including a military coup in July 1994, which prompted the suspension of most donor assistance. As indicated in Table 2, a number of macroeconomic indicators worsened significantly during 1994-96 relative to the early 1990s.

7. To reverse the deterioration in economic conditions, in 1998 the authorities formulated an adjustment program, supported by a three-year PRGF arrangement, aimed at achieving macroeconomic stability and establishing conditions for strong and durable growth. Under this program, The Gambia has made substantial progress in reducing macroeconomic

and the breakdown of the marketing extension and credit services to the sector over the years, including during the period following the privatization of the public marketing monopoly.

imbalances (see Table 2), as well as undertaking bold measures in implementing structural and institutional reforms. Fiscal policy was appreciably tightened, as the overall budget deficit (excluding grants) was reduced from 7¾ percent of GDP in 1997 to 4¾ percent in 1999, although fiscal slippages continued to hamper the achievement of the program targets.

| Table 2. The Gambia: Key Macro-Economic Indicators, 1990-1999 (Period averages of annual percentage changes, unless otherwise indicated) | | | |
|---|---------|---------|---------|
| | 1990-93 | 1994-96 | 1997-99 |
| Real GDP growth | 4.0 | 0.9 | 4.9 |
| Inflation | 7.8 | 3.8 | 2.3 |
| M2 growth | 15.2 | 5.4 | 15.1 |
| In percent of GDP (average ratios) | | | |
| Budget balance, excluding grants | -4.7 | -6.9 | -5.7 |
| External current account, excluding official transfers | -11.5 | -15.2 | -11.2 |
| Gross official reserves, SDR millions (end of period) | 62.3 | 67.7 | 74.4 |
| Source: The Gambian authorities; and staff estimates. | | | |

8. The output response was positive, with annual GDP growth averaging about 5 percent during 1997-99 compared with an average of about 1 percent during 1994-96. Favorable weather contributed to the rebound in agricultural growth, and higher tourist arrivals spurred growth in tourism and related-services. Consumer price inflation remained below 2 percent during 1998-99, thanks to favorable weather and a tight monetary policy stance. Performance in the external sector was also favorable with some reduction in the average external current account deficit and a build up in gross official reserves.

9. There were also marked structural reforms, including progress in privatization and reform of the financial sector, and a streamlining of the external tariff system. The Atlantic Hotel and the Trust Bank have been sold, thus, helping the government to focus on public services. The authorities liberalized trade and reduced external tariffs, lowering the top rate from 90 percent in 1998 to 18 percent effective August 2000, while the number of tariff bands was also reduced from over 30 to 3. The energy, water, and sanitation utility is expected to enter into a joint venture agreement with a foreign partner (with the support of an IDA credit). Investment-related legislation is being amended and/or drafted, with a view to encourage private sector growth. In that regard, a regulatory agency bill and a privatization bill have been drafted and presented to the cabinet. The authorities also implemented measures to strengthen monetary policy operations and the supervision of financial institutions.

10. Among the emerging strengths of The Gambia's recent track record is the authorities' commitment to policy reform which has facilitated program implementation since 1998. An

important development has been the recent bilateral agreement to settle the dispute concerning the government's seizure of the assets of the Gambia Groundnut Corporation (GGC). The government has agreed to pay full compensation with EU assistance, and the GGC owners will subsequently withdraw the arbitration from the International Center for Settlement of Investment Disputes; such a development should help to restore investor confidence. The reactivation of the High-Level Economic Committee in 1999 (consisting of key cabinet-level officials) has provided a forum to discuss and take decisions on important economic policy issues, with a focus on a broad-based poverty reduction strategy at the cabinet level. In this regard, an Interim-PRSP has been prepared and forwarded to the staff. Nevertheless, a notable weakness is the lack of administrative and institutional capacity, which has at times slowed policy formulation and implementation, including structural reforms. In addition, the economy is still highly vulnerable to adverse external shocks, such as erratic rainfall, declines in the terms of trade, and political instability in the West African subregion.

III. SUMMARY DEBT SUSTAINABILITY ANALYSIS AND POSSIBLE HIPC ASSISTANCE

11. **Procedures and reconciliation status.** The debt sustainability analysis (DSA) was based on a loan-by-loan approach (252 separate loan agreements), carried out in May and updated in September 2000 by Fund and IDA staff together with the Gambian authorities. About 90 percent of The Gambia's debt was validated, through the CS-DRMS⁴ (including hard copy evidence), with creditor data. The authorities provided detailed information on a loan-by-loan basis, including the terms of the loans (effective date, interest rates, maturity, etc.), and the amounts disbursed and arrears.

12. **Structure of external debt.** The analysis shows that at end-1999, the total external public debt stock amounted to about US\$452 million in nominal terms (Table 4). In NPV terms total debt is estimated at about US\$258 million, equivalent to 59 percent of 1999 GDP, 217 percent of exports of goods and nonfactor services,⁵ and 335 percent of government revenue. Debt service payments due for 2000 are projected at US\$21 million, or 17 percent of export earnings (Table 8). The Gambia's main creditors are multilateral, accounting for 70 percent of debt in NPV terms, with 32 percent owed to IDA, 22 percent to the AfDB and 3 percent to the IMF. Bilateral creditors account for the remaining 30 percent of debt, of which one third is due to Paris Club and two thirds to non-Paris Club creditors.⁶

⁴ Commonwealth Secretariat Debt Recording and Management System.

⁵ Exports of goods and nonfactor services exclude reexports.

⁶ The Gambia had one Paris Club rescheduling in 1986 on nonconcessional terms.

13. **Debt sustainability.** The debt burden of The Gambia is unsustainable according to the export criterion and it qualifies to seek enhanced HIPC assistance through the export window.⁷ After the full use of traditional debt relief mechanisms, The Gambia's NPV of debt-to-export ratio would be 211 percent in 1999 and 213 percent in 2000, exceeding the enhanced HIPC Initiative target (the NPV of debt-to-export ratio) of 150 percent. Even with the continued pursuit of appropriate policies and prudent debt management, the NPV of debt-to-export ratio is only expected to reach a sustainable level of 148 percent in 2011.

