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The Acting Chair's Summing Up
The Gambia—Sixth Review Under the Extended Credit Facility Arrangement, Request for a Waiver of Nonobservance of a Performance Criterion, and Financing Assurances Review
Executive Board Meeting 23/46
June 12, 2023

Executive Directors commended the authorities' satisfactory program performance and continued commitment to reforms despite a challenging domestic and external environment. They noted the corrective actions taken on fiscal policy and underscored the need for continued implementation of the reform agenda to keep the economy on a sustainable path. Continued support by development partners in the form of concessional and grant financing as well as capacity building would be particularly important.

Directors welcomed the authorities' commitment that fiscal policy will remain anchored on the approved 2023 budget given the high debt vulnerabilities. They advised the authorities to maintain strong fiscal and external buffers to safeguard macroeconomic stability and prepare for the upcoming expiration of debt service rescheduling. To this end, Directors reiterated the need to bolster domestic revenue mobilization, better prioritize public investment projects and strengthen social safety nets. They agreed with the need to contain domestic borrowing, closely monitor fiscal risks from SOEs and PPPs, and implement a strong medium-term fiscal framework.

While welcoming the central bank's decisions to increase the policy rate at each of its last four monetary policy committee meetings, Directors agreed that the central bank should remain focused on addressing persistent inflationary pressures, while taking measures to prevent the recurrence of foreign exchange shortages. They also called on the central bank to take all necessary measures to ensure that the exchange rate reflects market forces and fundamentals.

Directors supported the authorities' efforts to deepen and strengthen the financial sector and recommended accelerating the implementation of the National Financial Inclusion Strategy and strengthening the oversight of the non-bank financial sector. Further progress in AML/CFT reforms would also be needed.

Directors encouraged the authorities to maintain the renewed structural reform momentum, including by enforcing the newly approved laws, advancing transitional justice reforms, implementing the recommendations from the recent governance diagnostic mission,

and improving the business environment to support robust and inclusive growth. The authorities' commitment to net zero emissions by 2050 is commendable.

Directors encouraged the authorities to build upon the progress made under this program and welcomed the authorities' interest in maintaining a close engagement with the Fund, noting their intention to negotiate a successor arrangement. They also welcomed that any successor arrangement will draw on lessons learnt and outstanding challenges from this expiring program. Directors recommended that the next Article IV consultation with The Gambia take place within the standard 12-month cycle.