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The Republic of the Gambia

The Government of the Gambia (GoTG) PEFA 2022 Report

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The Government of The Gambia (GoTG)

PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) PERFORMANCE ASSESSMENT REPORT

The Public Finance Management Directorate (PFMD) of the Ministry of Finance and Economic Affairs (MoFEA)

Gambia

Public Expenditure and Financial Accountability (PEFA) Assessment

April 2024

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK'**.

PEFA Secretariat
April 19, 2024

Country's currency and indicative exchange rates: The Dalasi
US $ Dollar 1.00 = 55.60 Gambian Dalasi (October 8, 2022)

Fiscal year: Jan. 1 – December 31

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Abbreviations and Acronyms

a la – according to; see the
AAA - Accra Agenda for Action
ABP - annual borrowing plan
AC - Audit Committee
AFD - Agence Française de Développement (AFD)
AfDB - Africa Development Bank
AFS – annual financial statement(s)
AGD – Accountant General's Department
aka – also known as
AMP – Aid Management Platform
APM - Accounting Procedures Manual
ASYCUDA - Automated System for Customs Data
ASYCUDA++ - ASYCUDA's Customs Management System - Version 3
ASYCUDAWorld - ASYCUDA's Customs Management System - Version 4
BCC – budget call circular
BCG – budgetary central government
BFP - Budget Framework Paper
BoD - board of directors
BTI - Bertelsmann Transformation Index
CC - contracts committee
CED - Customs & Excise Department
CFAA – Country Financial Accountability Assessment
CFF - Cash flow forecast
CG – central government
CGT – capital gains tax
CIP - compliance improvement plan
CMC - Cash Management Committee
CN – concept note
CoA - chart of accounts
COSO - Committee of Sponsoring Organizations of the Treadway Commission
CRB - Complaints Review Board
CRF - Consolidated Revenue Fund
CS – Committee of Supply/Civil Service
CS-DRMS - Commonwealth Secretariat Debt Recording and Management System
DAC - Directorate of Aid Coordination
dd – dated
DIA - Directorate of Internal Audit
DLMD - Directorate of Loans and Debt Management
DMS - debt management strategy
DoB - Directorate of Budget
DP(s) - development partner(s)
DRTP – Directorate of Revenue and Tax Policy
DSA – debt sustainability analysis
DSSI - Debt Service Suspension Initiative
DTD - Direct Taxes Department
EBA – extrabudgetary agency
EFT - electronic funds transfer
EPA - expenditure payment arrears
EPRD - Economic Policy and Research Directorate
EQA - External Quality Assessment (EQA)
EU – European Union
EY - Ernst & Young
FACL - fiscal and contingent liabilities
FPAC - Finance and Public Accounts Committee
FR - Financial Regulations
FS - financial statements
FY – fiscal year
GAAP – Generally Accepted Accounting Principles
GamTaxNet - Gambia Tax Network (Management System)
GAMTEL – Gambia Telecommunications
GBMAA - Government Budget Management and Accountability Act
GCAA – Gambia Civil Aviation Authority
GFS - Governance Finance Statistics
GIAM - Internal Audit Manual
GLF - Gambia Local Funds
GO - The General Orders for the Public Service of The Gambia
GoTG – Republic of The Gambia
GPPA – Gambia Public Procurement Authority
GPPAR - Gambia Public Procurement Authority Regulations
GRA – Gambia Revenue Authority
GRPFM - Gender Responsiveness Public Financial Management
GSRB - Gambia Strategic Review Board
HR(M) – Human Resource (Management)
IA – internal audit
IAC - Internal Audit Charter
IAU – Internal Audit Unit
IC – internal control(s)
ID – identity (cards)
IDA - International Development Association
IDB - Islamic Development Bank
IDI - INTOSAI Development Initiative
IFMIS - Integrated Financial Management Information System
IGPISP - Inclusive Growth Promotion Institutional Support Project
IIA - Institute of Internal Auditors
IMF – International Monetary Fund
IPPF - International Professional Practices Framework
IUD – Internal Audit Department
IVAT - Income and Value Added Tax
JSC - Judicial Services Commission
JSR - joint sector reviews
KPI - key performance indicators
LCU – local currency unit
LFC - Liquidity Forecast Committee
LMC - Liquidity Management Committee
LTU - large taxpayer Units
MDA – ministries, departments, and agencies

MIIT - Ministerial Investment Implementation Taskforce
MoA – Ministry of Agriculture
MoHERST – Ministry of Higher Education, Research, Science, and Technology
MoPE - Ministry of Petroleum & Energy
MOT - Management and Oversight Team (MOT)
MOU – Memorandum of understanding
MTDS – medium term debt management strategy
MTEF – medium term expenditure framework
NA – "national assembly" or "not applicable", as the context dictates
NAO – National Audit Office
NAWEC – National Water and Electricity Company
NCB - national competitive bidding
NHRC - National Human Rights Commission
OT - open tendering
p. – page
PAG - project appraisal guideline
PAYE – pay as you earn
PBB - program-based budget
PC – public corporation
PE - public enterprise
PEA - Public Enterprises Act 1990
PEC – Public Enterprises Committee
PEFA – Public Expenditure & Financial Accountability
PER - public expenditure review
PFA – Public Finance Act 2014
PFM - public financial management
PFMPR - PFM performance Report
PIMA – Project Investment Management Assessment
PIP - Public Investment Program
PIT – personal income tax
PMIS - Personnel Management Information System
PMO - Personnel Management Office
PP – public procurement
pp. – pages
PPA – Prior Policy Action
PPM - Personnel Procedures Manual
PS – permanent secretary/public service
PSC - Public Service Commission
PV - payment voucher
QAR - quality assurance review
QER – quarterly expenditure report
QFD - quasi-fiscal deficits
RBIA – Risk-Based Internal Audit
RfP - request for proposal
RfQ - request for quotation
RT - restricted tender(ing)
s. – section
SAP - self-accounting projects
SD – service delivery
SDFP - Sustainable Development Financial Policy
SNG – subnational government
SO - standing orders
SPU - specialized procurement unit
SPV - special purpose vehicle
SRBC - State Resilience Building Contract
SS - single source
ss. - sections
TA - technical assistance
TADAT - Tax Administration Diagnostic Assessment Tool
TIN - tax identification number
ToRs – terms of reference
TSA - treasury single account
USAID – United States Agency for International Aid
V & P - Votes and Proceedings
VC - vote controller
WB – The World Bank

Executive summary

This executive summary presents a synopsis of the key information, data, and analysis contained in sections 1 to 5 of the main report under five headings: (i) purpose and management, (ii) scope, coverage, and timing, (iii) impact of PFM on budgetary and fiscal outcomes, (iv) performance changes (if applicable), and (v) PFM reform agenda.

Purpose and management

This GoTG PEFA 2022 Assessment comprises a PFM assessment using the "PEFA 2016 Framework" and a gender responsive PFM assessment using the "Supplementary Framework for Assessing Gender Responsive Public Financial Management (GRPFM) 2020", attached as an appendix to the main report. This is the country's first PFM assessment to comply with the PEFA 2016 Framework methodology; the 2019 self-assessment was merely a training and rehearsal exercise for a subsequent full-blown assessment, and it did not observe the quality assurance steps for obtaining the PEFACheck imprimatur. The earlier 2014 assessment conducted by the country used the 2011 Framework and is not suitable as a baseline assessment for tracking PFM progress under the 2016 Framework. Through its Public Finance Management Directorate (PFMD), the Ministry of Finance and Economic Affairs (MoFEA) initiated this exercise on behalf of the government, to produce a new PFM baseline to guide the government and development partners' future PFM reform activities.

The two PEFA PFM assessments have both scorekeeping and attention-directing purposes. The scorekeeping purpose is to produce a baseline scorecard on PFM performance and its gender-responsiveness. This includes identifying and keeping a record of the PFM strengths and weaknesses at the time of assessment for tracking future reform progress. The attention-directing objective would guide further reform prioritization and intervention by directing the attention of policymakers to underperforming areas for further investigation and necessary corrective action, including through new reform initiatives. Consequently, between these two overarching purposes, the current PEFA exercise has four distillable specific objectives, i.e.: to (i) produce an international standard PFM baseline assessment, (ii) keep a scorecard of current PFM strengths and weaknesses, (iii) provide a basis for coalescing future government and development partners' reform efforts, prioritization, and intervention activities around identified areas of most pressing need, and (iv) track future PFM performance progress.

The outcome of this PEFA assessment will feed into the planned 2023 midterm review of the ongoing PFM Reform Strategy 2021 – 2025, if possible, and into the next phase of the PFM reform agenda. The Gambia has a history of feeding PEFA and similar PFM assessments into its reform agenda. For example, the PEFA 2015 report premised the subsequent PFM Reform Strategy 2016 – 2020 adopted in May 2016, under which MoFEA instituted key PFM reform initiatives, including the production and publication of several periodic analytical PFM reports on government websites, e.g., (i) quarterly expenditure reports (QERs), (ii) liquidity forecasts, (iii) the medium-term expenditure framework (MTEF), (iv) the medium-term debt strategy (MTDS), (v) the government borrowing plan, and (iv) the debt sustainability analysis (DSA). The PFM Reform Strategy 2016 – 2020 also programmed the conduct of, at least, four key PFM analytics and diagnostics: (i) IMF-supported Tax Administration Diagnostic Assessment Tool (TADAT) tax assessment in May 2017, (ii) a USAID led PFM Impact Survey in 2018, (iii) an IMF-led and MoFEA-supported Public Investment Management Assessment (PIMA) in 2019, and (iv) a Pensions and Wages Assessment in early 2020. The outcome of these analytics fed into the drafting of the ongoing PFM Reform Strategy 2021 – 2025.

Two international experts commissioned by MoFEA with support from development partners undertook this assessment. The African Development Bank (AfDB) is the lead development partner (DPs) for the exercise and is sponsoring it under its institutional support project to The Gambia titled, *Inclusive Growth Promotion Institutional Support Project (IGPISP)*, implemented by MoFEA's Project Coordinating Unit (PCU). The Bank also played a lead role in the quality assessing the task by engaging throughout the process and providing detailed comments on the initial draft. Other DPs that actively engaged in the data collection and draft review phases are the International Monetary Fund (IMF), the World Bank (WB), and the European Union. The Association of Non-Governmental Organizations in the Gambia (TANGO) also engaged with the assessors during the data collection phase.

An oversight team of senior government officials, DPs, and the private sector managed the exercise. The Minister of Finance and Economic Affairs chaired the team, which included the two MoFEA permanent secretaries, three deputy permanent secretaries, and all the directors of the ministry. The country head of the IMF represented DPs in the team, which also included the chief executive office of the Gambia Chamber of Commerce, and Industry (GCCI), as the private sector's representative. MoFEA's Director of PFMD was the project manager. The quality assurance process involved review of the concept note/terms of reference by the government and invited reviewers, including the PEFA Secretariat, the AfDB, and the EU. It also involved review of the early draft by government and its DPs (AfDB, IMF, WB, and EU). The PEFA Secretariat conducted the final PEFACheck review.

Scope, coverage, and timing

This is a national government assessment; it applies to local governments only to the extent of their inclusion in the higher government's PFM activities, or their activities pose potential PFM risks to the government as defined and measured in the PEFA 2016 Framework. Examples include *PI-7: Transfers to subnational governments*, and *PI-10: Fiscal risks monitoring, especially Dimension 10.2. Monitoring of subnational governments*. The assessment covers all the budgetary entities and extrabudgetary institutions of the central national government, but not necessarily the Social Security and Housing Corporation (SSHFC) Limited. The coverage of the SSHFC is as a public corporation, which is how the government classifies it. The SSHFC does not receive support from the government budget; budgetary payments to it are only as a contribution on behalf of staff or other due contractual payments. This PEFA assessment does not cover the central bank, public corporations (except to the extent of budgetary subventions they receive, and their activities pose risks to the central government as covered by *PI-10.2: Monitoring of public corporations)*, and other public sector institutions outside the sectors described herein.

Obtaining comprehensive information on extrabudgetary units proved problematic. This affects the following four categories of institutions (i) agencies subvented through the budget but having independent accounting systems, (ii) agencies generate and spend their own resources per the constitution or other statute, (iii) donor funded and executed projects that operate outside the integrated financial management information system (IFMIS), and (iv) other extrabudgetary agencies that operate outside the regular accounting and reporting processes. The consolidated annual financial reports of the government do not currently include the operations of these entities, and it was not possible to obtain independent information on them. However, the assessment and scoring of each dimension duly considered the impact of the availability or otherwise of information on all covered agencies, including on subvented, self accounting, and extrabudgetary units.

The effective date of this PEFA assessment is November 30, 2022; that was the date the field mission for the collection of data for the exercise ended. Additional useful information received outside the cutoff date has not formed part of the scoring in this report (however, the report reflects such information in footnotes wherever appropriate). Consequently, the "last completed fiscal year" and the "last fiscal year" refer to the period that ended December 31, 2021[1]. The "last three (completed) fiscal years" refers to the FYs ending December 31, 2019, 2020, and 2021, respectively. For practical reasons, however, the interpretation of this has meant FYs 2017, 2018, and 2019 in some cases, e.g., *PI-31 (Legislative Scrutiny of Audit Reports)*. Those were the latest years for which the audit of the financial statements is complete; *PI-31* can only apply to years of completed audits.

This assessment experienced serious data quality and quantity constraints of various types. These include extended delays in providing data, provision of insufficient data and information, and outright non-provision of necessary information; inconsistencies in data obtained from various official sources; reluctance in granting requests for interviews and clarifications, etc. The assessment attempted to resolve these difficulties by alternatively sourcing information, e.g., from official government and development partner websites and social media platforms, and diagnostic reports, etc. Wherever these efforts succeeded, the analysis and scoring reflect that.

Impact of PFM on budgetary and fiscal outcomes

[1] The Gambia's fiscal year coincides with the calendar year.

Aggregate fiscal discipline - *The potentials for promoting aggregate fiscal discipline exists in The Gambia's PFM in, at least, seven areas:* (i) limiting contingency votes to the two percent mark, (ii) a budget classification and chart of accounts (CoA) modelled after the IMF GFS 2014, (iii) adherence to a fixed budget calendar, (iv) consistent timeliness in approving the budget, (v) continuing scale-up in the use of technology to enhance budget formulation, execution, and reporting, (v) advances in cash management, including in the introduction of the Treasury Single Account (TSA) and Electronic Funds Transfer (EFT) systems, etc., and (vii) ongoing SOE reforms. However, deep-seated systemic weaknesses in, at least, five key areas continue to override potential gains and perennially predispose PFM to fiscal discipline. The weaknesses include (i) an irresponsive organic budget framework, including stale legal and regulatory frameworks; (ii) lack of appetite to enforce extant regulatory provisions, including on virement, revenue administration, procurement, etc.; (iii) revenue administration and accounting gaps, including (a) inefficient reconciliation, (b) weak supervision of revenue collection, posting, and banking, (c) inaccurate recording of revenues collected, (d) late banking of collected revenue, and (e) cash suppressions and banking shortfalls; (iv) a poor asset management culture; and (v) uncompetitive procurement practices.