14. **Possible HIPC assistance.** Under the enhanced HIPC initiative, the debt relief is to be based on the country's stock of the debt after the full application of traditional debt relief mechanisms at the decision point. In the case of The Gambia, this implies adjusting the 1999 NPV debt stock by: (i) effecting a stock-of-debt operation under Naples terms (67 percent NPV reduction on eligible debt) and adjusting all previously rescheduled loans, accordingly; and (ii) a comparable treatment from non-Paris Club creditors. Under these assumptions, the NPV of the external debt as of end 1999 would be reduced by about 3 percent to US\$251 million (Table 7).

15. On the basis of the end-1999 data, the amount of assistance required to reach the NPV of debt-to-exports target of 150 percent would be US\$72 million in end-1999 NPV terms (Table 5), or around US\$100 million in nominal terms. The common reduction factor would be about 29 percent. Based on proportional burden-sharing, multilateral creditors would provide most of the assistance (72 percent or US\$52 million). The rest of the assistance would be from bilateral creditors (US\$20 million). In projecting the time profile of possible enhanced HIPC assistance, the following assumptions were made:

- **Paris Club creditors.** There would be a flow rescheduling on Cologne terms (90 percent in NPV reduction) following the decision point, with delivery of the remaining required assistance at the completion point through a stock-of-debt operation on Cologne terms. Paris Club creditors would be expected to take action on post-cutoff date debt in order to meet their share of assistance under the enhanced HIPC Initiative.
- At least comparable treatment to the Paris Club group of creditors would be provided by **non-Paris Club official bilateral creditors** (see Table 4).

⁷ The Gambia does not qualify under the fiscal window because it does not meet the openness criterion as the level of exports of goods and nonfactor services (excluding re-exports), at 28.3 percent of GDP, falls below the 30 percent threshold. However, if re-exports are included in exports of goods and nonfactor services, the ratio to GDP would rise to 47.3 percent of GDP, and assistance under the fiscal window would amount to US\$56 million. Nonetheless, the assistance in this case is less than the US\$72 million under the export window.

- The total amount of **IMF** assistance would be US\$2.4 million in NPV terms. The IMF is expected to deliver interim assistance of US\$0.2 million and assistance at the completion point of US\$2.2 million in NPV terms. The profile of assistance is expected to reduce the debt service to the Fund by US\$0.35 million a year on average from completion point in 2002 to 2010.
- **IDA's HIPC** assistance to The Gambia would total US\$23.6 million in NPV terms, equivalent to debt-service savings of US\$36.0 million over the next 19 years. Immediately following the approval of the decision point by the Boards of IDA and the Fund, IDA would begin providing interim assistance in the form of a 50 percent reduction of The Gambia's debt service to IDA, and continue providing debt service relief in the same manner after The Gambia reaches its completion point under the enhanced HIPC Initiative. The assumed modality would provide 15 percent of the required reduction in NPV of debt during the interim period, and the remaining portion after the completion point.

IV. DECISION AND FLOATING COMPLETION POINTS

16. **The PRSP process** in The Gambia—locally the work program to develop a new Strategy for Poverty Alleviation (SPA-II)—is being supported by participatory structures from the original Strategy for Poverty Alleviation (SPA), launched in 1994. At the village, divisional, and national levels, committees had been set up to record the needs of the population and help implement programs. These are being adapted to the new task under the SPA Coordinating Office, which will continue in its central role of guiding the consultative process for the PRSP, with the advice of key stakeholders, including donors and NGOs. Additional inputs have been sought through divisional workshops, which were held in early-October and the National Workshop in Banjul in late-October, as well as the new Participatory Poverty Assessment being conducted over a three-year period. Planned activities for the upcoming year include smaller workshops with the private sector, government, and civil society to develop the PRSP, and a donor roundtable meeting by mid-2001. The PRSP is expected to be completed by end-2001.

17. **Possible decision point timing.** Based on the broad macroeconomic and structural progress of the last 22 years of satisfactory implementation of the PRGF, including one year leading up to the end of 2000, staff is of the view that The Gambia should be considered for an early decision point. This would require agreement with the authorities on the selected structural reforms and actions necessary for reaching the completion point (see Box 1), and that macroeconomic performance under the program supported by the PRGF arrangement remains satisfactory. In this regard, a third annual program under the PRGF would need to be agreed and the authorities would need to submit the I-PRSP to the Executive Boards of the Bank and Fund alongside with the Enhanced HIPC Initiative decision point document. With these elements, a decision point could be possible by end-2000.

18. **Floating completion point.** Possible triggers for the floating completion point, which reflect the current status of discussions with the government, aim at addressing challenges to growth and poverty reduction in The Gambia consistent with the I-PRSP. They reflect a limited, but important, set of policy actions designed to stimulate higher, sustainable growth, and improve social indicators with an impact on poverty. These actions, which will complement or reinforce reforms and policies included in the PRGF-supported program and in ongoing and future operations of IDA, include: (i) maintenance of macroeconomic stability as evidenced by performance under a program supported by a PRGF arrangement; (ii) the successful completion of the full PRSP and a progress report on the first year of its implementation; and (iii) implementation of the structural reforms and attainment of the social sector targets listed below in Box 1.

Box 1: Possible Triggers for a Floating Completion Point

1. Poverty Reduction

- A full PRSP has been prepared through a participatory process and satisfactorily implemented for one year, as evidenced by the joint staff assessment of the country's annual progress report.
- Improvement of the poverty data base and monitoring capacity.

2. Macroeconomic stability

Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported program.

3. Governance

Satisfactory progress in strengthening public expenditure management and issuance of at least annual public reports on the overall budget, and within that, the operations of the Poverty Reduction Fund (PRF).

4. Social sectors and structural reforms

- Possible measures and targets regarding progress in implementing education and health reform programs could include:
 - Increase by at least 45 percent (from the base academic year 2000/01) the number of trained teachers for Lower Basic Education;
 - Develop and implement a strengthened policy to improve girls enrollment in basic education.
 - Increase by at least 5 percent each year the number of births attended by a person trained in antenatal care; and
 - Increase by 5 percent per annum the per capita distribution of condoms starting from the 2000 base year, to protect the population against the spread of HIV/AIDS.
- Establish a multi-sector regulatory agency, including appropriate legislation.
- Bring to the point of sale the two major groundnut processing plants in the country.

