

**FOR
AGENDA**

SM/10/188
Correction 1

August 20, 2010

To: Members of the Executive Board

From: The Acting Secretary

Subject: **The Gambia—Staff Report for the 2010 Article IV Consultation**

The attached corrections to SM/10/188 (7/12/10) have been provided by the staff:

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

Page 26: Table 2 showing fiscal operations of the central government (in millions of local currency), contained incorrect projections on “wages and salaries” and “other charges” under current expenditure as well as on capital expenditure (Gambia local fund) for the years 2011 to 2015. Further, the table contained an error in the line for expenditures financed by privatization receipts for the year 2015.

Page 27: Table 3 showing fiscal operations of the central government (in percent of GDP), draws on data in table 2 and therefore also contained incorrect projections on “wages and salaries” and “other charges” under current expenditure as well as on capital expenditure (Gambia local fund) for the years 2011 to 2015.

Questions may be referred to Mr. Dunn (ext. 38609), Mr. Reinke (ext. 36493), and Mr. Vermeulen (ext. 36815) in AFR.

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Table 1. The Gambia: Selected Economic Indicators

	2007	2008	2009	2010	2010	2010	2011	2012	2013	2014	2015
	Act.	Act.	Act.	6th Rev.	6th Rev. ²	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
National account and prices	(Percent change; unless otherwise indicated)										
Nominal GDP (millions of dalasi)	20,556	22,978	25,805	21,477	28,425	28,425	31,434	34,724	38,356	42,374	46818.9
Nominal GDP	10.0	11.8	12.3	10.0	...	10.2	10.6	10.5	10.5	10.5	10.5
GDP at constant prices	6.0	6.3	5.6	4.8	...	5.0	5.4	5.4	5.4	5.4	5.4
GDP deflator	3.8	5.2	6.4	4.9	...	4.9	4.9	4.8	4.8	4.8	4.8
Consumer prices (average)	5.4	4.5	4.6	3.7	...	3.9	5.0	5.0	5.0	5.0	5.0
Consumer prices (end of period)	6.0	6.8	2.7	5.0	...	5.0	5.0	5.0	5.0	5.0	5.0
External sector											
Exports, f.o.b.	8.8	-4.4	8.5	3.6	...	4.9	4.8	4.9	4.5	4.5	3.0
Of which: domestic exports	-27.9	-0.2	-13.3	11.3	...	12.1	5.9	5.8	0.9	6.7	6.8
Imports, f.o.b.	18.4	17.4	-3.7	6.5	...	6.4	6.4	6.2	6.5	6.3	7.9
Terms of trade (deterioration -)	-6.1	-16.2	-0.8	1.7	...	1.7	1.2	1.1	1.0	2.0	2.0
Nominal exchange rate change (depreciation -) ¹	7.6	8.1	-13.3	...	...	...	...	...	...	...	...
Real effective exchange rate (depreciation -) ¹	9.6	7.5	-10.2	...	...	...	...	...	...	...	...