Strategic prioritization in resource allocation *– potential PFM enablers here include the CoA that, with some changes, can embody transparent and comprehensive budget management information, and the traditions of adherence to a fixed budget calendar, timely passage of the budget, and national development programming.* These can support an orderly budget process under the right atmosphere. The key weakness here is the ineffectiveness of the trio of macroeconomic and fiscal forecasting, fiscal strategy formulation, and medium-term expenditure programming. This denies political and economic managers reliable data and policy analysis for decision-making on resource allocation. Other similarly impactful weaknesses are: (i) nonadherence to legal provisions in intergovernmental fiscal relations, (ii) weak public assets and investments management that could affect resource allocation to socioeconomic priorities, (iii) weak monitoring and management of financial liabilities, especially those of SOEs, potentially diverting resources away from socioeconomic priorities to servicing of SOEs' high debt burden, (iv) flaws in predicting in-year resource flow to MDAs and service delivery units arising from the unpredictability of the revenue base and flow of resources, (v) procurement weaknesses, implicating inefficiency in resource allocation and prioritization, and (vi) difficulties with fiscal data and reporting on financial information.

Efficient delivery of public services - *the use of standing committees to vet budget estimates can highlight inefficiencies in resource allocation and potentially impact positively on public services' delivery (SD).* Nascent efforts by the Ministry of Basic and Secondary Education (MoBSE)[1] to document information on planned and achieved budget performances and resources received can also promote SD efficiency when fully mature. Nonetheless, flaws that could be undermining SD efficiency include these seven: (i) large deviations that could limit services in key areas, (ii)) (especially capital) expenditure tracking difficulties that complicate transparency of operations, (iii) frequent and unpredictable in-year budget adjustments, (iv) procurement system weaknesses that could dent value for money, (v) lack of systems monitoring and risk assessment focus of internal audit, especially in major capital projects could hide weaknesses on the level and quality of public SD, (vi) weaknesses in financial data integrity and delayed fiscal reporting that affects the flow of good information for efficient management of SD, and (vii) delays in audit reporting and in legislative scrutiny of audit reports that delay the identification of inefficiencies in SD programs and corrective actions.

Performance changes (if applicable) - using PEFA 2011 Framework

A "summary of the main performance changes since any earlier PEFA assessment" is not possible using the 2016 Framework since this is the baseline PFM assessment under the framework. Therefore, this tracking uses the 2011 Framework information in *Annex 4 (Tracking Change in performance based on previous versions of PEFA)*.

Aggregate fiscal discipline – *reforms aimed at strengthening fiscal discipline from the 2014 status quo are visible in several areas.* Examples include in (i) PFM legislation (enactment of new procurement law, ongoing preparation of a new organic public finance management law), (ii) IFMIS upgrade software from Epicor 9 to 10 to enable more IFMIS functionalities, e.g., integration of the Human Resources Management module and accounts of self

[1] And possibly also, the Ministry of Health and Social Welfare

accounting agencies and local governments, etc.), (iii) revenue administration (including the TSA roll out and expansion), (iv) expenditure management (including activation and ongoing expansion of electronic funds transfer (EFT)), etc. However, these new reforms have not yet reflected in improved fiscal discipline, which in fact, deteriorated from the 2014 levels, caused by both internal and external factors. The external factors include the COVID-19 pandemic that exerted severe adverse impact on domestic revenue generation, leading to the larger aggregate expenditure and composition deviations than was the case in the previous assessment. The most important internal factor is the deterioration observed in several key areas, some with already weak performance in 2014, e.g., (i) excessive use of virements, (ii) uncompetitive procurement practices, (iii) orderliness and participation in the annual budget process (especially in the lack of political guidance on the preparation of budget submissions by MDAs, and reduction in time allowed for MDA budget preparation), (iv) multi-year perspective in fiscal planning, expenditure policy and budgeting (lack of extant medium-term strategic plans and costed sector strategies, weaker linkages between investment budgets and forward expenditure estimates, reduced reliability of periodic in-year information to MDAs on ceilings for expenditure), (v) fiscal risk from other public sector entities (failure to sustain the timely preparation and submission of local governments' financial statements to the CG).

Strategic prioritization in resource allocation – *the inclusion of fiscal policy review in legislative budget scrutiny in 2022, is a positive performance change that could have enhanced strategic prioritization in resource allocation.* Performance changes with the contrary effect also occurred, the most significant of which is the rollback of some budget formulation and multiyear fiscal programming reforms, with potential for adversely impacting on resource allocation. This rollback is evident in the following five key areas (i) reduction in time allowed for MDAs' budget preparation to two weeks, (ii) cabinet review of budget estimates only after finalization of MDA details, (iii) discontinuation of multiyear forecasts and fiscal programming, (iv) relapsing in medium-term sector strategic plans, and (v) weak alignment between expenditure policy proposals in the annual budget estimates and defined national priorities. Expenditure tracking was also better in 2014 than in 2022; in 2014, both budget formulation and expenditure reporting used the recurrent and capital classification unlike in 2022, when budget formulation used recurrent and development expenditure classification while execution continued to use recurrent and capital expenditure, thereby complicating ability to track resource allocation between the budget and financial statements. Other changes had less strategic significance, e.g., those affecting public access to fiscal information, where the public had access to in-year budget reports in 2022, instead of the budget documentation that they had access to in 2014. The same goes for procurement, which remained as uncompetitive in 2022, with the only difference being the lack of information to assess the complaints process. Some other aspects assessed the same in 2022 as in 2014, with no performance changes that could have optimized or undermined the level resource allocation and oversight decisions, e.g., budget documentation and transparency of inter-governmental fiscal relations

Efficient delivery of public services – *the 2022 assessment witnessed performance improvements in three aspects of external scrutiny and audit, with potential for enhancing public service delivery efficiency.* These are (i) coverage of both systems and performance audits in 2022, unlike in 2014 when audit comprised "largely financial audits with little focus on systemic issues", (ii) improved follow up on audit recommendations in 2022, with MoFEA formally responding to audit findings, even though "the evidence shows satisfactory resolution of only a small fraction of the issues", and (iii) legislative budget scrutiny including review of fiscal policy unlike in 2014, when scrutiny was only of the budget numbers. On the hand, some performances regressed and could have adversely affected service delivery efficiency. An example is the 2014 reforms to track resources delivered to primary health and primary education services, which had stymied by 2022, making it difficult to measure resource availability to key primary services delivery units. Reduced performance was also evident in the following five areas, with similar potential: (i) "widespread and routine violations of internal control rules and security protocols, including in the areas of virement, procurement, ICT, revenue administration, asset management, etc.", (ii) less frequent or cessation of internal audit reporting in budget entities, (iii) reduced scope, quality, and timeliness of in-year budget reports, (iv)) decline in the timeliness of submissions of the financial statements for audit, and (v) decline in the legislative scrutiny of external audit reports.

PFM reform agenda

The Gambia has launched three editions of its PFM Reform Strategy beginning in 2010, i.e., versions 2010 – 2014, 2016 – 2020, and the current 2021-2025. The country has generally pursued the reforms articulated in these strategy documents. These reforms encompass PFM legal and regulatory framework, budget and budgeting, accounting and treasury management, debt management, cash management, fiscal risk oversight of state-owned enterprises and local governments, internal audit, etc. Many of these reforms are continuing; Table 0.1 below shows these reforms and their links to the weaknesses identified in the assessment and recent performance changes using the 2011 Framework information in Annex 4, since this is the baseline assessment of the 2016 Framework.

Table 0.1: Ongoing/Planned PFM Reforms and Links to Recent Performance Changes & Main Identified Weaknesses in the Report

	Ongoing Reform	Links to Recent Performance Changes	Links to Main Identified Weaknesses
1	**PFM legal and regulatory framework reforms**		
	Recent enactment of the Gambia Public Procurement Authority (GPPA) Act 2022, and ongoing preparation of accompanying procurement regulations	None	To plug loopholes and the improve transparency and competitiveness in public procurement by securing prominence for open competitive tendering and reducing incentives for noncompetitive methods in public procurements.
	Review of the Public Finance (PFA) Act 2014, with the draft law (bill) approved by the cabinet in March 2023	None	To strengthen the legal framework for making the budget truly program-based and more realistic, thereby reducing the penchant for virement; a new AfDB project seeks to provide support for reforms in this area, among others. The project is the Public Financial Management and Economic Reform Program (PFM-ERP) - Phase I, with the project appraisal document approved in June 2023
	Asset management policy and manual - initial draft report produced and undergoing review	None	To provide the basis for more robust management of fixed and physical assets (the draft manual/policy does not focus on financial and subsoil assets)
	Enactment of a State-Owned Enterprises (SOEs) law in March 2023 to (i) strengthen the corporate governance, stem executive interference, initiate suitable accounting practices, etc.	Improved performance observable (clearance of backlog of SOE audits, performance agreements with measurable KPIs reached with some SOEs, etc.) but not yet sufficiently impacting on assessment	To strengthen corporate governance of SOEs by (i) addressing the identified weaknesses, including executive interference, unsuitable accounting practices, and inefficient service delivery, (ii) creates a new SOEs' oversight commission, (iii) requiring all SOEs to operate under International Financial Reporting Standards (IFRS), (iv) improve the selection process and introduce term limits for board directors and CEOs, (vi) strengthen the reporting and audit framework, and (vii) requiring that any ad-hoc public services delivery requested by the executive be properly documented and fully compensated, and (viii) introduce the use of performance contracts for management.
2	**Structural reforms**		
	Revenue policy -, including the creation of the Directorate for Revenue and Tax Policy (DRTP) in MoFEA	None	To provide a more strategic focus on tax policy formulation, design, and monitoring
3	**Budget and budgeting reforms**		
	Resumption of macroeconomic and multiyear fiscal forecasting programing with the release of the first draft the Medium-term Economic and Fiscal Framework 2023 – 2026 in November 2022	Legislative scrutiny of fiscal policy in addition to budget numbers.	To improve budget formulation, reduce virement, and promote aggregate fiscal discipline across the government; the IMF is also providing technical assistance to the Economic Policy Department of MoFEA on macroeconomic forecasting and production of the four-year Medium-Term Economic Fiscal Framework (MTEFF) on an annual rolling basis, and to present it to the National Assembly for review and approval as part of the annual budgeting process.
	Program based budgeting	None yet; work in progress	To make the budget truly program-based and more realistic, thereby reducing the penchant for virement; an embedded EU technical expert is working with MoFEA in this regard
4	**Accounting and treasury management reforms**		

Table 0.1: Ongoing/Planned PFM Reforms and Links to Recent Performance Changes & Main Identified Weaknesses in the Report

	Ongoing Reform	Links to Recent Performance Changes	Links to Main Identified Weaknesses
	Continuing upgrade of IFMIS software from Epicor 9 to 10	None yet; LGs and subvented agencies linked to IFMIS; donor-financed next in line	To facilitate credible and timely financial reporting; etc., by extending IFMIS functionality to embassies, local government authorities (LGAs), sub-treasuries, self-accounting projects, and subvented agencies
	Cash management and payment reforms - continuing treasury single account (TSA) reforms	None	To strengthen financial management and electronic funds transfer (EFT) reforms to reduce cash handling and expedite
5	**Debt management**		
	Debt management and debt reporting and reconciliation	None; DLDM now produces annual debt management strategies and annual borrowing plans, but the quality is still low	To strengthen debt reporting, develop a domestic borrowing plan, i.e., medium-term debt strategy (MTDS), etc.

Overview of the Scores of the PEFA indicators

Table 0.2: Table 1: Overview of the Scores of the PEFA indicators

PFM performance indicator		Scoring method	Dimension score				Overall score
			i.	ii.	iii.	iv.	
Pillar I. Budget reliability							
PI-1	Aggregate expenditure outturn		D				**D**
PI-2	Expenditure composition outturn	M1	D	D	A		**D+**
PI-3	Revenue outturn	M2	D	D			**D**
II. Transparency of public finances							
PI-4	Budget classification		D				**D**
PI-5	Budget documentation		C				**C**
PI-6	Central government operations outside financial reports	M2	D	D	D		**D**
PI-7	Transfers to subnational governments	M2	D*	D			**D**
PI-8	Performance information for service delivery	M2	D	D	D	C	**D**
PI-9	Public access to fiscal information		D				**D**
III. Management of assets and liabilities							
PI-10	Fiscal risk reporting	M2	D	D	D		**D**
PI-11	Public investment management	M2	C	D	D	D	**D**
PI-12	Public asset management	M2	D	D	D		**D**
PI-13	Debt management	M2	D	D	D		**D**
IV. Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	D	D	D		**D**
PI-15	Fiscal strategy	M2	D	D	NA		**D**
PI-16	Medium-term perspective in expenditure budgeting	M2	D	D	D	NA	**D**
PI-17	Budget preparation process	M2	C	D	D		**D+**
PI-18	Legislative scrutiny of budgets	M1	B	C	A	B	**C+**
V. Predictability and control in budget execution							
PI-19	Revenue administration	M2	B	C	D	D	**D+**
PI-20	Accounting for revenue	M1	B	A	D		**D+**
PI-21	Predictability of in-year resource allocation	M2	D	D	D	D	**D**
PI-22	Expenditure arrears	M1	D	D			**D**
PI-23	Payroll controls	M1	D	D	C	B	**D+**
PI-24	Procurement management	M2	D	D*	D	D*	**D**
PI-25	Internal controls on non-salary expenditure	M2	C	D	D		**D+**
PI-26	Internal audit	M1	D	D	D	D	**D**
VI. Accounting and reporting							
PI-27	Financial data integrity	M2	D	A	D*	B	**C+**
PI-28	In-year budget reports	M1	D	C	D		**D+**
PI-29	Annual financial reports	M1	C	D	B		**D+**
VII. External scrutiny and audit							
PI-30	External audit	M1	C	D	D	B	**D+**
PI-31	Legislative scrutiny of audit reports	M1	D*	D*	D*	D*	**D**

1. Introduction

The Ministry of Finance and Economic Affairs (MoFEA) commissioned this PEFA assessment exercise on the behalf of the Government of the Republic of The Gambia (GoTG)). The exercise is to use the PEFA 2016 PFM Assessment Framework to assess the country's public financial management (PFM) and the Supplementary Framework for Assessing Gender Responsive Public Financial Management (GRPFM) 2020 to assess the PFM system's gender responsiveness. This is the country's first PEFA assessment using the 2016 framework; the last assessment exercise was in 2014 and it used the PEFA 2011 Framework as revised and updated in 2013. The African Development Bank (AfDB) is the lead development partner in this current exercise, and it is sponsoring it under its Institutional Support Project to The Gambia titled, *Inclusive Growth Promotion Institutional Support Project (IGPISP)*, implemented by MoFEA's Project Coordinating Unit (PCU).

1.1. Rationale and purpose

The stated overarching rationale for the GOTG PEFA 2022 is to provide a basis for further strengthening the PFM system. The exercise will "help guide policy interventions to improve PFM systems, establish synergies amongst partners' support for these interventions, and build capacity for the PFMD Staff"[1]; the PFMD is the Public Finance Management Directorate MoFEA. The objective of the Gender Responsive PEFA assessment is to collect information to help the government assess the extent to which the PFM system is promoting and contributing to gender equality and addressing the different needs of men and women and their different subgroups.

