

# THE GAMBIA

**Table 1** **2023**

Population, million	2.8
GDP, current US\$ billion	2.3
GDP per capita, current US\$	845.8
International poverty rate (\$2.15) <sup>a</sup>	17.2
Lower middle-income poverty rate (\$3.65) <sup>a</sup>	47.0
Upper middle-income poverty rate (\$6.85) <sup>a</sup>	80.6
Gini index <sup>a</sup>	38.8
School enrollment, primary (% gross) <sup>b</sup>	92.3
Life expectancy at birth, years <sup>b</sup>	62.1
Total GHG emissions (mtCO2e)	3.3

Source: WDI, Macro Poverty Outlook, and official data.  
a/ Most recent value (2020), 2017 PPPs.  
b/ WDI for School enrollment (2022); Life expectancy (2021).

*Economic growth accelerated to 5.3 percent in 2023 as favorable rainfall led to a good harvest while investment supported growth in the industry sector. Inflation averaged 16.9 percent, eroding the purchasing power of households and increasing poverty. The fiscal deficit halved to 2.6 percent of GDP, driven by strong tax collection and higher grants. High inflation, debt vulnerabilities, foreign exchange pressures, and regional and global geopolitical tensions cloud the outlook.*

## Key conditions and challenges

The Gambia is consolidating its democratic transition and implementing reforms to transform the economy. However, structural factors continue to hamper growth, including low productivity growth, lack of structural change, constrained fiscal space for infrastructure investments, a constraining business environment for private sector development, limited economic diversification, and human capital challenges. This has resulted in limited job creation and economic opportunities, limited access to essential public services, and high poverty.

Real GDP growth averaged 3.1 percent in 1990–2022—less than 0.5 percent in per capita terms. The labor market faces a low labor force participation rate (43.6 percent), significant underutilization (41.5 percent), predominance of informal (62.8 percent) and unwaged employment (72 percent), and more significant gender gaps. Poverty rates are higher, with an estimated 17.2 percent of the population living in poverty in 2020, using the international poverty line of \$2.15 (in 2017 PPPs). Social disparities prevail in access to essential services, and most of the country still needs better connections to roads, schools, and health facilities. These weaknesses are coupled with downside risks such as reemerging foreign exchange pressures, high dependence on imports of essential goods and

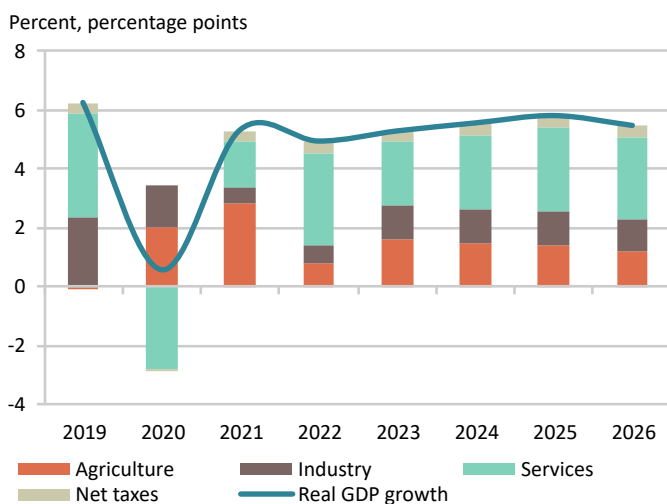
services, putting persistent pressure on the balance of payments and forex market and exacerbating the vulnerability to global shocks in commodity markets. Fiscal risks remain substantial given State-Owned Enterprises (SOEs) contingent liabilities and the high dependence on external grant financing due to low tax collection. High domestic debt also crowds out private credit.

Against this backdrop, the Government is implementing the National Development Plan (NDP) 2023-2027 to consolidate democratic governance, accelerate growth, and build resilience to shocks. Implementing this agenda poses significant financing needs, with US\$0.7 billion of available funding as of December 2023 out of total cost estimated at US\$3.5 billion.

## Recent developments

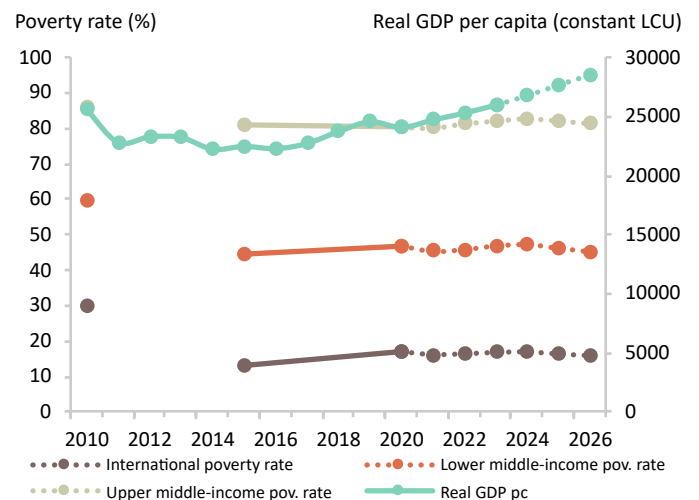
Economic growth accelerated to 5.3 percent in 2023 (2.7 percent per capita), mainly driven by agriculture and industry. Agriculture benefited from favorable rainfall and increased fertilizer subsidies. Despite increased tourism activity, services decelerated as many subsectors contracted (information and communication, entertainment, etc.). Private investment, supported by remittances and public investment, drove growth on the demand side. Inflation averaged 16.9 percent in 2023 – the highest level in decades – caused by imported food inflation, utility tariffs increases, and currency depreciation, dragging down private consumption.