Money and credit	(Percent change; in beginning-of-year broad money)										
Broad money	6.7	18.4	19.4	10.9	...	12.5	12.1	12.0	12.1	12.1	12.1
Net foreign assets	-3.5	-6.3	3.7	-0.1	...	-0.1	0.1	1.4	2.9	3.9	3.5
Net domestic assets	10.1	24.7	15.7	11.1	...	12.7	12.0	10.6	9.1	8.2	8.7
Credit to the government (net)	-4.1	17.8	3.8	-0.1	...	4.6	1.7	0.9	0.5	0.4	0.4
Credit to the private sector (net)	4.8	6.8	3.5	8.2	...	5.1	7.8	8.3	7.4	6.6	7.1
Other items (net)	9.9	-2.4	4.9	2.5	...	-1.0	0.6	-0.1	0.2	0.2	0.2
Velocity	2.9	2.7	2.5	2.0	...	2.5	2.5	2.4	2.4	2.4	2.3
Average treasury bill rate (in percent) ¹	11.9	11.8	12.0	...	...	...	...	...	...	...	...
Central government budget	(In percent of GDP)										
Domestic revenues	16.9	15.2	15.1	20.5	15.5	14.3	14.6	14.7	14.8	15.0	15.0
Grants	0.9	1.1	3.5	4.9	3.7	2.4	2.4	2.2	2.1	2.1	2.1
Total expenditure and net lending	17.7	18.0	22.0	26.9	20.3	19.5	19.4	19.1	19.0	18.8	18.9
Overall balance	0.4	-1.8	-2.0	-1.4	-1.0	-2.8	-2.4	-2.2	-2.0	-1.8	-1.8
Basic balance	3.0	-0.6	-1.8	-0.1	-0.1	-0.9	0.2	0.4	0.5	0.6	0.4
Net foreign financing	0.8	0.1	0.5	1.7	1.3	1.0	1.7	1.5	1.3	1.2	1.0
Net domestic financing	-1.1	1.6	1.5	-0.3	-0.2	1.9	0.7	0.7	0.7	0.6	0.7
Stock of domestic public debt	22.1	19.9	19.7	22.7	17.1	20.7	20.1	19.7	17.9	16.6	15.8
External sector											
Current account balance											
Excluding official transfers	-10.7	-13.7	-14.0	-19.3	-14.5	-13.6	-13.2	-12.5	-12.3	-11.9	-12.2
Including official transfers	-9.7	-12.7	-10.5	-14.3	-10.8	-11.1	-10.8	-10.3	-10.2	-9.8	-9.1
Current account balance	(Millions of U.S. dollars, unless otherwise indicated)										
Excluding official transfers	-88.1	-142.0	-135.4	-155.1	...	-141.1	-146.6	-148.3	-155.9	-161.8	-182.2
Including official transfers	-80.3	-131.0	-101.6	-115.3	...	-115.9	-120.0	-122.3	-128.9	-133.1	-135.9
Overall balance of payments	34.0	-32.3	54.6	-6.8	...	-15.2	-3.7	0.3	8.9	15.3	20.3
Gross official reserves	141.6	115.6	186.0	178.2	...	177.6	177.6	177.6	185.0	197.1	212.8
in months of imports, c.i.f.	5.5	3.8	6.4	6.0	...	5.8	5.4	5.1	5.0	5.0	5.0
External public debt											
Stock	299.4	328.0	330.1	343.5	343.5	343.5	362.3	380.2	397.0	412.9	428.6
Stock (percent of GDP)	36.2	31.7	34.1	42.6	32.2	33.0	32.6	32.0	31.3	30.4	28.7
Use of Fund resources	(Millions of SDRs)										
Purchases	4.0	4.0	10.2	4.4	...	4.5	2.5	0.0	0.0	0.0	0.0
Repurchases	-11.2	0.0	0.0	0.0	...	0.0	0.0	-0.2	-1.0	-2.1	-3.8