The GoTG has instituted formal PFM reforms since 2010, using the outcomes of various PFM and related assessments. These include the Country Financial and Accountability Assessment (CFAA) 2010 exercise, which led to the institution of the PFM Reform Strategy 2010 – 2014, aimed at streamlining PFM reform activities and providing a basis for mobilizing resources to support the reforms. The strategy was the first formal PFM reforms in modern Gambia; its activities included the establishment of the Integrated Financial Management Information System (IFMIS) and the introduction of the Medium-Term Expenditure Framework (MTEF) and internal control functions[2]. It also led to the founding of the Public Finance Management Directorate (PFMD) of MoFEA. In 2014, the GoTG undertook a PEFA assessment, which afforded it the opportunity to use internationally acceptable benchmarks to measure the outcome of these reforms and the status of the PFM system. The result of the exercise, published in 2015, became the first official measurement the performance of the PFM system in the Gambia, using the PEFA framework[3].

The PEFA 2015 report premised the subsequent PFM Reform Strategy 2016 – 2020 adopted in May 2016, under which MoFEA instituted key PFM reform initiatives. These embrace the production and publication on the government websites of several periodic analytical PFM reports, e.g., (i) quarterly expenditure reports (QERs), (ii) liquidity forecasts, (iii) the medium-term expenditure framework (MTEF), (iv) the medium-term debt strategy (MTDS), (v) the government borrowing plan, and (iv) the debt sustainability analysis (DSA). The PFM Reform Strategy 2016 – 2020 also saw the conduct of, at least, four key PFM analytics and diagnostics. These are (i) an IMF-supported tax assessment using the Tax Administration Diagnostic Assessment Tool (TADAT) in May 2017, (ii) a PFM Impact Survey in 2018 led by the USAID, (iii) a Public Investment Management Assessment (PIMA) in 2019 led by the IMF and supported by MoFEA, and (iv) a Pensions and Wages Assessment in early 2020. The PFMD also conducted a high-level PEFA self-assessment supported by a PEFA expert in May 2019 to assess change and identify remaining challenges. The outcome of these analytics fed into the drafting of the PFM Reform Strategy 2021 – 2025, currently under implementation.

[1] See the CN and ToRs for the GoTG 2022 PEFA

[2] See the Terms of Reference and Scope of Services for the GoTG PEFA 2022, *pp. 10 - 11*.

[3] The PEFA website indicates that an earlier PEFA exercise took place in 2010, but the result is not publicly available; see www.pefa.org.

These positive developments notwithstanding, challenges remain. As the CN/ToRs observe, "Despite gains made, the PFM sphere is far from being perfected. We are … challenged with budget credibility, poor investment management, the need to improve service delivery and so on". No new PEFA assessment has taken place to track PFM reform progress holistically and according to internationally acceptable and attested PEFA methodology. The internal PEFA assessment in 2019 did not go through the PEFA Secretariat's PEFA-Check process, and the results are not publicly available. The outcome of that assessment, therefore, may not provide a rational and independent basis for measuring the status of the PFM reforms instituted since the PEFA 2014 assessment. This current PEFA 2022 assessment seeks to fulfil this role. Thus, the current exercise will assess the status of PFM, establish new benchmarks, identify and highlight existing gaps in the PFM system, and provide a rational basis for recommendations for additional reform action. The outcomes will guide MoFEA (through its PFMD) in preparing a roadmap to address the gaps and weaknesses.

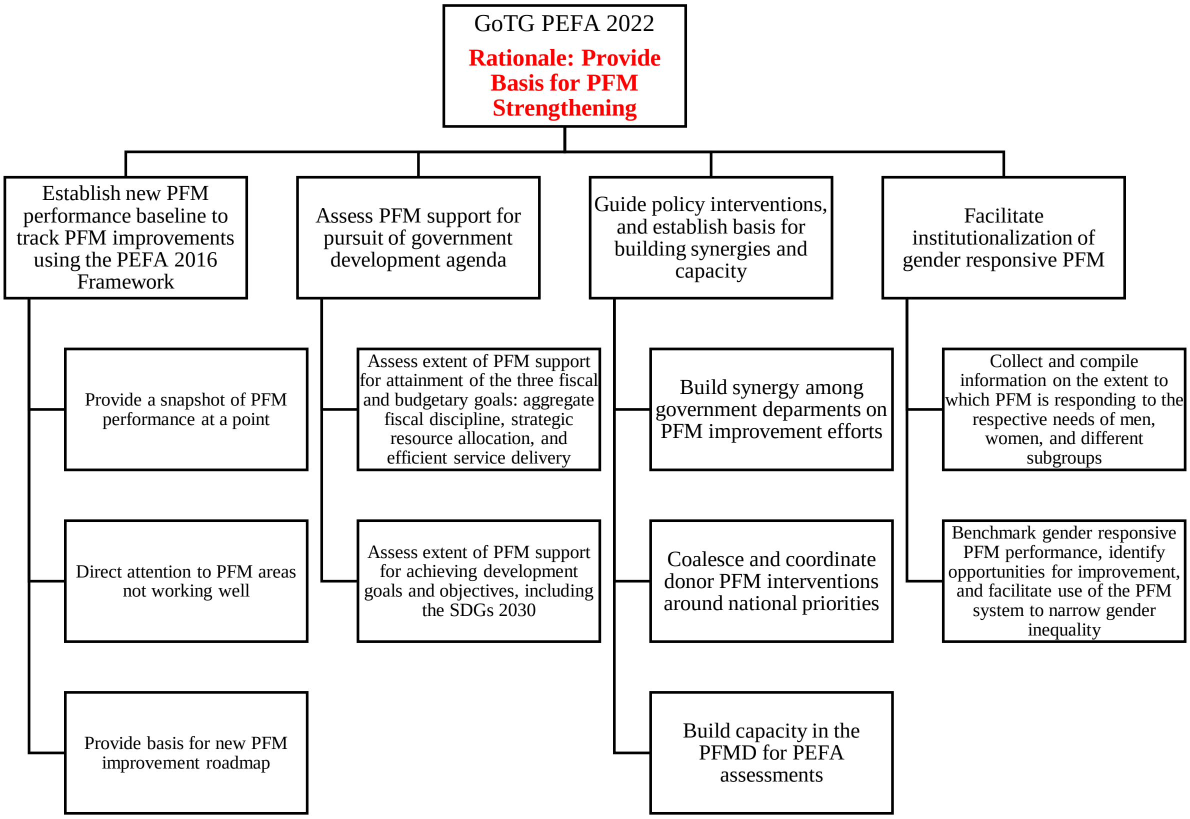
The subobjectives of the GoTG PEFA 2022 that will facilitate the attainment of the overarching goal include the following four

- Establish new PFM performance baseline to track PFM improvements using the PEFA 2016 Framework
- Assess PFM support for pursuit of government fiscal and budgetary goals
- Guide policy interventions, and establish basis for building synergies and capacity
- Facilitate the institution of gender responsive PFM

The following paragraphs briefly explain these subobjectives. *Figure 1.1* presents the information graphically.

- Establish new PFM performance baseline to track PFM improvements using the PEFA 2016 Framework - the 2014 baseline assessment is not stale, and a new baseline using the 2016 Framework is necessary. The PEFA assessment will provide a snapshot of PFM performance at the point of assessment. This will serve two purposes. First, it will direct attention to areas of suboptimal PFM performance, thereby facilitating decision-making and prioritization, and providing a basis for new drawing up a PFM improvement roadmap. The assessment will also provide an objective basis for tracking reform progress by tracking progress over time.
- Assess PFM support for pursuit of government development agenda – the assessment will assess the extent to which PFM is supporting the attainment of the three fiscal and budgetary goals of aggregate fiscal discipline, strategic prioritization in resource allocation, and value for money in service delivery. These tripartite goals are vital for the achievement of the government's development goals and objectives, including the 17 Sustainable Development Goals (SDGs) 2030.
- Guide policy interventions and establish a basis for building synergies and capacity – the PEFA assessment will help to focus attention on underperforming areas and, thereby, provide common understanding on needed policy interventions. This will help to build synergy among government departments on PFM improvement priorities and efforts. It will also help to coalesce and coordinate donor PFM interventions around national priorities, consistent with the Paris Declaration on Aid Effectiveness of 2005, the follow-up Accra Agenda for Action (AAA) 2008, and the Busan Framework on Aid Effectiveness of 2011. Finally, the assessment will help the government to undertake measures to build the necessary capacity in the PFMD and across the government to implement PFM reforms and possibly undertake future PFM assessments, including PEFA.
- Facilitate the institution of gender responsive PFM – in this regard, the Gender responsive PFM assessment will collect and compile information on the extent to which PFM is responding to the respective needs of men, women, and different subgroups. This will benchmark gender responsive PFM performance, identify opportunities for future improvement, and facilitate use of the PFM system to narrow gender inequality between men and women, and other vulnerable subgroups.

Figure 1.1: Aims of the GoTG PEFA & Gender Responsive PEFA Assessments 2022



1.2. Assessment management and quality assurance

This PEFA assessment was at the instance of the Ministry of Finance and Economic Affairs (MoFEA), represented by its Public Finance Management Directorate (PFMD). The PFMD was, therefore, the main government counterpart in this exercise, and it managed, facilitated, and coordinated the entire process on behalf of the ministry and the government. The directorate interfaced with the experts outfield, and hosted them infield, including by providing them an office and internet access; organized sensitization sessions (including a training workshop) with government agencies and development partners (DPs); liaised with them for the collection of documentary evidence, and arranged face to face meetings between them and the experts during the field work. The directorate also participated in more than 40 PEFA meetings held infield, i.e., with government departments, and DPs, and civil society groups.

Development partners collaborated and supported with MoFEA in organizing this exercise. The main development partner for this exercise is the African Development Bank (AfDB), which bankrolled it through its *Inclusive Growth Promotion Institutional Support Project (IGPISP)* implemented through MoFEA PCU. Other development partners with in-country offices in the Gambia also supported the exercise by participating in reviewing the concept note (CN)/terms of reference (ToRs), granting access to other appraisal reports, and granting meetings. These include the European Union (EU), The World Bank (WB), and the International Monetary Fund (IMF). The AfBD also reviewed the concept note and cleared the terms of reference for recruiting the PEFA consultants beyond funding the exercise.

The external assessors analyzed the data and evidence sourced from government departments and development partners; the gathering of which the PFMD facilitated and coordinated. The assessors also drafted the report and submitted it to the government through the PFMD for critical quality assurance review. The government and its development partners reviewed the drafts and provided comments for incorporation into the report. The institutions of government that participated in this review process include the PFMD, the Accountant General Department (AGD), and the directorates of Aid Coordination, Budget, Economic Policy and Research, Internal Audit, Loans and Debt Management, Procurement, Public Private Partnership, etc. The participating development partners include the AfDB, EU, WB, and the IMF. Both the main PEFA assessment and the gender PEFA assessment underwent the same quality assurance review process.

BOX 1.1: Assessment management and quality assurance arrangements

PEFA assessment management organization

- Oversight Team - Chair & Members: [names & organizations]
    - Hon Seedy K. Keita, Minister Ministry of Finance and Economic Affairs - Chair
    - Mod Secka, Permanent Secretary 1, MoFEA - member
    - Abdoulie Jallow, Permanent Secretary, MoFEA – member
    - Pa Momodou Taal, Deputy PS – Fiscal, MoFEA - member
    - Yaya Drammeh, Deputy PS Admin and Finance, MoFEA – member
    - Juldeh Ceesay, Deputy PS Projects, MoFEA – member
    - Agnes Macaulay, Accountant General, Accountant General Department (AGD) – member
    - Modou Ceesay, Director General, Internal Audit Directorate – member
    - Yankuba Darboe, Commission General, Gambia Revenue Authority – member
    - Phoday M. Jaiteh, Director General, Gambia Public Procurement Authority – member
    - Karamba Touray, Auditor General, National Audit Office – member
    - Lamin Jawara, Permanent Secretary, Personnel Management Office (PMO) – member
    - Daniel Carlos, Deputy Clerk, National Assembly – member
    - Louis Mendy, Permanent Secretary, Ministry of Basic Education – member
    - Saffie Dambelleh, Project Coordinator, Project Coordination Unit (PCU), MoFEA – member
    - Sarata Conateh, CEO, Gambia Chamber of Commerce, and Industry GCCI, representative of Private Sector
    - Ndey S. Bakurin, Executive Director, Association of non-Government Organization representative of Civil Society – member
    - Mamadou Dioulde Barry, IMF Rep Gambia, representative of development partners - member
- Assessment Manager [names & organizations]:
    - Amie Kolleh Jeng, Director, Public Finance Management Directorate (PFMD), Ministry of Finance and Economic Affairs (MoFEA)
- Assessment Team Leader and Team Members [name and organization for each]
    - Chinedum Nwoko, Policy Associates, team leader
    - James Botha – Expert 1
    - Supported by
        - Amie Kolleh Jeng, Director, PFMD, MoFEA
        - Abdoulie S. Bah, Principal Economist, PFMD, MoFEA
        - Omar Jammeh, PFMD, MoFEA
        - Ndey Ancha Dubois, Cadet Economist, PFMD, MoFEA
        - Alasan Cham, Cadet Economist, PFMD, MoFEA
        - Ruth Kezia Forster, Cadet Economist, PFMD, MoFEA
        - Rohey Jorbateh, Cadet Economist, PFMD, MoFEA

Review of concept note and/or terms of reference

- Date of reviewed draft concept note and/or terms of reference: 08 July 2021
- Invited reviewers: [name and organization for each one, or as group e.g., the Oversight Team]
    - Ministry of Finance and Economic Affairs (MoFEA)
    - Management Oversight Team
    - African Development Bank team
    - Development partners

  - PEFA Secretariat
- Reviewers who provided comments: *[name and organization for each one, in particular the PEFA Secretariat and date(s) of its review(s) or as group e.g., the Oversight Team]*
  - PEFA Secretariat
  - Ibrahim Ansu Bangura, Senior Governance & Economic Management Officer, AfDB
  - Daniel Osei-Boakye, Senior Procurement Officer, AfDB
  - Philip Doghle, Principal Financial Management Specialist, AfDB
  - Wojciech Paczynski, European Union, representing development partners
  - PFM Department (representing MoFEA)
- Date(s) of final concept note and/or terms of reference: 08 July 2021

Review of the assessment report

- Date(s) of reviewed draft report(s): April – May 2023
- Invited reviewers: *[name and organization for each one, in particular the PEFA Secretariat and date(s) of its review(s) or as group e.g., the Oversight Team]*
  - PEFA Secretariat
  - Ministry of Finance and Economic Affairs (MoFEA)
  - Ministry of Ministry of Gender, Children, and Social Welfare
  - Development partners community
  - Management Oversight Team
- Reviewers who provided comments: [name and organization for each one]
  - PEFA Secretariat February 19, 2024
  - PFM Department (on behalf of MoFEA/GoTG) – May 10, 2023
  - The International Monetary Fund (IMF) - May 12, 2023
  - European Union – May 13, 2023
  - Ibrahim Ansu Bangura, Senior Governance & Economic Management Officer (AfDB Governance Team) - May 21, 2023
  - Philip Doghle, Principal Financial Management Specialist, (AfDB PFM Team) - May 21, 2023
  - Daniel Osei-Boakye, Senior Procurement Officer (AfDB Procurement Team) - May 25, 2023
  - The World Bank – May 25, 2025
  - Ministry of Ministry of Gender, Children, and Social Welfare – May 30, 2023

1.3. Assessment methodology

This section describes the methodological choices made for the assessment. It covers four main topics, i.e., (i) scope and coverage of the assessment, (ii) when performance is assessed, (iii) sources of information, and (iv) other methodological issues for the preparation of the report.