19. **Monitoring the use of HIPC resources.** The government is establishing a Poverty Reduction Fund (PRF) for accounting purposes to help in the management of debt relief resources. Starting with the contingency budget for 2001, which will have to be approved by parliament as a supplement to the government's budget, the PRF will be integrated in the annual central government budget and will be administered by a unit within the Department of State for Finance and Economic Affairs. It will be supervised by the High-Level Economic Committee, civil society, and donors. The IMF resident budget advisor is assisting the authorities in establishing procedures that will promote transparency, accountability, and effective assessment of overall budget operations, including the preparation of regular publicly issued reports. During the annual PER consultations, Bank staff will assist the

authorities in translating poverty reduction priorities into expenditure plans to be funded in part by the PRF. In the medium-term, the budget operations will be strengthened with IDA and other donor technical assistance through the preparation of public expenditure reviews and the planned medium-term expenditure framework.

V. ISSUES FOR DISCUSSION

20. This paper presented a preliminary assessment of The Gambia's eligibility for assistance under the Enhanced HIPC Initiative, and seeks endorsement of the assessment. Executive Directors' views are sought on the following:

21. **Eligibility.** Do Directors consider The Gambia to be eligible for assistance under the enhanced HIPC Initiative?

22. **Timing of the decision point.** Do Directors agree that The Gambia could reach its decision point in the year 2000, provided that (a) it presents an I-PRSP to the Boards of the Fund and the Bank, and (b) remains on-track with its macro-economic program under the PRGF arrangement?

23. **Interim assistance:** Do Directors agree with staff's recommendations for providing interim assistance between the decision point and completion point in line with existing guidelines?

24. **Floating completion point.** Do Directors consider that the areas indicated in Box 1 are appropriate for the identification of key measures that would trigger the completion point under the enhanced HIPC Initiative?