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

¹ Data for 2009 are the actuals as of March 2010, but still subject to revisions.² As per new GDP data, where relevant.

Table 2. The Gambia: Fiscal Operations of the Central Government
(In millions of local currency)

	2007	2008	2009	2010	2010	2011	2012	2013	2014	2015
	Act.	Act.	Act.	6th Rev.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	3,663	3,745	4,790	5,474	4,756	5,342	5,857	6,501	7,242	7,998
Revenue	3,468	3,500	3,891	4,413	4,066	4,591	5,097	5,687	6,347	7,013
Tax revenue	3,037	3,146	3,519	3,991	3,620	4,117	4,569	5,096	5,684	6,459
Taxes on income, profits, and capital gains	884	1,125	974	1,185	1,102	1,230	1,373	1,547	1,743	2,005
Domestic taxes on goods and services	1,345	1,313	1,395	1,572	1,546	1,750	1,942	2,163	2,410	2,736
Taxes on international trade and transaction	808	708	1,148	1,234	973	1,136	1,255	1,386	1,531	1,718
Non-tax	431	354	371	422	446	474	528	591	663	554
Grants	194	244	899	1,061	690	751	760	814	895	985
Budget support	20	79	189	425	79	79	20	0	0	0
Project grants	174	166	710	636	612	673	740	814	895	985
Expenditures and net lending	3,635	4,139	5,683	5,770	5,555	6,184	6,697	7,308	7,979	8,762
Current expenditures	2,586	3,186	3,622	4,014	3,877	4,049	4,358	4,739	5,147	5,623
Wages and salaries	680	983	1,192	1,499	1,461	1,662	1,836	2,028	2,240	2,475
Other charges	1,091	1,489	1,689	1,752	1,595	1,560	1,668	1,827	1,995	2,204
Interest	815	713	741	762	821	828	854	885	912	944
External	231	154	153	176	183	194	212	230	247	259
Domestic	584	560	588	586	638	633	642	655	665	685
Capital expenditure	973	857	1,924	1,692	1,679	2,085	2,289	2,518	2,782	3,089
Foreign financed	780	505	1,338	1,327	1,227	1,576	1,675	1,780	1,892	2,017
Gambia local fund (GLF)	192	352	586	365	452	509	613	739	890	1,072
Net lending	76	96	138	64	0	50	50	50	50	50
Overall balance (excl. statistical discrepancy)	28	-394	-894	-296	-799	-842	-840	-807	-737	-764
Statistical discrepancy ¹	48	-11	385	0	0	0	0	0	0	0
Overall balance	76	-405	-509	-296	-799	-842	-840	-807	-737	-764
Financing	-76	405	509	296	799	842	840	807	737	764
External financing (net)	158	30	129	356	271	531	523	510	494	491
Borrowing	586	340	628	691	615	904	935	966	996	1,032
Amortization	-428	-310	-499	-335	-344	-372	-412	-455	-503	-541
Domestic financing (net)	-234	375	379	-60	528	310	317	297	243	273
Net borrowing	-514	585	370	-90	561	310	317	297	243	273
Bank ²	-68	1,044	376	-7	536	230	130	80	80	182
Nonbank	-267	-369	42	-7	102	115	187	217	163	91
Repayment of domestic debt	-179	-89	-49	-77	-77	-34	0	0	0	0
Capital revenue	24	0	0	64	0	0	0	0	0	0
Change in arrears (- = decrease)	-369	-210	0	-33	-33	0	0	0	0	0
Privatization proceeds	626	0	9	0	0	0	0	0	0	0
Memorandum items:										
Basic balance ³	614	-133	-455	-30	-263	-17	75	159	259	268
Basic primary balance ⁴	1,429	580	287	732	558	811	929	1,044	1,172	1,212
Gross domestic interest bearing debt	4,546	4,571	5,082	4,872	5,973	6,486	6,953	6,953	7,146	7,419
Stock of arrears ⁵	192	0	0	0	0	0	0	0	0	0
Stock of HIPC and MDRI debt relief										
Of which: IMF	336									
IDA	4,652									
AfDF	3,518									
Resources freed by debt relief	108	495	585	584	599	532	553	543	472	472
Amortization	101	378	458	468	480	419	446	443	384	384
Interest payments	7	116	126	116	119	113	107	100	87	87
Uses of resources freed by debt relief	108	495	585	584	599	532	553	543	472	472
Current expenditures	0	129	131	138	138	173	178	197	189	189
Capital expenditures	0	194	220	207	207	173	178	161	157	157
Savings	108	172	234	239	254	186	197	185	126	126
Expenditures financed by privatization receipts	159	391	107	0	0	0	0	0	0	0

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

¹ The difference between financing and the overall balance of revenue and expenditures.

² In 2010, includes bridge loan from CBG for part of the shortfall in disbursements of budget support.

³ Domestic revenue - expenditure and net lending, excluding externally financed capital spending.

⁴ Domestic revenue - expenditure and net lending, excluding interest payments and externally financed capital spending.

⁵ Change in arrears for 2008 includes an additional D25 million for repayments to the National Water and Electricity Company (NAWEC).