Scope and coverage of the assessment

This GOTG PEFA 2022 covers the national government to the exclusion of local governments. Inclusion of local governments is only to the extent defined in the PEFA 2016 Framework., i.e., to the extent that the PFM activities of the national government includes them, or their activities pose potential risks to the national government's PFM. Examples are as expressed in *PI-7: Transfers to subnational governments*, and *PI-10: Fiscal risks monitoring, especially Dimension 10.2. Monitoring of subnational governments*.

The assessment covers all the budgetary and extrabudgetary institutions of the central national government of the Gambia, but not necessarily the Social Security and Housing Corporation (SSHFC) Limited. The coverage of the SSHFC is as a public corporation, i.e., state-owned enterprise (SOE) or public enterprise (PE), which is how the government classifies it, even though the entity operates as private limited liability company, registered under the Companies Act. The SSHFC does not receive support from the government budget. This PEFA assessment does not cover public corporations, except to the extent of any subventions made to them through the regular budget, and their activities pose risks to the central government, as covered by *PI-10.2: Monitoring of public corporations*. The assessment did not cover the central bank and other public sector institutions outside the sector described herein.

The coverage of this assessment includes all institutions covered by the regular government budget (budgetary units) and reporting through the annual consolidated financial statements. This includes ministries, departments, and agencies (MDAs), and other budget entities. The coverage also includes central government institutions subvented through the budget and/or that generate and spend own resources as empowered by law to do, or otherwise, operate outside the regular accounting and reporting processes (extrabudgetary units). The inclusion of these institutions is to the extent that their information was available. However, the assessment and scoring of each dimension duly considered the impact of the availability or otherwise of information on all covered agencies, including on subvented, self accounting, and extrabudgetary units[1].

Another category of extrabudgetary institutions whose information proved difficult to obtain is donor funded and executed projects that operate outside the integrated financial management information system (IFMIS). The consolidated annual financial reports of the government do not currently include the operations of these entities, and it was not easy to obtain independent information on them, in most cases. The approved annual estimates include detailed information on their budgeted revenues and expenditures; however, they currently execute and report their budgets on alternative accounting and reporting platforms, which the AGD does not pick up for integration into the consolidated financial statements. The current configuration of the IFMIS is around the activities of the Consolidated Revenue Fund (CRF). This means that all revenues and expenditures that bypass the CRF fall outside the purview of the IFMIS. The AGD's annual consolidated reports concentrate only on operations executed on the IFMIS. Reform efforts are in process to profile the execution of these donor projects on the IFMIS; however, the current lacuna reflects in several places in this report.

Timing of performance assessment

The effective date of this PEFA assessment is November 30, 2022; that was the date the field mission for the collection of data for the exercise ended. Additional useful information received outside the cutoff date has not formed part of the scoring in this report. However, the report reflects such information in the final formatting, as mentioned in footnotes wherever appropriate. Consequently, the "last completed fiscal year" and the "last fiscal year" refer to the period that ended December 31, 2021[2]. However, where relevant, activities initiated in FY2021 for the fiscal year 2022 are relevant. These include, for example, activities concerning FY2022 budget, including FY2022 budget call circular issued on June 15, 2021; and review, scrutiny, and approval of FY2022 budgets in December 2021 respectively.

The term, "at the time of the assessment" refers to activities within 12 months to the period of the fieldwork3, or in some cases, occurrences within the fiscal year 2022, i.e., up to December 31, 2022. This allows admissibility of evidence of activities that had already commenced and would normally terminate by the end of the fiscal year. Examples include the activities leading to the passage of FY2023 budget by the National Assembly in December 2022. The "last three completed fiscal years" or the last three fiscal years" refers to FYs 2019, 2020, and 2021 that ended in December 31 on each year. For practical reasons, however, the interpretation of this has meant FYs 2017, 2018, and 2019 in some cases, e.g., *PI-31 (Legislative Scrutiny of audit Reports)*. Those were the latest years for which the audit of the financial statements is complete; *PI-31* can only apply to years of completed audits.

Sources of information

MoFEA directorates and agencies played a critical role in this provision of data and evidence for this assessment exercise. They provided documentary evidence and granted series of oral interviews during the fieldwork to supplement. These institutions include Accountant General Department (AGD) and the directorates of Budget, Economic Policy and Research, Internal Audit, Loans and Debt Management, Procurement, Aid Coordination, and

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[1] For an understanding of the role of EBUs, see "*Special Note on Subvented Agencies, Extrabudgetary Agencies/Extrabudgetary Units, and Public Enterprise"* under *subsection 1.4* below

[2] The Gambia's fiscal year coincides with the calendar year.

[3] Taking a cue from the guidance provided on the assessment of PI-13: Debt Management, i.e., "13.1:4. … 'At time of assessment' means the last 12 months at time of assessment of this dimension"; see the PEFA Fieldguide, Vol. 2, 2/e, 2018, *p. 87*.

Public Private Partnership, and the Project Coordination Unit (PCU). Other key relevant institutions in this regard include the National Audit Office (NAO), Gambia Revenue Authority (GRA), Gambia Public Procurement Authority (GPPA), Central Bank of The Gambia (CBG), National Assembly, etc. The ministries of Basic Education (MoBSE), Health (MoH), Land and Regional Government, etc., and a sample of local governments also provided documents and granted interviews. The assessment also relied on documentary evidence sourced from key government websites, including those belonging to MoFEA, NAO, MoBSE, Health, etc.

Nonstate institutions also play a vital role in the process, especially in granting interviews and providing documentary evidence. The evidence from these sources was useful for triangulation, and in some cases, as primary sources of data, e.g., the IMF 2019 PIMA report, and a series of studies conducted by the World Bank (WB) on SOEs and debt, among others. In addition to providing these documents, both the IMF and the WB granted generous interviews, as also did the European Union Mission to The Gambia. Civil society groups also granted an interview coordinated by their umbrella group, The Association of Non-Governmental Organizations in the Gambia (TANGO).

1.4. Other methodological issues for the preparation of the report

Non-applicability of certain dimensions

This assessment covered all the 31 indicators and of the PEFA 2016 Framework. However, some dimensions did not apply, based on the guidance provided in *part 2, section 2.1.2 of the PEFA 2016 Framework document (page 7)*, and the Fieldguide. These dimensions include

- 'Dimension 15.3: Reporting on fiscal outcomes' that did not apply because the government did not develop a fiscal strategy, according to the guidance in para. 15.3.2 of the Fieldguide, Vol. 2, 2/e, 2018, *p. 100*.
- 'Dimension 16.3: Consistency of budgets with previous year's estimates' did not apply because The Gambia is yet to adopt the multiyear budgeting technique, as explained PIs 14 and 15, for which score of Ds applied.

Data constraint issues

The report made every effort to represent The Gambia PFM status quo accurately. However, analytical assessments such as this can only be as good as the quality of evidence and information underlying them, i.e., at the disposal of the analysts. This analysis confronted data constraints of various types, some of the more serious of which remained intractable to the end. The data constraints include extended delays in providing data, provision of insufficient data and information resulting in information/data gaps, and outright non-provision of necessary information; inconsistencies in data obtained from various official sources; reluctance in granting requests for interviews and clarifications, etc. The assessment attempted to resolve these difficulties, including through alternative sourcing of official information in the face of dearth of evidence from designated government repositories (e.g., from official government websites and social media platforms/handles, development partner diagnostic reports and websites, etc.), sustained reach out for data and clarifications beyond what normally obtains in such exercises, etc. Where these efforts succeeded, the report has reflected it in the analysis and scoring. Where gaps in background analysis and narrative, and insufficiency of evidence to score a dimension remain in the report, the efforts fell short.

Special Note on Subvented Agencies, Extrabudgetary Agencies/Extrabudgetary Units, and Public Enterprises

Getting comprehensive information on or the list of EBUs in the Gambia remained a daunting challenge to the end of this task. Piecing together the information gathered in fragments, it does not appear that the country has many agencies that meet the GFS 2014 criteria for EBUs i.e., *"separate legal identity and substantial autonomy, including discretion over the volume and composition of their expenditures and a direct source of revenue, such as earmarked taxes" (para. 2.41)*, provided they *"satisfy the criteria to be an institutional unit (see paragraphs 2.22 and 2.80)*". To qualify as an institutional unit … an economic entity must be *"capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and in transactions with other entities" (para. 2.22)*. The names mentioned as EBAs include: the National Assembly, Judiciary, Independent Electoral Commission (IEC), Ombudsman, Public Service Commission (PSC), Human Rights Commission (HRC), National Audit Office

(NAO), Gambia Revenue Authority (GRA), and Central Bank of Gambia (CBG). However, none of these meets the GFS definition of EBU, especially the criteria of *"a direct source of revenue, such as earmarked taxes"* and *"ability to incur liabilities"*. The CBG is a financial public corporation, not an EBU. The GRA keeps a percentage of its revenue collection, but it may not incur liabilities.

None of the other agencies in the list has an independent source of revenue and none of them incur liabilities. They are budget-funded agencies, just like regular ministries, departments, and agencies (MDAs), except that they receive their budgetary allocations in bulk as subventions and manage and account for them as self accounting agencies. This arrangement protects them from the day-to-day cash rationing decisions of MoFEA. Their other sources of revenue include external (sector) budget support or project-tied grants, and retained self-raised revenues such as registration fees, sale of forms, etc. Their project coordinating units (PCUs) execute their project-tied grants, as is the case with regular ministries, except for Kuwaiti Fund (and probably few such other projects), which directly conduct procurements on its projects. Each such project is self accounting, whether executed by ministries or their self-accounting agencies, as defined above. To illustrate, the Ministry of Basic and Secondary Education's PCU executed, at least, three such projects in FY2021: GPE Accelerated Emergency Education COVID-19 Responses Project, Education Sector Support Project (ESSP), and Additional Financing for the Education Sector Support Project, according to evidence provided by the ministry. These donor-funded projects are not EBAs or EBUs, although casually referred to as such by officials; they are not standalone projects. The PCUs that implement them are integral parts of their parent ministry or agency's line management; and their personnel are directly accountable to the permanent secretary, and thus, to the Personnel Management Office (PMO), the Public Service Commission (PSC), and the head of the civil service.

Following the Secretariat's comment on the draft PEFA report, the assessors renewed efforts to collect (a) a comprehensive list of what the country regards as extrabudgetary units EBAs, and (b) their 2019 – 2021 financial statements. The efforts were largely unsuccessful, as the government submitted the financial statements of only four agencies that it classifies as EBAs (EBUs): (i) The Gambia Standards Bureau (TGSB), (ii) Financial Reporting Oversight Board (FROB), (iii) Financial Intelligence Unit of The Gambia (FIU), and (iv) Gambia Tourism and Hospitality Institute (GTHI) *(Figure 1.2).* Of these four, only the GTHI has realistic alternative sources of income; even then, an average of 61.7 percent of its total income between 2017 and 2020 comprised government subvention, i.e., outside the 5,000,000-dalasi Government Covid-19 support in 2020. Its other sources of income were educational services (5.8 percent), non-educational services (20.8 percent), professional services and consultancies (8.9 percent), and other income (2.7 percent). The GTHI prepares a separate budget approved by its management board, and which does not form part of the approved government budget. Analysis of the financial statements of the other three agencies indicate that they depend on government budget subvention for an average of about 86.6 of their revenues, with (external) budget support and retained internal revenues accounting for the balance. None of the agencies can borrow or incur liabilities other than routine payables in the ordinary course of trade. The entities are not EBUs, but subvented, self accounting agencies, except for GTHI.

Figure 1.2: The Government's Examples of EBUs

The Gambia: Audit Reports of Extrabudgetary Units, per the Government's Definition				
		Financial Statements & Reports Provided – For Year Ended 31 December	**Period Covered By Audit Report & Management Letter**	**Date of Completion of Audit**
1	The Gambia Standards Bureau (TGSB)	2021	1 January 2021 to 31 December 2021	Nov-23
2	Financial Reporting Oversight Board (FROB)	2020, 2021, 2022	1 January 2020 to 31 December 2022	Mar-24
3	Financial Intelligence Unit of The Gambia (FIU)	2022	1 January to 31 December 2022	Sep-23
4	Gambia Tourism and Hospitality Institute (GTHI)	2018, 2019, 2020	1 January 2018 to 31 December 2020	Jan-24

Source: Compiled by the consultants from Information provided by MoFEA's Directorate of Public Finance Management (PFMD)

The 2021 Directorate of Internal Audit Activity Report mentions five other agencies, but does not disclose their nature - subvented, self accounting, or extrabudgetary. These are (i) National Environment [Management] Agency (NEMA), (ii) Truth, Reconciliation and Reparations Commission (TRRC), (iii) Management Development Institute, (iv) National Disaster Management Agency, and (iv) the Roots Project. A search of the websites of these agencies, including their establishment acts, does not indicate independent sources of funding for them, which suggests that they are budget subvented agencies. Any revenues they raise form part of the national assembly approved budget at the beginning of the year. For instance, the NEA "may propose to the Government for inclusion in the annual budget proposals (a) tax incentives to encourage good environmental behaviour, (b) user fees to ensure that those who use environmental resources pay the proper value for the utilization of the resources; and … (d) disincentives including tax to deter bad environmental behaviour that leads the unsustainable use of natural resources or that causes pollution"[1]. The Resilience of Organizations for Transformative Smallholder Agriculture Project (ROOTS) is a Ministry of Agriculture project with the development objective (PDO) "to increase agricultural productivity and access to markets for enhanced food security and nutrition, and resilience of family farms and farmer organizations"[2]. Much of its funding comes from external donor sources. The TRRC is an *ad hoc* government political reconciliation body in the Ministry of Justice that has submitted its final report and wound up sitting. The MDI appears to be the only one of the bodies that can raise some revenue though charging fees for its educational programmes. However, it was not possible to source this fact from its website or source its Establishment Act or perusal.

It is safe to assert that The Gambia does not have any of those elephant-size EBUs that function almost as alternative governments, as some other countries do, e.g., Nigeria's NNPC, Saudi Arabia's ARAMCO, or Brazil's Petrobras. The country also does not have a national sovereign wealth fund (NSWF). The Gambia is a tiny country, with a small population, small economy, small budget, and few resources. The country does not have EBUs competing with the government in the management of resources or that exert significant influence in policy formulation.

It is important to distinguish subvented and/or self accounting agencies, and EBAs/EBUs from public enterprises. The evidence shows that The Gambia uses public enterprises (i.e., SOEs or public corporations), rather than EBUs or the other types of agencies, to deliver certain public services or to execute key social and economic policies, as the analysis in *PIs 8* and *10* show. (This is excepting COVID-19 response type of projects implemented primarily by agencies under the Ministry of Health and other relevant ministries.) Examples include the National Water and Electricity Company (NAWEC), used to supply water and electricity to the public at subsidized rates, and the National Food Security Processing and Marketing Corporation (NFSPMC) that provides subsidized fertilizers and other farm inputs to (especially groundnut) farmers. These public enterprises operate on a commercial basis and are undergoing reforms to strengthen their performance. The reforms involve the government granting them incentives to perform, including by signing performance bonds with them, with defined key performance indicators (KPIs), as discussed in *PI-10 below*. When the government uses them to deliver subsidized public services, the government pays them the negotiated price differentials for the goods and services that they supply to the public. Public enterprises do not fall under the public service structure, and they manage their individual HR and payroll functions.