Table 3. The Gambia: Selected Economic and Financial Indicators, 1995/96-2003 1/

| | 1995/96 | 1996/97 | 1997 | 1998 | 1999 | | 2000 | 2001 | 2002 | 2003 |
|---|---------|---------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | | | Est. | Est. | | | | |
| | | | | | | | Rev. | Rev. | Rev. | Rev. |
| | | | | | | | Prog. | Prog. | Proj. | Proj. |
| (Annual percentage changes, unless otherwise indicated) | | | | | | | | | | |
| National income and prices | | | | | | | | | | |
| GDP at constant prices | 5.3 | 0.8 | 4.9 | 3.5 | 4.2 | 6.4 | 5.3 | 5.5 | 5.6 | 5.6 |
| GDP deflator | 3.3 | 4.5 | 2.6 | 2.5 | 2.3 | 4.4 | 3.4 | 2.7 | 2.5 | 2.5 |
| Consumer price index (period average) | 4.8 | 2.1 | 2.8 | 1.1 | 2.5 | 3.8 | 3.4 | 2.5 | 2.5 | 2.5 |
| Consumer price index (end of period) | 0.2 | 4.8 | 0.3 | 4.8 | 2.0 | 1.7 | 2.7 | 2.5 | 2.5 | 2.5 |
| External sector | | | | | | | | | | |
| Exports, f.o.b. (in SDRs) | -2.6 | -2.7 | -0.5 | 21.5 | 7.2 | -8.3 | 8.3 | 18.0 | 6.2 | 5.2 |
| Imports, f.o.b. (in SDRs) | 28.2 | -5.8 | -5.3 | 19.4 | 6.6 | -7.4 | 5.7 | 14.3 | 3.4 | 4.7 |
| Export volume (excluding reexports) | -6.3 | -25.2 | -26.2 | 55.5 | 10.0 | -10.7 | 20.0 | 10.3 | 5.8 | 5.6 |
| Import volume (excluding imports for reexport) | 41.2 | -10.0 | -7.6 | 18.7 | 2.8 | -11.9 | 0.5 | 13.3 | 1.9 | 3.8 |
| Terms of trade 2/ | -1.4 | 4.8 | 10.8 | -0.1 | -13.0 | -19.8 | -1.1 | 5.7 | 2.7 | 1.0 |
| Nominal effective exchange rate (period average) | -2.1 | 2.1 | 3.0 | -1.2 | ... | -5.0 | ... | ... | ... | ... |
| Real effective exchange rate (period average) | -0.5 | 1.8 | 4.7 | -1.6 | ... | -2.3 | ... | ... | ... | ... |
| Government budget | | | | | | | | | | |
| Domestic revenue | -1.2 | 15.3 | 11.1 | 4.0 | 11.1 | 5.7 | 22.2 | 9.5 | 8.7 | 8.2 |
| Total expenditure and net lending | 28.1 | 8.6 | -6.3 | -8.5 | 4.2 | 8.7 | 12.8 | 8.9 | 7.3 | 6.2 |
| Current expenditure | 8.1 | 10.5 | 15.8 | 0.7 | 4.0 | 10.9 | 8.7 | 3.3 | 3.5 | 2.8 |
| Development expenditure and net lending | 97.5 | 6.0 | -35.9 | -30.5 | 5.2 | 1.1 | 28.5 | 27.2 | 17.3 | 14.0 |
| Money and credit | | | | | | | | | | |
| Net domestic assets 3/ | -11.5 | 13.2 | 15.9 | -1.9 | 6.2 | 8.7 | 9.6 | 6.7 | 2.9 | 2.3 |
| Credit to the government 3/ | 8.2 | 2.8 | 2.4 | -1.7 | 0.7 | 5.4 | -2.7 | -2.4 | -0.8 | -6.9 |
| Credit to the private sector 3/4/ | -13.7 | 2.2 | 9.9 | 5.6 | 5.5 | 8.2 | 4.7 | 9.1 | 3.7 | 9.2 |
| Broad money | 8.8 | 16.7 | 22.3 | 10.2 | 14.0 | 12.1 | 15.7 | 8.4 | 8.3 | 8.3 |
| Velocity (GDP relative to broad money) | 4.2 | 3.8 | 3.5 | 3.4 | 3.2 | 3.3 | 3.2 | 3.2 | 3.2 | 3.2 |
| Treasury bill rate (in percent; end of period) | 16.0 | 16.0 | 16.0 | 14.0 | ... | 12.5 | ... | ... | ... | ... |
| (In percent of GDP) | | | | | | | | | | |
| Gross domestic investment and savings | | | | | | | | | | |
| Gross investment | 23.4 | 19.3 | 17.2 | 18.4 | 17.8 | 17.8 | 19.1 | 20.2 | 21.4 | 21.5 |
| Government | 12.9 | 12.7 | 8.4 | 5.9 | 5.7 | 5.3 | 6.4 | 7.2 | 7.7 | 8.0 |
| Private 4/ | 10.5 | 6.6 | 8.8 | 12.5 | 12.1 | 12.5 | 12.7 | 13.0 | 13.7 | 13.5 |
| Gross domestic savings | 2.9 | 6.0 | 7.1 | 7.5 | 7.4 | 7.9 | 8.4 | 10.3 | 12.8 | 13.2 |
| Gross national savings | 10.0 | 12.6 | 13.5 | 14.5 | 14.0 | 13.5 | 16.0 | 15.2 | 17.8 | 18.2 |
| Central government budget | | | | | | | | | | |
| Surplus or deficit (-), excluding grants 5/ | -12.1 | -11.4 | -7.8 | -4.4 | -3.1 | -4.8 | -3.5 | -3.4 | -3.1 | -2.7 |
| Surplus or deficit (-), including grants 5/ | -9.9 | -9.7 | -6.5 | -2.4 | -1.7 | -3.5 | -1.0 | -1.0 | -0.8 | -0.4 |
| Basic primary balance | 3.6 | 5.1 | 4.9 | 5.6 | 6.6 | 4.6 | 6.6 | 6.8 | 7.3 | 7.6 |
| Current balance | 0.1 | 0.9 | 0.1 | 0.7 | 2.0 | -0.2 | 2.0 | 3.1 | 3.9 | 4.7 |
| Revenue | 17.7 | 19.4 | 19.3 | 18.6 | 19.6 | 17.6 | 19.8 | 20.0 | 20.1 | 20.1 |
| Net foreign financing | 5.5 | 7.4 | 4.1 | 1.2 | 0.9 | 0.6 | 2.0 | 1.9 | 2.1 | 2.6 |
| Net domestic financing | 4.2 | 1.8 | 1.5 | 1.8 | 0.6 | 3.3 | -0.9 | -1.3 | -1.5 | -2.9 |
| External sector | | | | | | | | | | |
| Current account balance | | | | | | | | | | |
| Excluding official transfers | -20.1 | -12.8 | -10.6 | -11.6 | -10.8 | -11.5 | -12.3 | -11.9 | -10.4 | -10.0 |
| Including official transfers | -13.4 | -6.7 | -3.7 | -3.0 | -3.8 | -4.3 | -3.1 | -5.0 | -3.6 | -3.4 |
| External debt outstanding, including Fund | 111.1 | 107.0 | 104.4 | 103.3 | 104.1 | 98.4 | 102.3 | 100.6 | 97.6 | 94.9 |
| (In millions of SDRs, unless otherwise indicated) | | | | | | | | | | |
| Current account balance | | | | | | | | | | |
| Excluding official transfers | -53.4 | -36.3 | -31.4 | -35.6 | -32.9 | -36.4 | -38.5 | -39.4 | -36.2 | -36.7 |
| Including official transfers | -35.6 | -19.0 | -11.0 | -9.3 | -11.8 | -13.5 | -9.7 | -16.6 | -12.6 | -12.4 |
| Overall balance of payments | 12.4 | 5.2 | 4.7 | 7.1 | 6.6 | 2.3 | -1.9 | -2.3 | 3.3 | 4.9 |
| Gross official reserves (end of period) | 70.1 | 70.4 | 69.6 | 75.4 | 82.4 | 78.1 | 81.4 | 87.3 | 91.2 | 96.0 |
| In months of imports, c.i.f. | 5.2 | 5.5 | 5.6 | 5.1 | 5.3 | 5.8 | 5.6 | 5.3 | 5.3 | 5.3 |
| Over the next 12 months | 5.5 | 5.3 | 4.7 | 4.8 | 5.0 | 5.4 | 4.9 | 5.1 | 5.1 | 5.1 |
| Plus all other services payments | 4.6 | 4.4 | 3.9 | 3.9 | 4.2 | 4.5 | 4.1 | 4.3 | 4.3 | 4.3 |

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

1/ Until 1996/97, fiscal years (July-June); from 1997, calendar years.

2/ Excluding reexports and imports for reexport.

3/ In percent of broad money at the beginning of the period.

4/ Includes public enterprises.

5/ On a commitment basis.

Table 4. The Gambia: Net Present Value of External Debt Outstanding at End-1999 by Creditor Group