Table 3. The Gambia: Fiscal Operations of the Central Government
(In percent of GDP)

	2007	2008	2009	2010	2010	2010	2011	2012	2013	2014	2015
	Act.	Act.	Act.	6th Rev.	6th Rev. ⁶	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	17.8	16.3	18.6	25.5	19.3	16.7	17.0	16.9	16.9	17.1	17.1
Revenue	16.9	15.2	15.1	20.5	15.5	14.3	14.6	14.7	14.8	15.0	15.0
Tax Revenue	14.8	13.7	13.6	18.6	14.0	12.7	13.1	13.2	13.3	13.4	13.8
Non-tax	2.1	1.5	1.4	2.0	1.5	1.6	1.5	1.5	1.5	1.6	1.2
Grants	0.9	1.1	3.5	4.9	3.7	2.4	2.4	2.2	2.1	2.1	2.1
Budget support	0.1	0.3	0.7	2.0	1.5	0.3	0.3	0.1	0.0	0.0	0.0
Project grants	0.8	0.7	2.8	3.0	2.2	2.2	2.1	2.1	2.1	2.1	2.1
Expenditures and net lending	17.7	18.0	22.0	26.9	20.3	19.5	19.7	19.3	19.1	18.8	18.7
Current expenditures	12.6	13.9	14.0	18.7	14.1	13.6	12.9	12.6	12.4	12.1	12.0
Wages and salaries	3.3	4.3	4.6	7.0	5.3	5.1	5.3	5.3	5.3	5.3	5.3
Other charges	5.3	6.5	6.5	8.2	6.2	5.6	5.0	4.8	4.8	4.7	4.7
Interest	4.0	3.1	2.9	3.5	2.7	2.9	2.6	2.5	2.3	2.2	2.0
External	1.1	0.7	0.6	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Domestic	2.8	2.4	2.3	2.7	2.1	2.2	2.0	1.8	1.7	1.6	1.5
Capital expenditure	4.7	3.7	7.5	7.9	6.0	5.9	6.6	6.6	6.6	6.6	6.6
Foreign financed	3.8	2.2	5.2	6.2	4.7	4.3	5.0	4.8	4.6	4.5	4.3
Domestic financed	0.9	1.5	2.3	1.7	1.3	1.6	1.6	1.8	1.9	2.1	2.3
Net lending	0.4	0.4	0.5	0.3	0.2	0.0	0.2	0.1	0.1	0.1	0.1
Overall balance (excl. statistical discrepancy)	0.1	-1.7	-3.5	-1.4	-1.0	-2.8	-2.7	-2.4	-2.1	-1.7	-1.6
Statistical discrepancy ¹	0.2	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	0.4	-1.8	-2.0	-1.4	-1.0	-2.8	-2.7	-2.4	-2.1	-1.7	-1.6
Financing	-0.4	1.8	2.0	1.4	1.0	2.8	2.7	2.4	2.1	1.7	1.6
External financing (net)	0.8	0.1	0.5	1.7	1.3	1.0	1.7	1.5	1.3	1.2	1.0
Borrowing	2.9	1.5	2.4	3.2	2.4	2.2	2.9	2.7	2.5	2.4	2.2
Amortization	-2.1	-1.3	-1.9	-1.6	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Domestic financing (net)	-1.1	1.6	1.5	-0.3	-0.2	1.9	1.0	0.9	0.8	0.6	0.6
Net borrowing	-2.5	2.5	1.4	-0.4	-0.3	2.0	1.0	0.9	0.8	0.6	0.6
Bank ²	-0.3	4.5	1.5	0.0	0.0	1.9	0.7	0.4	0.2	0.2	0.4
Nonbank	-1.3	-1.6	0.2	0.0	0.0	0.4	0.4	0.5	0.6	0.4	0.2
Repayment of domestic debt	-0.9	-0.4	-0.2	-0.4	-0.3	-0.3	-0.1	0.0	0.0	0.0	0.0
Capital revenue	0.1	0.0	0.0	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears (- = decrease)	-1.8	-0.9	0.0	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Privatization proceeds	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Basic balance ³	3.0	-0.6	-1.8	-0.1	-0.1	-0.9	-0.1	0.2	0.4	0.6	0.6
Basic primary balance ⁴	7.0	2.5	1.1	3.4	2.6	2.0	2.6	2.7	2.7	2.8	2.6
Gross domestic interest bearing debt	22.1	19.9	19.7	22.7	17.1	21.0	20.6	20.0	18.1	16.9	15.8
Stock of arrears ⁵	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock of HIPC and MDRI debt relief											
Of which: IMF	1.6										
IDA	22.6										
AfDF	17.1										
Resources freed by debt relief	0.5	2.2	2.3	2.7	2.1	2.1	1.7	1.6	1.4	1.1	1.0
Amortization	0.5	1.6	1.8	2.2	1.6	1.7	1.3	1.3	1.2	0.9	0.8
Interest payments	0.0	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2	0.2
Uses of resources freed by debt relief	0.5	2.2	2.3	2.7	2.1	2.1	1.7	1.6	1.4	1.1	1.0
Current expenditures	0.0	0.6	0.5	0.6	0.5	0.5	0.6	0.5	0.5	0.4	0.4
Capital expenditures	0.0	0.8	0.9	1.0	0.7	0.7	0.6	0.5	0.4	0.4	0.3
Savings	0.5	0.7	0.9	1.1	0.8	0.9	0.6	0.6	0.5	0.3	0.3
Expenditures financed by privatization receipts	0.8	1.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