Following the PEFA Secretariat's comments on the draft report, the government has confirmed that some self-accounting agencies operate alternative payroll systems, accountable to their board of directors/governors, and not to the PSC and the PMO. These agencies include the National Assembly, Judiciary, IEC, NAO, Ombudsman, GRA, the University of the Gambia, (and possibly also, the Gambia Tourism and Hospitality Institute.) The constitution limits the role of the PSC in appointments in these agencies to advisory or consultative. This assessment lacks concreate information on the extent to which these agencies interface with the PSC and the PMO in payroll controls and management, and there is no evidence on which base assessment of their payroll controls. However, the annual manpower plans prepared by the government includes these agencies *(see. PI-23 below)*; *s. (5(2)h, g) of the Public Service Commission Act 1991* places the function of manpower statistics, budgeting, and control under the Personnel Management Office (PMO).

[1] See s. 29(1) of NEMA Act, 1994, https://www.ecolex.org/fr/details/legislation/national-environment-management-act-1994-act-no-13-of-1994-lex-faoc006275/
[2] https://rootsproject.gm/about-roots/

2. Country background information

The Gambia is a small, semi-enclaved country on the coast of West Africa, situated on the two banks of the Gambia River, and almost completely espoused within Senegal, but for a 60-km outlet to the Atlantic Ocean. The river and the access to the ocean were the strategic assets leading to a scramble for this tiny strip of land by colonialist Portugal, Great Britain, and France. Great Britain eventually gained the upper hand through the Treaty of Versailles signed in 1783, giving it possession of the Gambia River, an 1889 treaty with France allowing it control of the "valuable river mouth" and "the Atlantic coast around Greater Banjul"[1].

The Gambia has an established tradition of being a multiparty state; Dauda Jawara became its prime minister Gambia in 1962, after a prolonged period of struggle for self-rule. He continued as prime minister upon the country attaining independence on February 18, 1965, and its first executive president in April 1970, when the country became a republic. Jawara ruled for 24 years, until overthrown in 1994 in a bloodless military putsch led by Yayha Jammeh, who took over as president. Jammeh transmuted from a military dictator to a civilian president, under a new constitution, which he midwifed in 1997. Yayha Jammeh ran a strong, autocratic presidency, maintaining power "through political patronage (which consequently bloated [the] civil service), payments to supportive elites, and highly centralized allocation of resources (leaving locally elected leaders with no financial resources to respond to their electorate)"[2]. Jammeh ruled for 22 years until defeated in a general election in 2016 by a strong alliance of opposition political parties, led by Adama Barrow. The transition from Jammeh's regime was not a smooth process, requiring the intervention of regional military alliance of West African states primarily led by Senegal to secure incomplete sentence.

2.1. Country economic situation

Country context

The Gambia occupies an area of 10,689 square kilometers that stretches 450 kms along the Gambia river. The population is 2.5 million, 57 percent of which concentrates in urban and peri-urban centres. The population density of 176 people per square kilometre makes the country one of Africa's most densely populated countries.[3] Agriculture is the primary occupation of the people, with about 80 percent population depending on it both for food and cash income; groundnuts is the main cash crop[4].

The Gambia is a fragile, low-income country, with a constant GDP of 64.78 billion dalasi in 2021, according to The World Bank figures. (In US dollars, the GDP at purchaser's prices stood at constant 1.76 billion in 2021or 2.04 billion in nominal value, according to the WB[5].) The impressive GDP growth rate of 6.2 in 2019 declined significantly in 2020 to 0.59 percent due to the dampening impact of the COVID-19 pandemic on economic activities. GDP growth picked up in 2021 to 4.26. The IMF projects GDP to continue to grow in 2022 by 5.04

[1] World Bank. 2020. Systematic Country Diagnostics for the Republic of The Gambia: Overcoming a No-Growth Legacy. Washington, DC: World Bank., *p. xii*
[2] ibidem
[3] https://www.worldbank.org/en/country/gambia/overview
[4] https://www.accessgambia.com/information/farming-agriculture.html; accessed on March 9, 2023
[5] https://data.worldbank.org/country/GM; the WB adds the following note to these figures, "GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in current U.S. dollars. Dollar figures or GDP are converted from domestic currencies using single year official exchange rates. For a few countries where the official exchange rate does not reflect the rate effectively applied to actual foreign exchange transactions, an alternative conversion factor is used".

percent and 2023 by 5.98 percent[1]. Income inequality is high in The Gambia, with a Gini index of 35.9 percent in 2015, according to world Bank estimates[2].

The Gambia is a low inflationary environment, compared to its bigger neighbours and regional giants, e.g., Ghana and Nigeria, although recent trends in inflation rate raise concerns. The annual yearend inflation rate of 7.7 percent in 2019 moderated in 2020 to 5.7 percent, only to pick up to 7.6 percent in 2021, and to rise sharply further in 2022 to 12.4 percent, according to the IMF[3]. However, IMF projects expect inflationary trends to begin to moderate in 2023 and 2024 at 9.7 and 7.1 percent, respectively. The longer-term projection of inflation is that of stability at 5 percent in each of 2025, 2016, and 2027.

A recent WB analysis puts the number of poor people in The Gambia 961.1 thousand in 2015, using the national poverty line established by the government. This equates to 48.6 percent of the population living below the nationally established poverty line in 2015. However, using the international poverty line of US$1.90 (2011 PPP) per day per capita (equivalent to 26.4 in Gambian dalasi (2015)), the number of persons living in extreme poverty in 2015 was 214.8 thousand of the population, amounting to an extreme poverty incidence of 10.3 percent[4]. The study projected this incidence of extreme poverty to moderate to 8.4 in 2019, but to increase to 9.2 percent in 2020, caused by the relatively higher COVID-19 pressures on poor households. These pressures include induced job losses, sharp drops in income, increased health spending, and higher food prices, which the increased diaspora remittance could not adequately ameliorate. The study further projects a marginal decline in the extreme poverty index to 9.0 percent in 2021, as the economy gradually recovers and begins to grow.

Poverty is not only high; it is also endemic, with 15.5 percent of the population being multidimensionally poverty, occasioned by low levels consumption, limited education attainment, and gaps in access to social amenities - drinking water, sanitation, electricity, etc., the WB analysis found[5]. High levels of poverty closely intertwine, unsurprisingly, with deficits in human capital accumulation and access to basic infrastructure. Areas around the capital city and greater Banjul with better access to social amenities enjoy a much higher quality of living than the rest of the country, especially the far-flung rural communities. The deficit of basic services in these areas translate to social and economic exclusion, and eventually to reduced productivity levels and resilience, and inferior quality. Consequently, the "poor are more likely to live in larger family units that are more likely to be polygamous and have more dependent children, have high adult and youth illiteracy rates, and are significantly more exposed to weather shocks than others"[6].

The Gambia is a three-sector economy - agriculture, industry, and services - as explained by MoFEA and corroborated by data obtained the CGB annual reports for 2020. The agriculture sector comprises the crop, livestock, forestry and logging, and fishing and aquaculture subsectors. The agriculture sector is critical to the economy, as it employs about three-quarters of the population and contributes an average of more than 20 percent to GDP annually. However, the sector's contribution declined steadily for five years from 25 percent in 2015 to 20.3 percent in 2019 *(Figure 2.1)*. The sector's share rose to 22.7 percent in 2020 during the COVID-19 lockdown period, as the share of services correspondingly dropped. This performance roughly mirrors the performance in many poor Sub-Saharan African (SSA) countries, where agricultural productivity is low due to farming mostly continuing to return low wages and, therefore, remaining the occupation of the dwindling number of elderly men and women in rural communities, who have no skills to seek better paying jobs. Other contributory factors include the use of rudimentary technology, low-level penetration of modern farming techniques, reliance on rain-fed agriculture, prevalence of small farm holdings that preclude largescale integrated agriculture, youth migration away

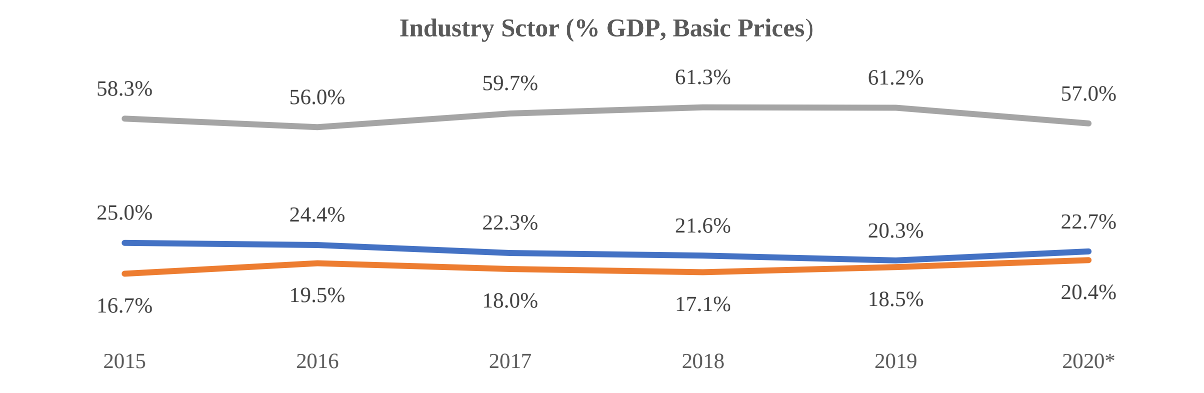
[1] https://www.imf.org/external/datamapper/NGDP_R_PCH@AFRREO/GMB?zoom=GMB&highlight=GMB
[2] The World Bank, *Poverty & Equity Brief Africa Western & Central: The Gambia April 2021*; https://databankfiles.worldbank.org/public/ddpext_download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/SM2021/Global_POVEQ_GMB.pdf
[3] https://www.imf.org/external/datamapper/PCPIEPCH@WEO/GMB
[4] The World Bank, *Poverty & Equity Brief Africa Western & Central: The Gambia April 2021*
[5] ibidem
[6] ibidem

from the rural agriculture communities to urban centres in search of better paying jobs, etc. The climate change phenomenon is also impacting agricultural productivity, especially the incidence of intermittent floods and droughts.

Industry is the smallest sector of the economy, but it could overtake the agriculture sector growing sector if the performance of the latter continues to be sluggish. The sector's growth pattern since 2015 has not been steady, rising in 2016 and falling in the next two years 2017 and 2018, and picking up in 2019 and 2020 *(Figure 2.1)*. Industry comprises the following subsectors: mining and quarrying; manufacturing; electricity, gas, etc.; water supply, sewage, etc.; and construction. Construction is the most important of these subsectors, with contribution to GDP rising steadily from 8.0 percent in 2017 to 14.2 percent in 2020, even amidst the financial meltdown induced by the COVID-19 pandemic. Conversely, the manufacturing subsector declined steadily every year from 6.2 percent in 2015 to 3.2 percent in 2020, confirming MoFEA's oral submission that "manufacturing is not very strong in The Gambia, and consists mostly of light activities". The other subsectors are very small.

Services is by far the most significant sector of The Gambia economy, consistently accounting for far more than half of GDP annually. From 58.3 percent in 2015, the sector's share of the economy declined slightly to 56.0 percent in 2016, rebounded in 2017 to 59.7 percent and peaked in 2018 at 61.3 percent. The sector's share declined slightly to 61.2 percent the following year (2019) but fell sharply in 2020 to 57.0 percent due to the dampening impact of the COVID-19 pandemic on tourism and related services. The 2021 GDP figures were not yet available at the time of preparing this report. The subsectors of the services' sector are: wholesale and retail trade, repairs, etc.; transport and storage; accommodation and food services; information and communication; financial and insurance activities, real estate activities, professional, scientific and technology; activities, administration and support service activities, public administration and defence, social security; education; human health and social work activities, arts, entertainment, and recreation, and other service activities[1].

Table 2.1: Structure of The Gambia Economy



Source: Data from CGB Annual Report, 2020; analysis by the consultants; *2020 Provisional data

The government's main economic challenges and government-wide reforms

> *The report focuses on the issues that represent major fiscal risks and are likely to influence the objectives of fiscal and PFM reform.*

The Gambia is a highly indebted, low-income, and aid-dependent country that relies on external funding assistance for nearly two-fifths of its budget. This reliance of external funding complicates macroeconomic management in several respects, including by distorting public financial management decision-making, choices, and outcomes. For instance, dependence on external finances is one of the two key factors behind the delinking of the budget from

[1] See the CBG annual reports 2020

preset National Development Plan goals and objectives; the other key factor is "political prioritization" of projects. Not all external donors rigorously ensure to align their funding priorities with nationally defined development objectives in the NDP 2018 – 2021 as some others do (*see PIs 11 and 13 below*). Further, the management, procurement, and accounting for donor-funded and donor executed projects is outside the government's Integrated Financial Management Information System (IFMIS), a situation that does not allow the integration of such donor projects into consolidated fiscal reports. Thus, the monthly budget execution reports prepared by the Budget Directorate of MoFEA concentrate on expenditures incurred from domestic revenues to the exclusion of expenditures on donor-funded projects. Similarly, the yearend consolidated annual financial statements prepared by the AGD and audited by the NAO report only on domestic revenues (i.e., revenues received through Consolidated Revenue Fund) and expenditures incurred from them. They do not also report on external resources received through sources other than the CRF and expenditure on them. This effectively excludes about 40 percent of government financial operations from fiscal reports.

The Gambia was grappling relatively well with the challenges of external financing and other challenges posed by debt distress, narrow revenue base, etc., before the outset of the COVID-19 pandemic. The efforts of the government began to yield fruit that by 2019, the sound macroeconomic reform policies pursued from 2017 helped to boost tourism traffic to record arrivals, reduce the fiscal deficit, exit the country from debt distress, and increase international reserves closer to prudential levels[1]. These measures resulted in a robust GDP growth of 6.2 percent, as reported above. However, the COVID-19 pandemic that began late in 2019 introduced fresh challenges that unraveled the earlier gains, and slowed, suspended, if not stop, the speed and momentum of the macroeconomic and PFM reforms. The pandemic grossly affected tourism, and both reopened and deepened the old fault lines and macroeconomic challenges that the reforms were trying to address, i.e., reliance on external resources for budget funding, high debt burden, narrow domestic revenue, base, etc. These had a dampening effect on all socioeconomic indicators in 2020, including the GDP, income per capita, poverty, share of Gambians living below the international poverty line of $2.15 (in 2017 PPPs), etc., as reported above.

The adverse impact of the pandemic on fiscal performance extends beyond 2020. In 2020, The Gambia relied much on financial grants provided by development partners to cope with the fiscal shock induced by the pandemic, exacerbated by to declining revenues in 2020 and 2021 also occasioned by the pandemic. The unwinding of this financial support by DPs in 2021 resulted in the "fiscal deficit more than … [doubling] in 2021 to 4.6 percent of GDP (a primary deficit of 1.6 percent of GDP) from 2.2 percent of GDP in 2020"[2]. Besides, the downward trend of public debt to GDP continued, estimated to increase by 2.1 percent in 2021 over the 2020 levels to 83.8 percent. The overall and external debt distress risk remains high, according to the latest joint WB/IMF Debt Sustainability Analysis (June 2022)[3].