| | Debt before Rescheduling 1/ | | | | Debt after Rescheduling 2/ | |
|---|-----------------------------|------------------|---------------|------------------|----------------------------|------------------|
| | Nominal Debt | | NPV of Debt | | NPV of Debt | |
| | US\$ millions | Percent of total | US\$ millions | Percent of total | US\$ millions | Percent of total |
| Total | 451.5 | 100.0 | 258.0 | 100.0 | 250.6 | 100.0 |
| Multilaterals | 354.8 | 78.6 | 180.5 | 70.0 | 180.5 | 72.0 |
| African Development Bank | 4.5 | 1.0 | 4.3 | 1.6 | 4.3 | 1.7 |
| African Development Fund | 117.9 | 26.1 | 53.6 | 20.8 | 53.6 | 21.4 |
| BADEA | 3.6 | 0.8 | 3.0 | 1.2 | 3.0 | 1.2 |
| Economic Community of West African State | 0.8 | 0.2 | 0.8 | 0.3 | 0.8 | 0.3 |
| European Union/ European Commission | 8.7 | 1.9 | 6.7 | 2.6 | 6.7 | 2.7 |
| IDA | 171.7 | 38.0 | 81.9 | 31.7 | 81.9 | 32.7 |
| IMF | 11.3 | 2.5 | 8.3 | 3.2 | 8.3 | 3.3 |
| International Fund for Agricultural Development | 18.0 | 4.0 | 9.2 | 3.6 | 9.2 | 3.7 |
| Islamic Development Bank | 14.7 | 3.3 | 9.9 | 3.8 | 9.9 | 4.0 |
| OPEC Fund | 3.7 | 0.8 | 2.9 | 1.1 | 2.9 | 1.1 |
| Bilateral creditors | 96.7 | 21.4 | 77.5 | 30.0 | 70.0 | 28.0 |
| <i>Paris Club</i> | 27.5 | 6.1 | 23.7 | 9.2 | 23.3 | 9.3 |
| Austria | 10.9 | 2.4 | 7.9 | 3.1 | 7.9 | 3.2 |
| France | 6.9 | 1.5 | 5.9 | 2.3 | 5.5 | 2.2 |
| Netherlands | 1.3 | 0.3 | 1.4 | 0.5 | 1.4 | 0.6 |
| Norway | 8.3 | 1.8 | 8.5 | 3.3 | 8.5 | 3.4 |
| <i>Non-Paris Club</i> | 69.2 | 15.3 | 53.8 | 20.8 | 46.7 | 18.6 |
| China | 17.7 | 3.9 | 13.0 | 5.1 | 8.3 | 3.3 |
| Kuwaiti Fund for Development and Agriculture | 6.9 | 1.5 | 5.8 | 2.2 | 4.3 | 1.7 |
| Libya | 4.5 | 1.0 | 3.2 | 1.2 | 3.2 | 1.3 |
| Nigerian Trust Fund | 0.3 | 0.1 | 0.3 | 0.1 | 0.3 | 0.1 |
| Saudi Development Fund | 4.7 | 1.0 | 3.1 | 1.2 | 2.4 | 0.9 |
| Taiwan, Province of China | 35.0 | 7.8 | 28.4 | 11.0 | 28.4 | 11.3 |

Sources: Gambian authorities; and Fund and World Bank staff estimates.

1/ Before full use of traditional debt relief mechanisms.

2/ After full use of traditional debt relief mechanisms and comparable treatment by Non-Paris Club official bilateral and commercial creditors.

Table 5. The Gambia: Estimated HIPC Initiative Assistance 1/

| NPV of debt- to-exports-target (in percent) | Total Assistance 2/ | | | Common Reduction Factor 4/ (In percent) |
|---|--|--------------|--------------|---|
| | Total | Bilateral 3/ | Multilateral | |
| | (In millions of US dollar, end-1999 NPV terms) | | | |
| 150.0 | 72.3 | 20.1 | 52.2 | 28.9 |

Memorandum items:

| | | | |
|-----------------------------------|-------|------|-------|
| NPV of debt 5/ | 250.6 | 69.7 | 180.8 |
| Paris Club | 23.3 | | |
| of which pre-cut off debt non-ODA | 0.0 | | |
| Non-Paris Club bilaterals | 46.4 | | |
| of which pre-cut off debt non-ODA | 0.0 | | |
| 3-year average of exports | 118.8 | ... | ... |
| Current-year exports | 118.0 | ... | ... |
| NPV of debt-to-exports ratio 6/ | 210.9 | ... | ... |

Sources: Gambian authorities and staff estimates and projections.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).

2/ Reflects the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment by other official bilateral creditors at the end of 1999.

3/ Includes official bilateral creditors only since there is no commercial debt.

4/ Each creditors NPV reduction in percent of its exposure at the decision point.

5/ Based on 1999 data after full application of traditional debt-relief mechanisms.

6/ Based on the three-year export average (backward-looking average) ending in the year preceding the decision point (i.e., 1997-1999)

Table 6.The Gambia: Discount Rate and Exchange Rate Assumptions 1/

| | Discount Rates 1/ 2/ (In percent per annum) | Exchange Rates 2/ (Currency per U.S. dollar) |
|-------------------------------|--|---|
| Currency | | |
| Belgian Franc | 5.47 | 40.16 |
| Canadian Dollar | 6.67 | 1.44 |
| CFA Franc 3/ | 5.47 | 652.95 |
| Chinese Yuan | 5.59 | 8.28 |
| Danish Kroner | 5.32 | 7.40 |
| Deutsche Mark | 5.47 | 1.95 |
| Domestic Currency: Dalasi | 5.59 | 13.00 |
| Euro | 5.47 | 1.00 |
| Finnish Markkaa | 5.47 | 5.92 |
| French Franc | 5.47 | 6.53 |
| Great Britain Sterling | 6.70 | 0.62 |
| Irish Punt | 5.47 | 0.78 |
| Italian Lira | 5.47 | 1927.40 |
| Japanese Yen | 1.98 | 102.20 |
| Kuwaiti Dinar | 5.59 | 0.30 |
| Libyan Dinar | 5.59 | 0.46 |
| Luxembourg Franc | 5.47 | 40.16 |
| Netherland Guilders | 5.47 | 2.19 |
| Norwegian Kroner | 6.64 | 8.04 |
| Portuguese Escudo | 5.47 | 199.56 |
| Saudi Arabia Ryal | 5.59 | 3.75 |
| Spanish Peseta | 5.47 | 165.62 |
| Special Drawing Rights | 5.59 | 0.73 |
| Swedish Kroner | 5.80 | 8.53 |
| Swiss Franc | 4.27 | 1.60 |
| United Arab Emirates Dhiraams | 5.59 | 3.67 |
| United States Dollar | 7.04 | 1.00 |

Sources: OECD and IMF, International Financial Statistics.

1/ The discount rates used are the average Commercial Interest Reference Rates (CIRRs) for the respective currencies over the six-month period ending December 1999.

2/ For all currencies for which the CIRRs are not available - with the exception of the CFA Franc - the SDR discount rate is used as the proxy.

3/ For the CFA Franc, the French Franc CIRRs is used as a proxy.