¹ The difference between financing and the overall balance of revenue and expenditures.² In 2010, includes bridge loan from CBG for part of the shortfall in disbursements of budget support.³ Domestic revenue - expenditure and net lending, excluding externally financed capital spending.⁴ Domestic revenue - expenditure and net lending, excluding interest payments and externally financed capital spending.⁵ Change in arrears for 2008 includes an additional D25 million for repayments to the National Water and Electricity Company (NAWEC).⁶ As a percentage of new GDP data.

Table 4. The Gambia: Monetary Accounts 1/
(In millions of local currency; unless otherwise indicated)

	2007 Act.	2008 Act.	2009 Act.	2010 6th Rev.	2010 Proj.	2011 Proj.	2012 Proj.	2013 Proj.	2014 Proj.	2015 Proj.
I. Depository Corporation Survey										
Net foreign assets	4,022	3,504	3,869	4,061	3,852	3,870	4,082	4,569	5,294	6,018
Net domestic assets	4,252	6,292	7,826	8,536	9,307	10,888	12,454	13,961	15,478	17,275
Domestic credit	4,200	6,436	7,491	8,118	9,085	10,580	12,159	13,637	15,121	16,883
Claims on central government (net)	1,189	2,661	3,033	2,578	3,569	3,799	3,929	4,009	4,089	4,169
Claims on other public sector 2/	229	428	765	925	1,223	1,468	1,688	1,857	2,043	2,247
Claims on private sector	2,783	3,347	3,694	4,615	4,292	5,313	6,542	7,772	8,990	10,467
Other items (net) 3/	51	-144	335	418	223	308	294	324	356	392
Broad money	8,274	9,796	11,695	12,597	13,160	14,758	16,535	18,530	20,772	23,293
Currency outside banks	1,689	1,833	2,005	2,131	2,256	2,530	2,835	3,176	3,561	3,993
Deposits	6,585	7,963	9,690	10,465	10,904	12,228	13,701	15,353	17,211	19,300
II. Central Bank										
Net foreign assets	3,049	2,742	3,198	2,967	2,975	2,985	3,090	3,458	4,051	4,625
Foreign assets	3,192	3,069	5,010	4,905	4,927	5,111	5,280	5,674	6,239	6,605
Foreign liabilities	-142	-327	-1,812	-1,938	-1,952	-2,126	-2,190	-2,216	-2,188	-1,980
Net domestic assets	-305	160	-26	484	488	878	1,216	1,342	1,303	1,347
Domestic credit	-903	157	-293	105	73	154	184	215	245	276
Claims on central government (net)	-1,294	-219	-434	-278	-74	6	36	66	96	126
Claims on banks (net)	34	45	12	45	15	18	21	24	27	30
Claims on private sector	220	229	45	236	47	50	52	55	58	60
Claims on public enterprises	137	103	85	103	85	80	75	70	65	60
Other items (net) 3/	599	3	266	379	414	725	1,032	1,127	1,057	1,071
Reserve money	2,745	2,902	3,171	3,451	3,463	3,863	4,306	4,800	5,354	5,973
Currency outside banks	1,689	1,833	2,005	2,131	2,256	2,530	2,835	3,176	3,561	3,993
Commercial bank deposits	1,055	1,069	1,167	1,320	1,207	1,333	1,471	1,624	1,793	1,980

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

1/ End of period

2/ Include public enterprises and the local government.

3/ Including valuation.