Navigating a Long Pandemic

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By
Mamadou D. Barry
IMF Resident Representative for The Gambia
Compared to the October 2020 updates, the 2020 outturn has improved, though still the worst on record

Real GDP Growth Revisions since October 2020
(Percent)

2020. Revised from -3.0 to -1.9

- Non-resource-intensive countries
- Gambia
- Sub-Saharan Africa
- Oil exporters
- Other resource-intensive countries
- Tourism dependent countries

2021. Revised from 3.1 to 3.4

- Tourism dependent countries
- Gambia
- Non-resource-intensive countries
- Other resource-intensive countries
- Sub-Saharan Africa
- Oil exporters

Source: IMF, World Economic Outlook.
...on account of some larger economies doing a bit better benefiting from both local factors (better agriculture production) and the global recovery (improved commodity prices...)

**Top 5 GDP Growth Revisions, by Contribution**
(Compared to October 2020, percent)

### 2020
- ETH: 4.1
- NGA: 2.5
- COD: 2.1
- ZAF: 0.7
- KEN: -1.2

### 2021
- KEN: 2.9
- ETH: 2.0
- UGA: 1.4
- NGA: 0.8
- AGO: -2.9

Source: IMF, World Economic Outlook.
The pandemic continues to persist as new variants appear and vaccine rollout lags...

Recent Surges
(New cases per day, 7-day moving average)

Source: JHU COVID Tracking Project.
GDP per capita will take years to recover and the improved baseline is still subject to downside risks

Real GDP per Capita
(Index 2019 = 100)

Source: IMF, World Economic Outlook.
Challenge #1: Facing diverging growth outlook compared to the rest of the world and within the region

**Real GDP per Capita**  
(Index 2019 = 100)

![Graph showing Real GDP per Capita for Sub-Saharan Africa and Rest of the World](image)

Source: IMF, World Economic Outlook.

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**Real GDP per Capita**  
(Index 2019 = 100)

![Graph showing Real GDP per Capita for Sub-Saharan Africa, Oil Exporters, Non-resource-intensive countries, and Gambia](image)

Source: IMF, World Economic Outlook.
Challenge #2: Dealing with long COVID-19 due to supply and cost challenges to getting the COVID-19 vaccine

Vaccine Deliveries by End-2021
(As of March 19, million doses)

<table>
<thead>
<tr>
<th>Region</th>
<th>Procured doses to be delivered by end-2021</th>
<th>2-dose vaccines required to cover 60% of adult population</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-SSA EMDEs exc China and India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Timeline to Vaccinate 60 Percent of Population

Cost of Vaccinating 60 Percent of Population

10 Billion US$

0.1-3.4 Percent of 2020 GDP

1.7-52 Percent of 2018 Health Expenditures

Sources: Duke Global Health Innovation Center's Launch and Scale Speedometer, and IMF staff calculations.

Notes: Syringes represent countries. Gray indicates no response.

Sources: Survey of country teams and IMF staff calculations.

Sources: IMF, World Economic Outlook, World Bank, and IMF staff calculations.
Challenge #3: Addressing scarring

**Extreme Poverty in SSA**
(Persons living below $1.90, millions)

**Learning Losses due to COVID**
(Average missed days of instruction, 2020)

Sources: Mahler et al. (2021) and IMF staff calculations.

Sources: ILO and IMF staff calculations.
Challenge #4: Repairing public sector balance sheets...

Average Fiscal Balance and Public Debt, 2018–22

Debt Risk Status for PRGT Eligible SSA Countries

Source: IMF, World Economic Outlook.

Source: IMF, Debt Sustainability Analysis Low-Income Developing Countries database.

...and private sector balance sheets

**Change in Monthly Sales, 2020**
(Percent, average)

Sources: World Bank Business Pulse Surveys and Enterprise Surveys and IMF staff calculations.

**Income Losses, May/June 2020**
(Percent of surveyed households)

Sources: World Bank High-Frequency Phone Surveys on Covid-19 and IMF staff calculations.

**Non-Performing Loans**
(Percent of total gross loans)

Source: IMF Financial Soundness Indicators.
Challenge #5: Catalyzing external financing

Additional External Financing Needs, 2021–25

SSA LICs: 245 BILLION US$

SSA: 425 BILLION US$

Source: IMF staff calculations.