The Gambia was grappling relatively well with the challenges posed by this reliance on external financing, debt distress, and a narrow revenue base before the outset of the COVI-19 pandemic. By 2019, the sound macroeconomic policies pursued by the government from 2017 had begun to mature, boosting tourism traffic to record arrivals, reducing the fiscal deficit, helping the country exit debt distress, and increasing international reserves closer to prudential levels[4].

Key selected economic indicators

The report presents key selected indicators for the past three years (see illustration of key indicators in table 2.1).

Table 2.2: Select Economic Indicators

	FY2019	FY2020	FY2021
GDP ((constant LCU) - millions	61,769	62,134	64,785
GDP per capita (constant LCU)	24,620	24,139	24,540

[1] https://www.worldbank.org/en/country/gambia/overview
[2] https://www.worldbank.org/en/country/gambia/overview
[3] **Copy is available at www.mofea.gm**
[4] https://www.worldbank.org/en/country/gambia/overview

Table 2.2: Select Economic Indicators

	FY2019	FY2020	FY2021
Real GDP growth (%)	6.22	0.59	4.27
CPI (annual average change) (%)	7.7	5.7	7.6
Gross government debt (% of GDP)			
Public and publicly guaranteed debt service (% of GNI)	2.02	1.53	1.56
External terms of trade (annual percentage change)			
Current account balance (% of GDP)	(2.04)	(4.78)	(4.62)
External debt stocks (% of GNI)	44.94	51.08	52.97
Gross official reserves (months of import value)	4.61	6.41	10.02

Figures obtained from IMF sources: https://www.imf.org/external/datamapper/profile/GMB, etc.

2.2. Fiscal and budgetary trends

Fiscal performance

It is necessary to preface this analysis with the caveat that fiscal reporting in The Gambia does not include all the information required under the Cash Basis of the International Public Sector Accounting Standard (IPSAS) that the country adopts. The accountant general explains two omitted pieces of information and the factors responsible in the "Commentary on the Financial Statements by the Accountant General" that accompany the annual financial statements. These are

- Financial performance information on public enterprises; IPSAS Cash requires the consolidation of information on all government "controlled entities". The exclusion is because "this would not be meaningful since the accounts of the Public Enterprises are prepared on a different accounting basis and hence the resulting information would not be useful"[1].
- "External assistance received (including the third-party payments made on behalf of government)" administered by self-accounting projects (SAP), which fail, "to submit certified quarterly summary accounts to the Accountant General's Department to be included in the Government accounts"[2], as required by the IFMIS Accounting Procedure Manual. The financial statements include information on external loans and grants "in the Statement of Cash Receipts and Payments and in the Statement of External Assistance", because proceeds from these sources flow directly into the government's coffers, i.e., the CRF, unlike project funds that flow into commercial bank accounts operated by the SAPs. The accountant general explains that reforms are ongoing to profile all donor funded projects into the IFMIS to make it easier to capture all external resources into financial reports. Configuration of the execution of donor-funded projects into the IFMIS is a good practice that enhances transparency; however, it need not be a condition precedent for comprehensive fiscal reporting

Other omitted information is as reported in the analysis in *PI-6* below.

The approved budget at the beginning of the year (known locally as "budget estimates")3 is more comprehensive. It covers domestic revenues accumulated in the Consolidated Revenue Fund (CRF), aka, "Gambia Local Funds (GLF)" and expenditures incurred therefrom, and revenues from external sources and expenditures incurred from them, including donor-funded projects through the SAPs. However, the infrequently prepared Medium-term Fiscal Economic Framework (MTEFF) and the ceilings provided in the budget call circular (BCC) do not cover externally sourced funding and their expenditures.

Table 2.3: Aggregate fiscal data

Central government actuals (in percent of GDP)

[1] See the **Audited 2019 Consolidated Financial Statements: Commentary on the Financial Statements by the Accountant General**, *para. 1a*; **note** that these are standard comments in all financial statements, including the 2020 unaudited and 2021 draft

[2] Op. cit., *para. 1b*

[3] See Accounting Policies in the Audited 2019 Consolidated Financial Statements, which states as follows in para. 6, *"The Budget Estimate is the original budget estimate for the financial year as approved by the National Assembly. The Revised Budget column includes revisions to the originally approved budget arising out of the virement process and supplementary appropriations".*

	FY2019 (Audited	FY2020 (undergoing Audit)	FY2021 (Draft)
Total revenue	24.4%	34.2%	26.1%
Own revenue	20.0%	27.0%	24.8%
Grants	4.4%	7.2%	1.3%
Total expenditure	23.7%	27.9%	31.9%
Noninterest expenditure	19.4%	25.1%	28.3%
Interest expenditure	4.3%	2.7%	3.6%
Aggregate deficit (incl. grants)	0.7%	6.3%	-5.8%
Primary deficit	5.0%	9.0%	-2.2%
Net financing	0.0%	0.0%	not available
External	0.0%	0.0%	not available
Domestic	0.0%	0.0%	not available
Source: complied by the consultants from government fiscal reports			
Note 1: Data relates to GLF (domestic) revenues and expenditures and proceeds of loans and grants received directly into the CRF; data for externally funded projects is not available, and not reported in government fiscal reports			
Note 2. The consolidated annual financial statements expenses amortization of loans and loan arrears and guarantees for SOEs (e.g., NAWEC) under the cash basis of accounting in use. This analysis adjusted these items out, as also the analysis in PIs 1 and 2 did. In FY2019, for instance, respective figures for loan amortization and arrears and guarantees recorded in the "Statement of Revenue and Expenditure Consolidated Revenue Fund Enhanced for the Year Ended 31 December 2019" of the audited annual financial statements were D2,260,913,000 and D679,040,000, resenting 3.7% and 1.1%, respectively, of GDP.			

Allocation of resources

Data obtained from the consolidated annual financial statements indicate that basic and primary education sector enjoys priority budget allocation in The Gambia. Allocations to the sector averaged 14.4 percent of actual expenditures from the fiscal year 2019 to 2021, which is the highest sectoral allocation among the poverty alleviation sectors *(Table 2.4)*. However, allocations to the trended steadily down during the period, from a high of 15.4 percent in fiscal 2019 to 13.7 percent in fiscal 2021, i.e., assuming 2020 and 2021 figures remain firm after audit. The widespread virements and reallocations of FY2020 (in the wake of the COVID-19 pandemic) may explain the decline of that year; however, it does not also explain why the decline continued in FY2021 when allocations to other sectors rose. Two important caveats to note here are that these allocations are not the total allocation to the education sector (they exclude allocations to the tertiary education subsector); and these budgetary allocations analyzed here exclude spending on donor-financed education projects, which the financial statements do not currently report on.

Table 2.4: Budget allocations by function

Actual budgetary allocations by sectors (as a percentage of total expenditures)				
	FY2019 (Audited	FY2020 (undergoing Audit)	FY2021 (Draft)	Average
Health	8.0%	11.0%	9.1%	9.37%
Basic & Secondary Education	15.4%	14.1%	13.7%	14.40%
Tertiary & Higher Education	2.0%	1.5%	1.9%	1.80%
Agriculture (excl. fisheries)	2.6%	3.6%	1.6%	2.60%
Environment, Climate Change/Resources, etc.	1.5%	0.1%	1.2%	0.93%
Source: complied by the consultants from government fiscal reports				

The downward trend in allocations to basic and secondary education differs from the oscillating trend in allocations to the health sector. Allocations to health began at 8.0 percent in fiscal 2019, rose to 11.0 percent in 2020, and declined to 9.1 percent in 2021. This trend is likely the effect of the increased health related induced in FY2020 by the COVID-19 pandemic, and the rollback that the waning effect of the pandemic may have occasioned. This notwithstanding, budgetary allocations to the health sector still trail that of basic and secondary education by more than five percent; annual average allocations to the health sector between 2019 and 2021 was 9.37 percent *(Table 2.4)*.

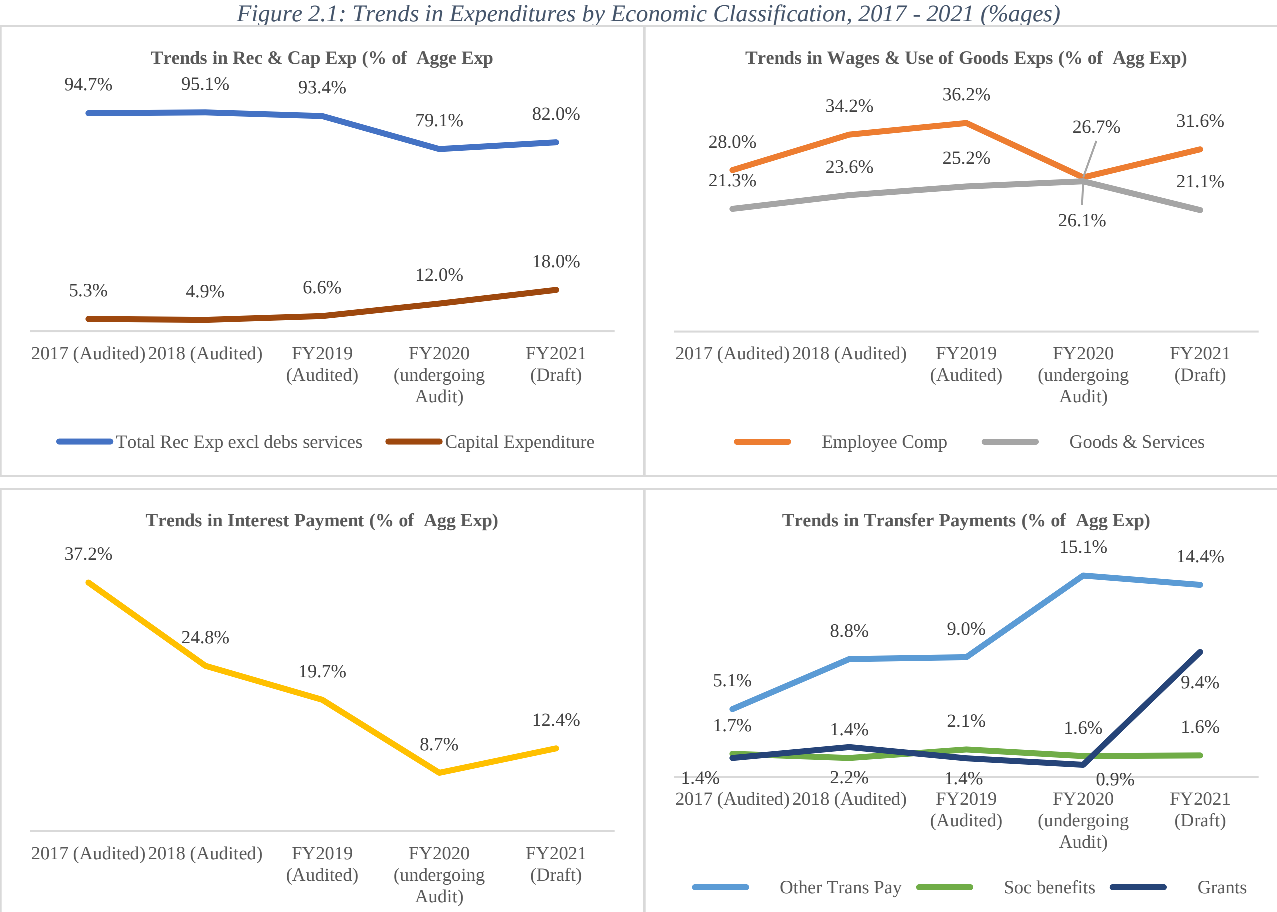
Table 2.5: Budget allocations by economic classification

Actual budgetary allocations by economic classification (as a percentage of total expenditures)					
	2017 (Audited)	**2018 (Audited)**	**FY2019 (Audited)**	**FY2020 (Unaudited)**	**FY2021 (Draft)**
Total Recurrent Budget excluding debts services accounts	94.7%	95.1%	**93.4%**	**79.1%**	**82.0%**
Compensation of Employees	28.0%	34.2%	**36.2%**	**26.7%**	**31.6%**
Use of Goods and Services	21.3%	23.6%	**25.2%**	**26.1%**	**21.1%**
Interest payment	37.2%	24.8%	**19.7%**	**8.7%**	**12.4%**
Other Transfer Payments	5.1%	8.8%	**9.0%**	**15.1%**	**14.4%**
Social benefits	1.7%	1.4%	**2.1%**	**1.6%**	**1.6%**
Grants	1.4%	2.2%	**1.4%**	**0.9%**	**9.4%**
Capital Expenditure	5.3%	4.9%	**6.6%**	**12.0%**	**18.0%**

Source o Data: Consolidated Financial Statements (FY20 & FY21, unaudited and draft respectively); FY17 and 18 not required in PEFA methodology, but included nevertheless, to compensate for unedited FY20 and FY21 statements, and to provide more complete picture of trends.

Budgetary allocations to the other sectors mimicked the trend observed in the health sector. Consequently, allocations to the tertiary and higher education, agriculture (excluding fisheries), and environment, etc., sectors, all declined in fiscal 2020 from their levels in fiscal 2019, but rose again in fiscal 2021, although not to their 2019 levels. The extensive virements and reallocations of FY2020, at least, partly explain this issue *(see the discussions in Section 3 below, especially, Pillar 1)*.

Figure 2.1: Trends in Expenditures by Economic Classification, 2017 - 2021 (%ages)



Analysis of actual budgetary allocations by economic classification confirms that recurrent spending consumes much of the government's domestically generated resources, i.e., 88.9 percent of aggregate domestic expenditures on average between 2017 and 2021. The government devoted an average of les than 10 percent of its domestic resources to capital formation during the period. The definition of recurrent expenditure here includes compensation of employees, use of goods and services, interest payment, other transfer payments, social benefit payment, and grant payments. This observation is not surprising, given the country's well-known dependence on external resources for much of its capital spending. However, the trend is beginning to change, as *Table 2.5* and *Figure 2.1* illustrate. The two graphics show that the government has increasingly been allocating more domestic resources to capital spending. Thus, budgetary allocation of domestic resources to capital expenditure from 5.3 percent in 2017 to 18 percent in 2021, averaging about 9.4 percent. Note: the caveat continues to apply that 2020 and 2021 financial statements remain unaudited; hence, their figures remain unconfirmed.

Employee compensation and use of goods and services behaved similarly from 2017 to 2019, steadily rising respectively. However, whereas allocations to employee compensation fell sharply (by almost 10 percent) in FY2020, allocation to use of goods nudged slightly upwards to 26.1 percent of aggregate domestic spending. This is probably due, at least, partly, to the impact of the COVID-19 pandemic, if audit holds FY2020 figures true. Post the pandemic in FY2021, wages allocation rounded significantly, while allocations to the use of goods declined sharply by 5 percent.

Interest payments trended significantly downwards for much of the time (Figure 2.1). Interest payments continued to fall (from 37.2 percent of aggregate expenditure in fiscal 2017) until it reached a trough of 8.7 percent 2020, before it picked up again in 2021 to 12.4 percent. The decline in 2020 represents the sharpest single-year decline in interest payment during the period, at 11 percent, and it may be partly due to the COVID-19 related G-20 debt relief that the Gambia benefited from alongside other qualifying countries.

2.3. Legal and regulatory arrangements for PFM

This section comprises two parts for ease of analysis. These are the PFM framework and the Internal control framework. A later section discusses the legal provisions and institutional structures for public participation in budget management.