Table 7. Gambia, The: Net Present Value of Debt After Full Use of Traditional Debt-Relief Mechanisms, 1999-2019 /1
(In millions of U.S. dollars)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2010 | 2015 | 2019 | Averages | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|-----------|-----------|
| | | | | | | | | | | | | | 1999-2008 | 2009-2019 |
| NPV of total debt /2 | 250.6 | 261.2 | 272.3 | 279.8 | 288.7 | 298.0 | 307.9 | 318.0 | 326.6 | 351.6 | 407.5 | 458.3 | 293.8 | 398.0 |
| NPV of old debt | 250.6 | 246.3 | 239.6 | 233.3 | 227.0 | 219.6 | 211.5 | 204.5 | 197.4 | 175.4 | 139.6 | 115.2 | 222.0 | 148.1 |
| Official bilateral and commercial | 69.7 | 68.2 | 62.8 | 57.5 | 52.2 | 46.8 | 41.6 | 37.8 | 34.6 | 24.6 | 11.2 | 8.6 | 50.3 | 15.8 |
| Paris Club | 23.3 | 20.7 | 17.6 | 15.3 | 12.9 | 10.7 | 8.6 | 8.1 | 7.6 | 6.2 | 3.4 | 1.2 | 13.2 | 3.9 |
| Post-cutoff date | 22.7 | 20.0 | 17.0 | 14.7 | 12.3 | 10.0 | 7.9 | 7.4 | 6.9 | 5.4 | 2.6 | 0.3 | 12.5 | 3.1 |
| Of which: ODA | 7.9 | 7.9 | 7.6 | 7.3 | 7.0 | 6.6 | 6.3 | 5.9 | 5.5 | 4.4 | 2.3 | 0.3 | 6.7 | 2.6 |
| Pre-cutoff date | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.8 | 0.9 | 0.7 | 0.8 |
| Of which: ODA | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.8 | 0.9 | 0.7 | 0.8 |
| non-ODA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other official bilateral | 46.4 | 47.6 | 45.1 | 42.2 | 39.2 | 36.1 | 33.0 | 29.7 | 27.0 | 18.4 | 7.8 | 7.4 | 37.1 | 11.8 |
| Post-cutoff date | 43.1 | 44.1 | 41.6 | 38.6 | 35.5 | 32.2 | 29.0 | 25.5 | 22.7 | 13.6 | 1.8 | 1.0 | 33.2 | 6.2 |
| Of which: ODA | 40.1 | 41.0 | 38.8 | 36.3 | 33.7 | 31.0 | 28.3 | 25.5 | 22.7 | 13.6 | 1.8 | 1.0 | 31.7 | 6.2 |
| Pre-cutoff date | 3.4 | 3.4 | 3.6 | 3.7 | 3.8 | 3.9 | 4.0 | 4.2 | 4.3 | 4.8 | 5.9 | 6.4 | 3.9 | 5.6 |
| Of which: ODA | 3.4 | 3.4 | 3.6 | 3.7 | 3.8 | 3.9 | 4.0 | 4.2 | 4.3 | 4.8 | 5.9 | 6.4 | 3.9 | 5.6 |
| non-ODA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Commercial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Multilateral | 180.8 | 178.1 | 176.9 | 175.8 | 174.8 | 172.8 | 169.9 | 166.7 | 162.8 | 150.8 | 128.4 | 106.7 | 171.7 | 132.3 |
| IDA | 81.9 | 82.7 | 83.7 | 84.7 | 85.4 | 85.7 | 85.7 | 85.6 | 84.9 | 80.8 | 68.4 | 55.2 | 84.4 | 70.4 |
| IMF | 8.3 | 7.1 | 7.2 | 7.5 | 7.9 | 7.4 | 5.9 | 4.3 | 2.6 | 0.0 | 0.0 | 0.0 | 5.9 | 0.0 |
| AfDB/AfDF | 57.8 | 57.6 | 57.3 | 57.1 | 57.3 | 57.4 | 57.4 | 57.5 | 57.3 | 55.7 | 50.0 | 43.5 | 57.4 | 50.8 |
| Others | 32.8 | 30.7 | 28.6 | 26.5 | 24.2 | 22.4 | 20.9 | 19.3 | 18.0 | 14.3 | 10.0 | 7.9 | 24.0 | 11.1 |
| NPV of new debt | 0.0 | 14.9 | 32.7 | 46.5 | 61.7 | 78.4 | 96.4 | 113.5 | 129.2 | 176.2 | 267.9 | 343.1 | 71.8 | 249.9 |
| Memorandum items: | | | | | | | | | | | | | | |
| Exports of goods and services 3/ | 118.0 | 121.6 | 142.4 | 152.6 | 161.7 | 171.1 | 181.4 | 192.2 | 204.0 | 234.9 | 290.6 | 346.4 | 166.1 | 281.3 |
| Three-year export average 4/ | 118.8 | 122.4 | 127.3 | 138.8 | 152.2 | 161.8 | 171.4 | 181.6 | 192.5 | 225.4 | 278.5 | 331.6 | 157.1 | 269.6 |
| Government revenues 5/ | 77.8 | 85.2 | 91.2 | 96.8 | 102.8 | 107.8 | 113.2 | 118.8 | 124.7 | 144.3 | 183.8 | 223.2 | 104.9 | 177.2 |
| GDP | 433.5 | 425.2 | 450.2 | 476.1 | 505.8 | 534.8 | 563.5 | 591.0 | 619.7 | 714.6 | 906.1 | 1,095.7 | 525.0 | 873.9 |
| NPV of debt-to-exports ratio 6/ | 210.9 | 213.4 | 213.9 | 201.5 | 189.6 | 184.2 | 179.6 | 175.1 | 169.6 | 156.0 | 146.3 | 138.2 | 190.2 | 148.5 |
| NPV of debt-to-revenues ratio 7/ | 322.2 | 306.6 | 298.6 | 289.0 | 280.9 | 276.3 | 272.0 | 267.6 | 261.8 | 243.7 | 221.7 | 205.4 | 283.1 | 226.7 |

Sources: Gambian authorities; and Fund and World Bank staff estimates.

1/ Refers to public and publicly guaranteed external debt only and assumes a stock-of-debt operation on Naples terms (67 percent NPV reduction) at the end of 1999, and at least comparable action by other official bilateral creditors.