**FIGURE 1 The Gambia / Real GDP growth and sectoral contributions to real GDP growth**



Sources: The Gambian authorities and World Bank estimates.

**FIGURE 2 The Gambia / Actual and projected poverty rates and real GDP per capita**



Source: World Bank. Notes: see Table 2.

Rising food prices are expected to have increased poverty to 16.9 percent in 2023, from 16.4 percent in 2022 - an increase of over 25,000 people, using the international poverty line of \$2.15 (in 2017 PPPs). The increase in poverty is mainly due to food price inflation which rose to 22 percent in 2023, eroding the purchasing power of households.

The fiscal deficit halved to 2.6 percent of GDP in 2023, driven by increased tax revenues and grants. Public expenditure remained high owing to increased spending on road infrastructure. With lower net domestic borrowing, public debt declined to 75.8 percent of GDP in 2023. Nevertheless, the Gambia remains at high risk of debt distress. The current account deficit (CAD) is estimated at 4.5 percent of GDP in 2023, almost comparable to the 4.2 percent in 2022, on the back of a recovery in tourism and increased imports related to ongoing infrastructure projects. The monetary stance was further tightened, with the policy rate increasing to 17 percent in August 2023 from 10 percent in April 2022. However, the effect of monetary tightening seems limited, as inflation is essentially imported. Due to import pressures, international reserves

declined to 4.2 months of imports in 2023 from 5.1 months in 2022, alongside a depreciation of the nominal exchange rate of 4.6 percent.

## Outlook

Growth is projected to average 5.6 percent in 2024-26 (3.1 percent per capita), driven by increased activity in all sectors. Agriculture and services are expected to sustain growth, assuming favorable rainfall and continued recovery in tourism. Robust remittances, which represented 32.1 percent of GDP in 2023, will support the recovery in private sector demand, which, together with infrastructure programs, are expected to drive growth. Inflationary pressures are predicted to persist in 2024 and gradually ease, with CPI inflation reaching 6.5 percent in 2026, close to the Central Bank's 5 percent target, reflecting the restrictive monetary policy and easing global supply conditions.

Agriculture growth, recovery of the tourism sector, and robust remittances are expected to positively affect household

well-being. However, sustained increases in food prices will continue to undermine such gains in 2024, given poor households spend 65 percent on food. Consequently, the international extreme poverty rate is expected to increase to 17.2 percent in 2024 before declining in 2025 and 2026.

The CAD is expected to remain contained, averaging 3.8 percent in 2024-26, reflecting robust remittances, a decrease in investment-related imports, and strong export growth. The monetary policy is set to remain tight as inflation persists. The fiscal deficit is projected to narrow to 1.5 percent of GDP over 2024-26, supported by the completion of major infrastructure projects and domestic revenue mobilization efforts, including the digitization of tax administration and customs, the implementation of digital excise stamps for excisable products, the introduction of fuel marking, and reforms to broaden the tax base. Public debt is projected to decrease to 68.9 percent of GDP in 2024, supported by the fiscal path. Nevertheless, The Gambia is expected to remain at high risk of debt distress, and the end of the debt-service deferrals in 2024 could weigh on debt sustainability and economic growth.

**TABLE 2 The Gambia / Macro poverty outlook indicators**

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
<b>Real GDP growth, at constant market prices</b>	5.3	4.9	5.3	5.5	5.8	5.4
Private consumption	7.2	3.4	3.3	3.7	4.1	4.1
Government consumption	-7.9	2.3	2.4	2.5	2.6	2.7
Gross fixed capital investment	-8.7	15.1	13.7	14.1	11.8	9.1
Exports, goods and services	-27.2	8.5	18.9	18.0	20.1	22.0
Imports, goods and services	-15.2	16.2	11.0	12.0	11.0	10.0
<b>Real GDP growth, at constant factor prices</b>	5.3	4.9	5.3	5.5	5.8	5.4
Agriculture	13.7	3.6	7.2	6.6	6.2	5.1
Industry	2.9	3.1	6.5	6.4	6.1	6.1
Services	2.8	6.0	4.1	4.8	5.6	5.4
<b>Inflation (consumer price index)</b>	7.4	11.5	16.9	15.9	10.5	6.5
<b>Current account balance (% of GDP)</b>	-4.3	-4.2	-4.5	-5.1	-3.2	-2.3
<b>Fiscal balance (% of GDP)</b>	-4.8	-5.0	-2.6	-2.1	-1.3	-1.0
<b>Revenues (% of GDP)</b>	16.8	17.7	20.6	21.8	20.4	20.2
<b>Debt (% of GDP)</b>	83.9	83.4	75.8	68.9	64.6	59.5
<b>Primary balance (% of GDP)</b>	-1.8	-2.9	-0.4	1.0	1.4	1.5
<b>International poverty rate (\$2.15 in 2017 PPP)<sup>a,b</sup></b>	16.1	16.4	16.9	17.2	16.5	15.9
<b>Lower middle-income poverty rate (\$3.65 in 2017 PPP)<sup>a,b</sup></b>	45.4	45.9	47.0	47.6	46.7	45.8
<b>Upper middle-income poverty rate (\$6.85 in 2017 PPP)<sup>a,b</sup></b>	80.3	81.5	82.3	83.2	82.9	81.8
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	4.2	3.4	2.9	2.5	2.5	2.5
<b>Energy related GHG emissions (% of total)</b>	20.7	21.0	21.4	21.7	22.0	22.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations based on 2020-IHS. Actual data: 2020. Nowcast: 2021-2023. Forecasts are from 2024 to 2026.

b/ Projections using microsimulation methodology.