The Public Financial Management (PFM) Framework

The legal and regulatory framework for public financial management in The Gambia is both statutory and non-statutory. The main statutory framework is The Gambia Constitution of 1997, but there are other legislation, quasi laws, regulations, policies, manuals, ministerial instructions, etc., including the following nine, i.e.,

i. Public Finance Act (PFM), 2014
ii. Financial Regulations (FR) 2016
iii. Accounting Policies Manual (APM) 2017
iv. Public Enterprises Act (PEA) 1990
v. Public Procurement documents
    a. Gambia Public Procurement Act (GPPA) 2022, which replaced the GPPA Act 2014
    b. Gambia Public Procurement Authority Regulations (GPPAR) 2018
vi. Internal audit documents
    a. Internal Audit Charter (IAC) 2012
    b. Gambia Internal Audit Manual (GIAM) 2014
vii. National Audit Office (NAO) Act 2015
viii. The Gambia Revenue Authority (GRA) Act 2004
ix. General Orders for the Public Service of The Gambia 2013

The 1997 Constitution

The Constitution is the grundnorm and supreme law of The Gambia; it overrides the provisions all other laws in case of inconsistency (s. 4). The Constitution defines the structure of the country and lays the foundation for governance. It sets up the three arms of government – the executive, legislature, and judiciary, and defines their functions and powers. The president exercises the powers of the executive, through ministers and other aids appointed by him/her, and a complement of institutional ministries, departments, and agencies (MDAs). The legislature (National Assembly) comprises a mix of elected and nominated members, headed by a speaker, and possesses law-making powers and oversight responsibilities over executive functions. The judiciary comprises a hierarchy of courts, including the supreme court (apex) headed by the chief justice, the court of appeal, and high courts of law.

The constitution also lays the foundation for public financial management, with provisions covering a wide spectrum of PFM functions and activities. For instance, *Chapter IX* of the Constitution covers the topic "Finance" generally, and comprises three parts, i.e.,

- *Part 1* is on "public finance" and covers such topics as taxation *(s. 149)*, the Consolidated Revenue Fund, including and withdrawals from and direct charges on it *(ss. 150, 151, and 156)*, the annual estimates and appropriation bill *(s. 152)*, supplementary appropriation *(s. 153)*, contingencies fund *(s. 154)*, loans *(s. 155)*, and public debt *(s. 157)*.
- *Part 2* on "The Auditor- General and the National Audit Office" establishes both the position of the auditor general and the institution of the National Audit Office (NAO), and defines their functions, duties, and powers *(ss. 158 – 160)*.
- *Part 3* on the "Central Bank" of the Gambia, establishes the institution, the office of the governor *(s. 161)*, and the bank's board *(s. 162)*.

Several other provisions of the Constitution have direct implications for PFM. These include those on The Public Service Commission (PSC) – *ss. 172 – 174*, public enterprises (PEs), aka, state-owned enterprises (SOEs) or public corporations (PC) – *s. 175*; pensions *(ss. 176 – 177)*, and local government *(ss. 193 and 194)*.

***The Public Finance Act 2014*[1]**

This is the main legislative instrument operationalizing the PFM provisions of the Constitution. As usual, the Constitution only made broad and general provisions on and outlined PFM boundaries, without defining the details and implementation modalities. The PFA 2014 expectedly fills this deliberate gap. The Act provides for the following, *inter alia*, (and the in the process, details roles and responsibilities, etc.)

- The control and management of public monies
- The powers and duties of the legislature and executive in the preparation, presentation, approval, execution, and reporting of government budget
- The conditions under which the state, local government authorities, and public enterprises may borrow
- The conditions under which the Central Bank of The Gambia may issue state debt securities to achieve its monetary policy objectives
- Certain conditions under which the state may issue guarantees, lend funds, and enter into supplier's credit agreements and finance lease agreements and for connected matters, etc.

The PFA 2014 comprises 77 sections and a schedule, covering a wide spectrum of PFM roles and activities. These include budgets and budget preparation, revenue and treasury operations, debt management, accounting and reporting, internal and external audit, intergovernmental fiscal relations, and local governments, etc. The arrangements of the sections are in in 10 parts, as follows

- Part I – Preliminary in *ss. 1 - 2*
- Part II - Duties and responsibilities of the Ministry (of Finance), minister, and permanent secretary in government budget preparation, accounting, and reporting government budget, consisting of *ss. 3 – 6*.
- Part Ill - The Consolidated Revenue Fund, extra-budgetary funds, departmental self-raised revenues and expenditures, and government banking arrangements, *ss. 7 – 20*
- Part IV - Appropriation Bill documentation and presentation, and structure of appropriations, *ss. 21 – 27*
- PART V - Budget execution, vote controllers, current year budget adjustments, revised and supplementary budgets, and budget accounting, *ss. 28 – 33*
- Part VI - Public debt management, *ss. 34 – 60*
- Part VII - Current year budget reporting, closure of annual accounts, and submission of the annual accounts to the auditor-general, *ss. 61 – 66*
- Part VIII - Internal audit, *ss. 67 – 69*
- Part IX - Penalties and surcharges, *ss. 70 – 74*
- Part X - Miscellaneous, *ss. 75 – 77*

[1] Act No. 5 of 2014

A new Public Finance Management Bill, 2023, is under preparation to cater for several outstanding and emerging lacunas in the existing legislation. The draft PFM Bill provides for asset management and macroeconomic and fiscal policies, both missing from the PFA 2014. The Bill also seeks to address new and emerging reforms since the enactment of the PFA in 2014 and to update practices in line with modern developments, e.g., the treasury single account (TSA), electronic funds transfer (EFT), cash and asset management, computerized accounting environment, etc. The Bill covers these and more issues under new headings, e.g., Sinking Fund and Debt Servicing; Petroleum Fund; Accounting, Financial Reporting and Auditing; Oversight of Sub-Sectors and Extrabudgetary Entities, etc.

However, the draft does not sufficiently address the issue of virements, easily the most important drawback for fiscal discipline in the country. It proposes to continue to allow wholesale virements up to 75 percent of the approved estimates of budget entities. The proposed 'safeguards' on contingencies and legislative oversight when total virements exceed 2 percent of the approved budget are too weak and may be inoperable. Budget entities raise virement requests at different times during budget execution, depending on their respective timings. How practicable would it be for MoFEA to delay all virement requests until it has accumulated all of them to determine their overall size, and decide whether to approach the legislature, before granting approval? To do that may defeat the purpose of the virement.

The Financial Regulations (FR) 2016

The FR 2016 is a subsidiary legislation made pursuant to powers granted to the minister under s. 75 the PFA 2014[1]. The regulations give further effect and direction on the implementation of the provisions of the Act and the Constitution and provide guidance in areas and in ways that are difficult to achieve under less flexible statutory legislation. The regulations do not cover new grounds; rather, they provide direction on how to actualize the provisions of the PFA, including by defining roles and responsibilities in the process. The assessment and narratives in *Chapter 2* cite the provisions of these regulations as necessary.

Accounting Procedures Manual (APM) 2017[2]

The APM further operationalizes the implementation of the PFA 2014 and FR 2016, especially their recording and accounting aspects. It is a step-by-step guide on financial accounting procedures around budget formulation, budget execution (procurement), payroll, recording, accounting, reporting, auditing (internal and external), etc., and the controls and safeguards' environments under which they must operate. The manual describes itself as "a living document" that should remain in an easily editable format, to facilitate revision as new accounting policies emerge[3]. The current manual's history dates to around 2008; the latest edition of the document is 2017 version. The first edition dates to around 1990 Accounting Manual.

The manual's aim is to secure uniform compliance practices, among all CG entities, with IPSAS financial accounting standards, as implemented on the IFMIS. The manual describes the government's IFMIS financial accounting system and explains the nature of accounting and financial procedures adopted by the government in its implementation, especially according to the provisions of the PFA 2014 and the FR 2016. Other government procedures that the APM considered in its design include the Procurement Regulations (PR) 2019, the payroll manual, the system security policy, etc. The manual intends to apply to budgetary central government entities only; its current application to SOEs is until they prepare their own accounting procedures manual to meet their commercial orientation.

However, it is not clear how keeping the manual in an editable Word format can help to maintain its integrity and sanctity. This arrangement allows for easy edits to the document (since it is a "living document"); nonetheless, it makes it difficult to preserve its sacrosanctity. It is not easy to verify authorization for changes, authenticate audit

[1] And published as Supplement "A" to The Gambia Gazette No. 23 of 22nd December 2016, Legal Notice No. 16 of 2016, Republic of The Gambia, ISSN 0796 – 0271

[2] Prepared by Soft-Tech Consultants Ltd for the government to facilitate the implementation of Epicor® software

[3] This might be creating some difficulties; see below.

trails, and establish which changes are valid. For instance, the 2017 version of the documents has conflicting edits that are difficult to reconcile, especially in the provisions on budget classification.

The Gambia Public Procurement Authority (GPPA) Act 2022

The government enacted the GPPA Act 2022 during the pendency of this assessment exercise; the Act replaced the GPPA Act 2014 and does not apply to this assessment. The old law, the GPPA Act 2014 (as amended by the GPPA (Amendment) Act 2018) and the GPPAR 2018[1] applied. The GPPA Act 2014 replaced the 2001 Procurement Act and introduced modern legislation into the Gambia, inspired by the 'United Nations Commission on International Trade Law (UNCITRAL) Model Law for Public Procurement'. Notwithstanding, the 2014 Act still had important flaws and did not result in the envisioned transparent and competitive procurements. This prompted the enactment of the GPPA (Amendment) 2018 to abolish the "Major Tender Board" (MTB) established in *s. 52* of the 2014 Act. The role of the (MTB) was to "handle procurements beyond a certain threshold as specified in the Regulations". The intended impact of this amendment was to decentralize the procurement process by allowing procurement organizations (entities) to initiate and conclude the administrative process of purchasing public works, goods, and services, and to remove or minimize the incentive for corruption that the centralization of large tenders ostensibly encouraged.

The 2018 amendment may have been revolutionary at the time; however, over time, the abolition of the MTB alone proved insufficient to secure the desired level of openness and competitiveness in public procurement. Indeed, the eradication of the MTB appears to have birthed or invigorated the phenomenon of contract splitting. Procuring organizations (POs) soon began to fragment major contracts into bits to fit them below the threshold required for open competitive tendering, thereby enabling sole/single source contracting. There is consensus on the ill-health of the procurement process. For instance, the authoritative Bertelsmann Transformation Index (BTI) 2022 report on the Gambia noted thus about the Gambia: "Public procurement is not always transparent and there are multiple reports of cronyism in the procurement process."[2] This bad practice behaviour led to the quest for measures to curtail the anomaly, such as that reported in a Mar 11, 2020, Gambian newspaper article, titled, "Cabinet Amends GPPA Act to Reduce Sole-Sourcing of Projects". The article quoted the then finance minister as telling journalists that the executive cabinet the Gambian government was reviewing and amending the Gambia Public Procurement Act (GPPA) to "reduce the sole-sourcing of million-dalasi projects"[3]..The deliberations of that cabinet meeting crystalized in the GPPA Act 2022. A 2020 research article reached similar unflattering conclusions about the state of public procurement in The Gambia. The abstract of the article states as follows, inter alia,

> The landscape of public procurement in The Gambia has reached the new height of unimaginable travesty where unethical practices such as bribes and corrupt practices coupled with non-adherence to the procurement procedures regarding the bidding process have become an entitled-inducement or bidders risked losing potential government contracts and bids.[4]

The main mischief that the GPPA Act 2022 seeks to cure is the leeway that the old enactment allowed for noncompetitive procurement. The use of single source procurements was excessive in the GPPA Act 2014 regime, as the assessment in *PI-24* shows. The overarching objective of the new Act is to increase transparency, competitiveness, and value for money in public procurement. Consequently, the Act clarifies and tightens the conditions for the use of the single source procurement approach and strengthens the rules against contract splitting,

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[1] Made by the Minister based on powers conferred by Section 65 of the Gambia Public Procurement Authority (Amendment) Act 2018

[2] BTI 2022 Country Report: Gambia, https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2022_GMB.pdf; "The BTI is the result of the collaboration of nearly 300 country and regional experts from leading universities and think tanks worldwide. The project analyzes and compares transformation processes towards democracy and inclusive market economy worldwide. The BTI aims to identify successful strategies for steering change" - https://bti-project.org/en/about.

[3] See: The Chronicle, Cabinet Amends GPPA Act to Reduce Sole-Sourcing of Projects, Last Updated Mar 11, 2020, https://www.chronicle.gm/cabinet-amends-gppa-act-to-reduce-sole-sourcing-of-projects

[4] Assan Jallow (2020). *A Critique of the Procurement System in The Gambia*, dr. assanjallow@gmail.co; electronic copy available at: https://ssrn.com/abstract=3603556

among others. The GPPA Act 2022 will require new procurement regulations to match its enhanced provisions, as the GPPAR 2018 will no longer suffice.

The National Audit Office (NAO) Act 2015[1]

This Act amplifies and operationalizes the provisions of ss. 158 – 160 of the 1997 Constitution on external audit; see above. The Act's stated goal is "to promote efficiency and accountability in the use of public resources and for connected matters". In this regard, **the** Act defines the status and mandate of the auditor general and provides for the independence of the position. It also strengthens the National Audit Office (NAO) established under the Constitution and creates its governing board. The measures introduced in this regard include the following

- Making the NAO not subject to the direction or control of any person or authority in the exercise of its constitutional or other statutory functions *(ss. 3(2) and 14)*
- Directly charging the auditor general's remuneration, and gratuity and pension upon retirement, to the CRF
- Prohibiting the varying of the auditor general's remuneration to his/her detriment
- Limiting the auditor general's tenure to nine years or at the compulsory retirement age, which ever is earlier *(s. 16 (1, 2))*
- Stipulating three strict conditions for adverse removal of the auditor general from office *(s. 16(4)), i.e.,*
  - Inability to perform the functions of the office due to infirmity of mind or body or from any other cause, "following a report submitted by a properly constituted Medical Board" *(s. 16(5))*
  - Misbehaviour, "following a report submitted by a tribunal appointed by the President" *(s. 16(6)),* comprising *a high court judge, the ombudsman, a member of the PSC, and a chartered accountant (s. 16(7))*
  - *Incompetence*
- *Equipping the NAO board with powers over*
  - *Staffing matters and the determination of the terms and conditions of service of staff, thereby removing the NAO from the control of the Public Service Commission (PSC)*
  - *Determining the budget and financing requirements of the NAO, and removing this from the expenditure allocation process of MoFEA*
- *Direct submission of the financial estimates of the NAO to the president, who submits them to National Assembly without amendments, but with comments, if any (s. 24)*
- *Granting the NAO powers to, among other (s. 14)*
  - *Access to all books, records, returns, reports, documents, and facilities relevant to its work*
  - *Disallow any item of expenditure that is contrary to law and make surcharges*
- *Independent audit of the NAO by auditors appointed by the National Assembly, and submission of its audited financial statements to the National Assembly within three months of the end of the financial year (s. 25)*
- *The protection of the auditor general and NAO personnel for civil and criminal liability for any good faith act or omission done in the performance of functions (s. 26)*

However, some extant actions, practices, and conventions erode the effectiveness of these provisions and undermine auditor independence. Two examples are noteworthy in his regard

- The constitutional provision that subjects withdrawals from the CRF to *a priori* approval of the auditor general or his/her duly authorized nominee *(s. 151 of the Constitution)* - this is an executive expenditure control function, not an audit one, capable of undermining the audit integrity and independence. Perhaps, it is in realization of this that the country has not been observing this requirement, at least, since the 2017 reforms occasioned by the 2016 elections and change of government. Audit reports have regularly highlighted this noncompliance as a breach. It is, indeed, a breach of extant legislation
- The convention of the auditor general submitting completed audit reports to the minister of finance, who determines when to submit them to the National Assembly - this causes undue delays in the submission of annual audit reports to the NA, and subsequently, in their release to the public, as reported in *Chapter 2*. This convention is contrary to the express provisions of *ss. 20 – 22* of the NAO Act, which requires the auditor general to submit different types of audit reports and opinions to the NA. These provisions do not require submission through an intermediary. The explanation provided for this practice is that parliamentary rules permit only ministers to lay reports before the NA. However, *s. 27* of the Act provides for the supremacy of the NAO Act to all other laws, except the constitution. It provides that,

[1] Supplement "C" to The Gambia Gazette No.1 of 13th January 2016; ISSN 0796 - 0298

> *"Subject to the Constitution, where a provision of this Act is inconsistent with the provision of any other law relating to audits, the provision of this Act shall prevail, and that other provision shall, to the extent of the inconsistency, be void"*. Notwithstanding this and the constitutional provision authorizing the auditor general to release audit reports to the public if there is undue delay in the NA discussing the report, the NAO prefers to wait until the minister submits audit reports to the NA. This raises concerns about the real, rather than, apparent independence of the audit function.