SSA: Selected Inflows (Billion US$)

Remittances
ODA
FDI
IMF disbursements

Sources: IMF, World Economic Outlook, World Bank, and IMF staff calculations.

Notes: Excluding Mauritius. FDI and Portfolio inflow data for 2020 are based on the WEO database. Remittances inflows for 2020 are projections.
Policy priorities: Expanding what is possible

Protect lives and livelihoods

• Plan and secure funding for vaccine purchase and distribution and where needed, seek donor support.
• Prevent health systems from being overwhelmed.

Create policy space

• Prioritize spending and mobilize domestic revenue to create space in near term.
• Address debt vulnerabilities and where needed seek debt-restructuring/reprofiling.

Attract private capital and promote private sector development.

• Improve the business climate.
UPDATES ON THE GAMBIA
The pandemic turned growth to negative in 2020 and created more price volatility...

Sectoral Contribution to Growth

Inflation Dynamics, Dec-2016- Apr-21

Sources: IMF staff calculations.
The tourist sector was the hardest hit by the pandemic...

**Number of Airport Arrivals Through the Tourist Seasons**

- **2016/2017**
- **2017/2018**
- **2018/2019**
- **2019/2020**
- **2020/2021**

**Sources:** IMF staff calculations.
Good fiscal performance despite the pandemic helping to improve the debt outlook

**Fiscal Revenue Outlay**

- **GMD Billion**: 0 to 25
- **Years**: 2016 to 2021 (Proj.)
- **Sources**: IMF staff calculations.

**Fiscal Expenditure Outlay**

- **GMD Billion**: 0 to 30
- **Years**: 2016 to 2021 (Proj.)

**Overall Fiscal Deficit and the Overall Debt Ratio to GDP**

- **Years**: 2016 to 2021 (Proj.)
- **Values**: (8.22), (5.21), (4.89), (2.94), (2.07), (3.97)

**PV of Total Debt to GDP**

- **Years**: 2020 to 2030

Sources: IMF staff calculations.
Monetary policy was accommodative amid stagnant private sector credit growth and increasing NPLs

Sources: IMF staff calculations.

### Interest Rates

**2016-Q1-2021-Q1, in percent**

- **Policy rate**
- **Lending rate**
- **Saving rate**
- 3 months T-bill
- 6 months T-bill
- 12 months T-bill

### Annual Private Sector Credit Growth and Non-Performing Loans

**2016-2020**

- Private sector credit growth
- Non performing loans

- **2016**: -9.3%
- **2017**: 3.7%
- **2018**: 3.3%
- **2019**: 4.5%
- **2020**: 6.8%
External buffers continued to build up thanks to record high remittances and strong external supports.

**Remittances Inflows & Budget Support**

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget support</th>
<th>Remittances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>47</td>
<td>242</td>
</tr>
<tr>
<td>2020</td>
<td>89</td>
<td>590</td>
</tr>
<tr>
<td>2019</td>
<td>56</td>
<td>330</td>
</tr>
<tr>
<td>2018</td>
<td>16</td>
<td>278</td>
</tr>
<tr>
<td>2017</td>
<td>55</td>
<td>227</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
<td>206</td>
</tr>
</tbody>
</table>

**Net Official Reserves**

- **Sources:** IMF staff calculations.
IMF support to the Gambia has been strong and timely

• On March 2020 at the onset of the pandemic, the IMF Executive Board approved a 39-month arrangement support by the Extended Credit Facility with SDR 35 million (US$47.1 million) financing.

• On April 13, The IMF Board approved a six-month debt service cancellation under the Catastrophe and Containment Relief Trust (CCRT) to be renewed every six-months up to 2 years for a total debt relief of US$10.8 million of which US$8.3 million is already approved.

• On April 15, an emergency COVID-19 support under the Rapid Credit Facility of US$21.3 million was approved to help address pressing health and support the relief programs of the government in favor of households, public entities and the tourism sector.

• On January 15, 2021, the IMF Executive Board completed the first review of the ECF approving (i) an augmentation of the total access under the ECF to SDR 55 million (88.4 percent of The Gambia quota); and (ii) a disbursement of US$28.8 million to support the post pandemic recovery and meet the fiscal and balance of payment needs.