2/ Discounted on the basis of the average commercial interest reference rate for the respective currency, derived over the six-month period prior to the latest date for which actual data are available (base date). The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date exchange rate.

3/ As defined in IMF Balance of Payments Manual, 5th edition, 1993.

4/ Backward-looking average (e.g. average over 1997-99 for exports in 1999).

5/ Revenues are defined as central government revenues, excluding grants.

6/ NPV of debt in percent of three-year average of exports of goods and services.

7/ NPV of debt in percent of central government revenues, excluding grants.

Table 8. The Gambia: External Debt Service Before and After Traditional Debt Relief, 2000-2019

(In millions of U.S. dollars, unless otherwise indicated)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2010 | 2014 | 2019 | 2000-09 | 2010-19 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|---------|
| | Proj. | | | | | | | | | | | Averages | |
| Total debt service before traditional debt relief 1/ | 21.2 | 23.9 | 23.4 | 22.4 | 23.4 | 24.0 | 24.9 | 27.5 | 30.3 | 32.3 | 37.3 | 24.9 | 32.6 |
| Principal | 14.5 | 17.4 | 17.1 | 16.1 | 17.2 | 17.8 | 18.5 | 20.9 | 22.9 | 24.1 | 28.0 | 18.4 | 24.3 |
| Interest | 6.7 | 6.5 | 6.3 | 6.3 | 6.2 | 6.2 | 6.4 | 6.6 | 7.3 | 8.2 | 9.3 | 6.5 | 8.3 |
| Scheduled debt service on existing contracted debt | 20.9 | 23.2 | 22.3 | 20.9 | 21.5 | 21.6 | 19.8 | 19.4 | 17.7 | 16.1 | 12.9 | 20.8 | 15.1 |
| Principal | 14.5 | 17.4 | 17.1 | 16.1 | 17.2 | 17.8 | 16.2 | 16.1 | 15.0 | 14.2 | 11.7 | 16.4 | 13.3 |
| Medium and long term | 14.5 | 17.4 | 17.1 | 16.1 | 17.2 | 17.8 | 16.2 | 16.1 | 15.0 | 14.2 | 11.7 | 16.4 | 13.3 |
| Multilateral 2/ | 9.3 | 8.0 | 8.0 | 8.0 | 9.2 | 10.1 | 10.5 | 11.0 | 10.6 | 10.9 | 10.9 | 9.6 | 10.8 |
| Official bilateral | 5.2 | 9.3 | 9.1 | 8.1 | 8.0 | 7.6 | 5.8 | 5.1 | 4.4 | 3.4 | 0.8 | 6.8 | 2.5 |
| Paris Club | 2.9 | 3.3 | 2.7 | 2.7 | 2.6 | 2.5 | 0.8 | 0.8 | 0.8 | 0.8 | 0.5 | 2.0 | 0.7 |
| Post-cutoff date | 2.8 | 3.2 | 2.6 | 2.6 | 2.6 | 2.4 | 0.7 | 0.7 | 0.7 | 0.7 | 0.5 | 1.9 | 0.7 |
| Pre-cutoff date | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 |
| Of which: not previously rescheduled | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 |
| Other official bilateral | 2.2 | 6.0 | 6.4 | 5.4 | 5.4 | 5.1 | 5.0 | 4.3 | 3.6 | 2.6 | 0.3 | 4.8 | 1.8 |
| Private creditors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest | 6.4 | 5.8 | 5.3 | 4.8 | 4.3 | 3.9 | 3.6 | 3.3 | 2.7 | 1.9 | 1.2 | 4.3 | 1.9 |
| Medium and long term | 6.4 | 5.8 | 5.3 | 4.8 | 4.3 | 3.9 | 3.6 | 3.3 | 2.7 | 1.9 | 1.2 | 4.3 | 1.9 |
| Multilateral | 3.5 | 3.2 | 3.0 | 2.8 | 2.6 | 2.4 | 2.3 | 2.2 | 1.9 | 1.6 | 1.2 | 2.6 | 1.6 |
| Official bilateral | 2.9 | 2.6 | 2.3 | 2.0 | 1.7 | 1.4 | 1.2 | 1.1 | 0.8 | 0.3 | 0.0 | 1.7 | 0.3 |
| Paris Club | 1.2 | 1.0 | 0.8 | 0.6 | 0.5 | 0.3 | 0.2 | 0.2 | 0.1 | 0.1 | 0.0 | 0.5 | 0.1 |
| Post-cutoff date | 1.2 | 1.0 | 0.8 | 0.6 | 0.4 | 0.3 | 0.2 | 0.2 | 0.1 | 0.1 | 0.0 | 0.5 | 0.1 |
| Pre-cutoff date | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Of which: not previously rescheduled | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other official bilateral | 1.7 | 1.6 | 1.5 | 1.4 | 1.3 | 1.1 | 1.0 | 0.9 | 0.6 | 0.2 | 0.0 | 1.2 | 0.2 |
| Private creditors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt service on new borrowing | 0.3 | 0.7 | 1.1 | 1.5 | 1.9 | 2.4 | 5.1 | 8.1 | 12.6 | 16.2 | 24.4 | 4.2 | 17.4 |
| Principal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.3 | 4.8 | 8.0 | 9.9 | 16.3 | 2.0 | 11.0 |
| Interest | 0.3 | 0.7 | 1.1 | 1.5 | 1.9 | 2.4 | 2.8 | 3.3 | 4.6 | 6.3 | 8.1 | 2.2 | 6.4 |
| Total debt service after traditional debt relief 3/ | 19.1 | 21.8 | 21.3 | 21.4 | 22.4 | 23.2 | 24.3 | 26.9 | 30.3 | 32.4 | 37.6 | 23.8 | 32.7 |
| Memorandum items: | | | | | | | | | | | | | |
| Exports of good and nonfactor services | 121.6 | 142.4 | 152.6 | 161.7 | 171.5 | 181.9 | 192.7 | 206.6 | 244.7 | 304.2 | 401.6 | 178.3 | 317.0 |
| Debt-service ratio before rescheduling | 17.5 | 16.8 | 15.3 | 13.8 | 13.7 | 13.2 | 12.9 | 13.3 | 12.4 | 10.6 | 9.3 | 14.2 | 10.4 |
| Debt-service ratio after rescheduling | 15.7 | 15.3 | 14.0 | 13.2 | 13.1 | 12.7 | 12.6 | 13.0 | 12.4 | 10.6 | 9.4 | 13.5 | 10.4 |

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

1/ Before the use of traditional debt reduction mechanisms.