• On May 28, 2021, the second ECF review was concluded allowing the disbursement of US$14.4 million. This brings total disbursements under the ECF arrangement to about US$50.5 million.
The Gambia is the largest beneficiary of IMF capacity development support in SSA in 2020.
The capacity development covered a range of sectors and topics

- **Central Bank**
  - Safeguard assessments
  - Liquidity forecasting and monetary policy analysis
  - Foreign reserves management

- **Revenue mobilization**
  - Tax expenditure policy
  - Compliance risk management strategy in Tourism
  - Establishing a high integrity taxpayer register
  - Custom, tax audit, and GamTax Net

- **Public Financial Management**
  - Cash management
  - Gender budgeting
  - Pension reforms
  - Project selection tools
  - Public finance statistics

- **GBoS**
  - National accounts, quarterly GDP
  - Price index

- **Seminar and Regional Training**
  - Multiple seminars covering all kind of topics, including fiscal response to COVID-19 pandemic, transparency in the COVID-19 spending, gender budgeting, digitalization and resilience to climate change. All very relevant topics to The Gambia. Gambians were sometimes invited to share their experiences in dealing with the pandemic.
### Strong program performance with all end-December 2020 quantitative targets met

<table>
<thead>
<tr>
<th>Performance Criteria</th>
<th>Jun-20</th>
<th>Jun-20</th>
<th>Sep-20</th>
<th>Sep-20</th>
<th>Dec-20</th>
<th>Dec-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ceiling on net domestic borrowing of the central government (GMD million)</td>
<td>2,050</td>
<td>550</td>
<td>393</td>
<td>(338)</td>
<td>500</td>
<td>112</td>
</tr>
<tr>
<td>2. Ceiling on the stock of net domestic assets of the central bank (GMD million)</td>
<td>6,979</td>
<td>6,231</td>
<td>7,001</td>
<td>5,556</td>
<td>7,058</td>
<td>4,918</td>
</tr>
<tr>
<td>3. Floor on the stock of net usable international reserves of the central bank (US$ million)</td>
<td>138</td>
<td>204</td>
<td>180</td>
<td>254</td>
<td>193</td>
<td>292</td>
</tr>
<tr>
<td>4. Ceiling on new external payments arrears of the central government (US$ millions)</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Ceiling on new nonconcessional external debt contracted or guaranteed by the central government (US$ million)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6. Ceiling on the outstanding stock of external public debt with original maturity of one year or less (US$ million)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7. Ceiling on new concessional external debt contracted or guarantied by central government (annual US$ million)</td>
<td>60</td>
<td>12</td>
<td>60</td>
<td>12</td>
<td>60</td>
<td>12</td>
</tr>
</tbody>
</table>

### Indicative Quantitative Targets

<table>
<thead>
<tr>
<th>Performance Criteria</th>
<th>Jun-20</th>
<th>Jun-20</th>
<th>Sep-20</th>
<th>Sep-20</th>
<th>Dec-20</th>
<th>Dec-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Floor on total domestic tax</td>
<td>4,700</td>
<td>5,378</td>
<td>7,350</td>
<td>7,740</td>
<td>10,000</td>
<td>10,326</td>
</tr>
<tr>
<td>9. Monthly ceiling on central bank credit to the central government at non-market terms</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10. Floor on poverty-reducing expenditures</td>
<td>2,700</td>
<td>2,641</td>
<td>4,000</td>
<td>4,322</td>
<td>5,600</td>
<td>6,975</td>
</tr>
</tbody>
</table>

Sources: IMF staff calculations.
#### The Gambia: Structural Benchmarks, 2020

<table>
<thead>
<tr>
<th>Measures</th>
<th>Macro Rationale</th>
<th>Timing</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic revenue mobilization (GRA/MOFEA)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRA to complete tax registry clean-up at tax offices in the greater Banjul area (collecting over 90 percent of tax revenue).</td>
<td>To speed up payment processing and bolster enforcement actions.</td>
<td>End-June 2020</td>
<td>Met</td>
</tr>
<tr>
<td>MoFEA to produce a draft tax exemptions policy for Cabinet approval.</td>
<td>To reduce revenue leakage and better define the legitimate scope for tax exemptions.</td>
<td>End-September 2020</td>
<td>Not met^1</td>
</tr>
<tr>
<td><strong>Public financial management (MOFEA/CBG)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop a monthly cashflow plan for the whole year, consistent with the 2020 Budget.</td>
<td>To strengthen Treasury cash management.</td>
<td>End-March 2020</td>
<td>Met</td>
</tr>
<tr>
<td>Prepare a set of criteria for project selection to be approved by GSRB.</td>
<td>PIMA recommendation to strengthen governance and reduce corruption risk.</td>
<td>End-June 2020</td>
<td>Met</td>
</tr>
<tr>
<td>MoFEA to submit an assessment report on subvented agencies to Cabinet with proposals for their rationalization.</td>
<td>To reassess the number and performance of subvented agencies in line with current policies.</td>
<td>End-September 2020</td>
<td>Not met^1</td>
</tr>
<tr>
<td><strong>Debt management (MoFEA/CBG)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update the MTDS and publish a new domestic debt management strategy document. The debt management strategy will envisage the use of longer-term instruments to manage rollover risk.</td>
<td>To reduce rollover risk, optimize issuance decisions, and strengthen benchmark pricing through extension of the yield curve.</td>
<td>End-September 2020</td>
<td>Not met^1</td>
</tr>
<tr>
<td><strong>Central bank governance and bank supervision (CBG)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop and publish a strategic plan addressing the key recommendations of the 2019 Financial Sector Stability Review.</td>
<td>To highlight financial system development and stability needs.</td>
<td>End-June 2020</td>
<td>Met</td>
</tr>
<tr>
<td><strong>Governance and transparency (MoFEA)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publish an annual statement (that is regularly provided to the National Assembly) on MDAs’ compliance with internal audit recommendations.</td>
<td>To strengthen accountability to public of articulating and addressing governance failings in MDAs.</td>
<td>End-December 2020</td>
<td>Not met^1</td>
</tr>
</tbody>
</table>

^1 The target date was missed but the action was subsequently completed.
The implementation of the 2021 structural reforms were good, but SOEs bill could be delayed by the constitutional review process

<table>
<thead>
<tr>
<th>Measures</th>
<th>Measurability</th>
<th>Timing</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic revenue mobilization (GRA/MOFEA)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approve and implement a new Tax Expenditure Policy in line with recent TA, including a review of investment tax incentives, the development of a new GIEPA Act, and streamlining all tax incentives.</td>
<td></td>
<td>To reduce tax expenditures and create room for urgent social and infrastructure spending.</td>
<td>end-June 2021</td>
</tr>
<tr>
<td><strong>Public financial management (MOFEA/CBG)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare a roadmap for extending IFMIS to all flows to project and subvented agency accounts.</td>
<td></td>
<td>To enhance fiscal transparency and oversight of project accounts and subvented agencies.</td>
<td>end-June 2021</td>
</tr>
<tr>
<td>Revise, in consultation with the fund staff a new Public Finance Bill, with a view to strengthen budgetary processes, including exceptional budget procedures, treasury management, internal controls and fiscal reporting, and submit to the National Assembly.</td>
<td></td>
<td>To bring it to standard and strengthen transparency and accountability in light with the new constitution and recent reforms.</td>
<td>end-December 2021</td>
</tr>
<tr>
<td><strong>Debt management (MoFEA/CBG)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In addition to the publication of the quarterly debt bulletins, publish a rolling monthly domestic debt issuance calendar for the ensuing three months.</td>
<td></td>
<td>To improve domestic debt management and transparency.</td>
<td>end-March 2021 and quarterly thereafter</td>
</tr>
<tr>
<td><strong>Central bank governance and bank supervision (CBG)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The CBG to sign a Memorandum of Understanding with the Auditor General, to formalize an arrangement for a joint audit (by a local audit firm and an international audit firm with central banking experience) of its FY2021 financial statements.</td>
<td></td>
<td>To strengthen the CBG Internal controls.</td>
<td>end-March 2021</td>
</tr>
<tr>
<td>Prepare a framework for banking sector stress testing, in line with the recommendations from the 2019 FSSR.</td>
<td></td>
<td>To strengthen assessment of banking sector health as an early warning signal for distress.</td>
<td>end-June 2021</td>
</tr>
<tr>
<td><strong>Governance and SOE reforms (MoFEA)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submit to the National Assembly a revised SOE bill, in line with IMF staff recommendations, that will: (i) limit political interference and (ii) strengthen the SOE governance framework with greater control by the ministry of finance to ensure management accountability in terms of reducing SOEs’ fiscal risk, enhancing their cooperative governance and reduce the political interference.</td>
<td></td>
<td>To strengthen the governance of the SOEs.</td>
<td>end-December 2021</td>
</tr>
</tbody>
</table>
Thank You !