2/ Including IMF and nonguaranteed debt owed by public enterprises where the government is the majority shareholder.

3/ Assumes stock-of-debt operation on Naples terms at end-December 1999 and at least comparable treatment from other official bilateral creditors.

Annex 1. Main Assumptions for the DSA

Growth.

- Real GDP is projected to accelerate to 5.6 percent initially boosted by continued strong performance in agriculture and recovery of reexport trade and tourism, and later by improvement in the investment climate.

Fiscal and monetary policies.

- A prudent fiscal policy supports growth by reducing the budget deficit (excluding grants) from about 3.5 percent in 2000 to a zero percent (on average) for 2009-2019, while monetary policy would maintain CPI inflation at about 2½ percent.

Balance of Payments.

- The volumes of exports and imports will have fully recovered in 2002 and thereafter grow at a rate of about 6 percent for exports and slightly less than 5 percent for imports.
- Terms of trade (excluding reexports) are projected to improve in 2001, reflecting projected lower world oil prices, and continue to improve, although at very moderate rates, for the entire projection period, owing to an assumed improvement of groundnut prices.
- Tourist arrivals are projected to recover by 2001 and grow at 4-5 percent until 2006, and above 2 percent from 2007 onward, benefiting from planned construction of 3-4 hotels with the creation of an all inclusive hotel area.
- The current account deficit (excluding official transfers) is projected to improve gradually, narrowing to below 7 percent of GDP by 2015 from the present level of about 12 percent.
- The reliance on official transfers will decline gradually from slightly less than 7 percent of GDP in 2001 to about 6 percent by the end of the projection period.
- The financing gaps will be ½ of 1 percent of GDP on average in 2001-02; dropping to zero by 2002 and beyond.

| Annex 2. Main Economic Objectives and Outcomes under the PRGF-Supported Program, 1998-2001 | |
|---|---|
| Objectives | Outcomes |
| <p>Reestablish macroeconomic stability</p> <ul style="list-style-type: none"> • Achieve real GDP growth of 5 percent per year. • Keep inflation below 3 percent. • Reduce the current account deficit (excluding grants) to less than 10 percent of GDP by 2000. • Raise domestic investment from 17¼ percent in 1997 to 21 percent of GDP by 2000. • Keep gross official reserves above 5 months of import cover | <p>Real GDP: over the 1993/94-1996/97 period, real GDP growth averaged 1½ percent per annum, and real per capita income declined by about 6 percent. However, during 1998 and 1999, led by the recovery in tourism and agricultural sectors, real GDP growth rebounded, reaching 3.5 percent and 6.4 percent, respectively. During 2000-01, real GDP growth is projected at about 5 percent. Inflation was contained below at 2 percent during 1998-99, thanks to tight monetary policy and the good harvest, leading to low food prices, which constitute 60 percent of the CPI basket. Inflation is projected to remain subdued during the medium term at 2½ percent. In 1999, the current account deficit (excluding grants) remained virtually unchanged at 11½ percent of GDP from previous year, compared with about 20 percent in 1995/96. Domestic investment is projected to rise from 17¼ percent of GDP in 1997 to about 19 percent by 2000. Gross official reserves are projected at about at about 5½ months of import cover by end-2000.</p> |
| <p>Consolidate government finances by:</p> <ul style="list-style-type: none"> • reducing the budget deficit to 4 percent of GDP in 1998, 3.1 percent in 1999, and 3.2 percent in 2000.¹ • improving the structure of revenues and expenditures. • Reducing and streamlining import tariffs. | <p>The budget deficit (excluding grants) was reduced from 11½ percent of GDP in 1996/97 to 4¾ percent in 1999, while the basic primary balance, averaged about 5 percent of GDP during 1998-99 compared with 3 percent in 1995/96. Total expenditure and net lending was reduced from 31 percent of GDP in 1996/97 to an average of 23 percent during 1998-99. Expenditure also shifted toward capital expenditure. Despite a reduction in the maximum tariff rate from 90 percent to 18 percent in August 2000, the revenue-to-GDP ratio is projected to increase to about 20 percent in 2000 from 18½ percent in 1998.</p> |

¹These are revised targets. The original targets were 2.9 percent in 1999 and 1.9 percent in 2000; the first was revised in November 1999, and the second one was revised in July 2000.

Annex 3. The Gambia: Selected Poverty and Living Standard Indicators, 1993-99

(In percent, unless otherwise specified)

| | The Gambia | Sub-Saharan Africa |
|---|---------------------------------------|---------------------------|
| | Latest single year (1993-1999) | |
| Population in millions (1998) | 1.3 | 642 |
| Urban population (1999), percent of total | 32 | 34 |
| Population growth (1999) | 4.2 | 2.4 |
| Fertility rate (1998) | 5.8 | 5.4 |
| GNP Per Capita in US\$ (1999) | 340 | 500 |
| Low Birth Weight (% of births in rural areas, 1998) | 25 | ... |
| Infant mortality rate (per thousand, 1995) | 80 | 91.8 |
| Under five mortality rate (per thousand, 1995) | 110 | 151 |
| Maternal mortality (per 100,000/ live births, 1993) | 1050 | ... |
| Life Expectancy at birth (years, 1998) | 55.3 | 50.4 |
| Medical personnel (per 100,000, 1999) | 27 | 91 |
| HIV/AIDS prevalence (2000, estimate) 1/ | >3 | 8 |
| Access to safe water (2000, estimate) | 50 | 43 |
| Literacy rate (1999) | 64 | 61 |
| Gross primary school enrollment (1995) | 77 | 78 |
| Male | 87 | 85 |
| Female | 67 | 71 |

Sources: "Participatory Health Population and Nutrition Project" PAD, World Bank, 1998;
World Development Indicators (World Bank).

1/ Sub-Saharan data are from 1997-1998.