The Internal Audit Charter (IAC) 2012 and the Gambia Internal Audit Manual (GIAM) 2014[1]

MoFEA published the IAC in July 2012 to define the purpose, mission, authority, responsibility, and scope of the internal auditing function, located within its Directorate of Internal Audit (DIA). The IAC also outlines the scope of independence of the DIA, its reporting relationships, and obligation to perform its responsibilities in conformity with the Institute of Internal Auditors (IIA)'s standards and approved Code of Ethics. The IAC adopts the IIA's International Professional Practices Framework (IPPF)'s definition of internal auditing as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations". It defines the IA mission as that of providing high quality and effective audit service to MDAs that responds to their needs through identifying risks, making recommendations for improvement, and offering advice and assistance to ensure the effectiveness of the internal control systems. It sets the aim of the IA function as that of assisting the GOTG to mitigate risk and ensure effective control and governance procedures. For this purpose, the IA function is "to operate in accordance with the standards contained in the International Professional Practices Framework of the Institute of Internal Auditors and in compliance with the Government Budget Management and Accountability Act 2004 (GBMAA)[2]".

However, the reference to the GBMAA 2004 betrays the age of the charter and its need for review. The PFA 2014 repealed the GBMAA in 2014 *(see s. 77 of the Act)*, and is itself, on the verge of repeal by the Public Finance Management Act, now under preparation. The IIA advocates for annual review of the internal audit charter by its governing body to ensure its continued relevance and usefulness.[3] The IAC is more than 10 years old and requires urgent review to align its provisions with continuously evolving reforms and developments in the financial sector and their attendant new risks.

The Gambia Internal Audit Manual (GIAM) is also a document of MoFEA, published in 2014 to further the mission and objectives of the internal audit charter. The GIAM is a handbook for use by government internal auditors. Its aim is to provide internal auditors with the requisite tools for planning, monitoring, reporting, and executing the internal audit responsibilities set out in the Internal Audit Charter. The manual advertises three objectives, i.e., to document in detail the DIA's policies and procedures; serve as a guide to DIA staff regarding their responsibilities, approach, and authourity to conduct effective internal audits of all MDAs' use documentation as the basis for internal initiatives for the improvement of systems and improving internal control procedures. The manual reiterates the imperativeness of adhering to IPPF standards and lists and defines required attributes and the professional standards. It also defines and details approaches to systems-based audit and the different audit skills and techniques needed to perform audit tasks. Finally, it outlines internal audit programmes for specific audit areas and their key risk focuses. These areas include

- Budget
- Revenues, receipting, and banking - audit of revenue collections; donor funds; capital receipts
- Payments - salaries, pensions, and gratuities; nonwage payments; procurement for goods, works and services; advances and allowances; imprests
- Assets - stores, debtors, prepayments, and advances, cash, and bank balances
- Liabilities - borrowings/loans
- Review of financial statements

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[1] Both documents issued by MoFEA
[2] This was the extant law at the time of preparation of the IAC; the PFA 2014 replaced this Act.
[3] See IIA Position Paper on "The Internal Audit Charter - A Blueprint to Assurance Success"; https://www.theiia.org/globalassets/documents/resources/the-internal-audit-charter-a-blueprint-to-assurance-success-august-2019/pp-the-internal-audit-charter.pdf

- Human resources audit – training, communications, monitoring, and rewards
- ICT audit - organizational controls, operational controls, file and software controls, terminal controls, environmental controls, system procedures controls (input controls, including processing controls; output controls, master files and program controls; audit trail controls)

Notwithstanding these elaborate provisions, the manual is old and needs review; no update of the document has taken place to cater for changes in the financial and operating environment since its preparation in 2014. The document itself states that, "The manual is a working document and will be amended and adjusted as per the changes within the various government regulations, laws and frameworks"[1]. Several changes have occurred in the PFM legal and regulatory framework since 2014, including enactment of the PFA 2014, FR 2016, APM 2017, the IFMIS reforms ongoing since 2017, etc. The GIAM needs updating, like its counterpart, the IAC.

The GRA Act 2004 – refer to the succeeding section (i.e., Institutional Arrangements for PFM) for a discussion on the Gambia Revenue Authority, including its establishment Act.

Internal Control Framework

The Public Finance Act (PFA) 2014 and the Financial Regulations (FR) 2016 are the apex policy regulatory documents on internal controls in The Gambia. Other important documents in this regard include the Gambia Public Procurement Authority Act (GPPA) 2014, Gambia Revenue Act (GRA) 2004, National Audit Office (NAO) Act 2015, Accounting Procedures Manual (APM) 2017, the Internal audit Charter (IAC) 2012 and the Gambia Internal Audit Manual (GIAM) 2014. Together, these documents regulate the control environment, risk assessment, control activities, information and communication, and monitoring. The following paragraphs briefly explain some ways in which these documents do these.

The internal control environment

The PFA 2014, FR 2016, GPPA Act 2014, establish the control environment for internal controls (IC) in The Gambia. Both documents contain the set of policies, standards, processes, and structures for internal controls across government entities. They define the role of ministries, and the duties and responsibilities of ministers, permanent secretaries, and the accountant general in achieving the government's operational and financial objectives. The documents determine the structure and reporting lines; the accountant general reports to the permanent secretary on administrative, and to the minister of finance on technical matters *(para. 5 (2), FR 2016)*.

These policy regulatory documents charge the accountant general with establishing proper systems of accounting in each department of the government (para. 5 (3), FR 2016) and put the vote controller (VC) of a budget agency at the heart of the IC environment in the agency. The VC is head or chief executive officer (CEO) of the budget agency; the two regulatory documents require every budget agency to have one. The PFA 2014 charges the vote controller with direct responsibility for proper and efficient management and utilization of funds under his or her custody *(s. 5)*. The Act provides that the VC shall "comply with all the regulations, instructions and directions issued in respect of such funds" *(s. 5a)* and "maintain proper systems for effective internal control" *(s. 5b)*, in discharging this function.

The FR 2016 further elaborates on the central role of the VC in setting the control environment. It may be the ministry's role to plan, determine, allocate resources to, prepare, publish, implement, monitor, evaluate, and control the national budget *(para.4(1))*; however, "The responsibility of establishing an appropriate control environment rest upon the Vote Controller as detailed in the Public Finance Act 2014"[2].

The VC must establish and head the budget committee that discharges that function (para.4(2, 3)). Further, the FR 2016 charges the VC with overseeing the implementation of the budget and the tone of high moral and ethical standards in the process. The document elaborately lists the financial duties of the vote controller in *para. 7*, while *para. 8* defines his/her in respect of payments. The financial duties of VC encompass the following

[1] Page 3 of the Manual: the DIA provided a hard copy of this document
[2] The Accounting Procedures Manual, Version 1.4, 2017, *page 36 of 437*

- Operate and manage appropriate accounting systems approved by the accountant general, to ensure the accountability of all officers and facilitate the efficient discharge of government business
- Ensure the efficient and effective use of appropriations under departmental control in line with government policy and in compliance with any enactment or regulations
- Ensure due and proper collection of government revenue collectable by the department, both within and outside The Gambia, and within the terms of any enactment or of regulations issued or approved by the Minister
- Procure, and make payments for goods, services, and works within the funds appropriated to the department in accordance with, these regulations or any Act of the National Assembly
- Receive and order the disbursement of any trust moneys for which the vote controller has been appointed as an authority by or under any enactment or agreement
- Maintain the establishment register of his or her department
- Manage and reconcile the bank accounts authorized for the department by the Minister
- Preserve in good order and secure the economical use of all equipment and stores used by the department
- Transact any other financial business for which the vote controller is made responsible, by or under any enactment or regulations
- Answer questions raised by the Auditor General in respect of the financial transactions of the department
- Compile and maintain assets register of the department as determined by the accountant general
- Develop, and submit at least forty-five days before the close of the financial year his or her annual department cash plans to the Permanent Secretary
- Monitor and update his or her department's cash plans fifteen days before the beginning of each quarter
- Ensure that commitments do not exceed Budget allocations
- Produce records and answer questions raised by internal auditors on financial and operational systems in the department in accordance with these regulations and the Internal Audit Charter
- Maintain all documents and records prescribed in these regulations and the accounting manual, particularly the following (i) vote charge books, where applicable, (ii) establishment registers, (iii) asset registers, and (iv) all records and data back-ups needed to be maintained at the departmental level for the effective and efficient maintenance of a computerized accounting system
- Prioritize the department's activities and ensure that related expenditures are within the budget, or such other amounts as approved by the minister
- report to the permanent secretary, for his or her directives, any insufficiency of funds which is likely to result in serious curtailment of services

The VC's duties relating to payments include ensuring the utilization of monies in a manner that both secures optimum value for money and complies with National Assembly requirements.

Thus, the VC sets the IC tone for the budget entity and influences the control consciousness of staff in diverse areas of the financial and operations management. The tone set by the VC has a pervasive influence on the manner of conducting government business in the agency and affects the attainment of established objectives and assessment of risks. This tone encompasses, at least, these seven key aspects[1], i.e., (i) integrity and ethical values, (ii) commitment to competence, (iii) management philosophy and operating style, (iv) organizational structure, (v) assignment of authority and responsibility, (vi) human resource policies and practices, and (vii) audit committee.

Risk assessment

Risk assessment provides the basis for determining how to manage risks, i.e., the possibility that an event will occur that adversely affects the achievement of organizational objectives. The risk assessment component of the COSO integrated framework for internal controls requires that management considers possible internal and external environment changes that could impact on the attainment of objectives and to take actions to manage them. The component has four elements, i.e., (i) specification of suitable objectives, (ii) risk identification and analysis, (iii) fraud risk assessment, and (iv) identification and analysis of significant change.

The PFA 2014, the FR 2016, the IAC 2012 and the GIAM 2014 are the key government policy documents for the performance of these functions. The documents have provisions that cover requirements for identifying and

[1] The COSO "Internal Control – Integrated Framework"

analyzing relevant risks to the achievement of government or departmental objectives to help management determine how to manage those risks, even if not presented in a properly structured (COSO-compliant) manner. The PFA 2014 and the FR 2016 provide the policy and legal framework, while the IAC and the GIAM specify the iterative process for identifying and assessing risks to the achievement of the operations and financial objectives.

For instance, the PFA 2014 establishes the internal audit function in ss. 67 – 69, specifies roles for the Directorate of Internal Audit (DIA) and the Audit Committee (AC), and subjects the DIA to the control and supervision by the AC. *Section 68* charges internal audit with, inter alia,

- Conducting financial and performance audit of all budget entities and government contractors to determine whether, among others, they[1]
  - established adequate financial, operating, and administrative procedures and practices, systems of accounting, internal control and audit and such other systems of internal management control "to economically and efficiently accomplish the **objective** established by government in conformance with generally accepted accounting principles and government accounting standards"
  - conduct activities and programs in a manner intended to accomplish the **objectives** of the authorizing law
- Timely review, reconciliation, and provision of financial and other reports, which fairly disclose all information required by law and generally accepted accounting principles and government accounting standards
- Review of the means of safeguarding assets from losses of various types, e.g., theft, fire, improper or illegal activities, exposure to elements, etc., and verification of the existence of such assets[2]
- Periodic review of the back-up logbook kept by the systems administrator to ensure their security
- Periodic review of the back-up strategy in place to be abreast with developments (changes) within the system[3]

In addition, the FR requires an agency's budget committee to allocate resources based on **objectives***, outputs, and activities (para. 4(3)c)); a vote controller shall also "prepare a strategic plan, which shall include a definition of his or her budget entity's mission, goals,* **objectives***, outputs and activities" in estimating government expenditure for a budget period (para. 4(21)c)).* The FR also enjoins the Directorate of Internal Audit to establish units in all government departments, wherever possible, or, to bring staff in, where not possible, "to provide their management with a means of securing independent and objective assurance on their financial and operational controls" *(para. 41(1, 2))*. The DIA will help the agency to "accomplish its **objectives** by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and government processes" *(para. 2)*.

The IAC 2012 defines the responsibility of internal audit as that of effective management of the internal audit activity to ensure that it adds value to the organization. This value addition responsibility includes developing and implementing annual audit plans that reflect any risks or control concerns. As explained earlier, the GIAM 2014 is a step-by-step guide on how to perform internal audit tasks, including the identification, assessment, and reporting of various types of risks, including fraud risks.

Control activities

This component of the COSO integrated IC framework comprises preventive or detective actions (policies, procedures, and standards) performed at all organizational levels established to help management mitigate risks and promote the achievement of objectives. Control activities comprise of three elements, i.e.,

- Selecting and developing control activities that help mitigate risks to the achievement of objectives to acceptable levels
- Selecting and developing general control activities over technology to support the achievement of objectives
- Deployment of control activities through policies that establish expectations and in procedures that put policies into action

[1] This deals with the 'risk assessment' element of "identifying risks to achieving objectives across the entity and analyzing risks to determine to manage them"
[2] This goes to the element of "considering the potential for fraud in assessing risks to the achievement of objectives"
[3] This goes to the element of "identifying and analyzing significant changes that could impact the system of internal controls"

The APM specifies the government control policies, procedures, and standards around these three areas of control activities. The manual's policies, procedures, and standards are under the following 11 headings (i) operational aspects of internal control, (ii) organizational controls, (iii) segregation of duties, (iv) authorization, (v) accounting, (vi) supervisory controls, (vii) manpower resources, (vii) operation of computerized system, (ix) security, (x) user identity and passwords, and (xi) scope of procedural change[1]. The manual has specified additional control actions in other areas scattered throughout the entire document.

Information and communication

This component require management to obtain or generate pertinent financial and nonfinancial information on both internal and external events needed to perform IC responsibilities, and to communicate it timeously to both internal and external parties that require it for their control and other activities. Communication here refers to the continual, iterative process of providing, sharing, and obtaining necessary information[2]. Internal communication is especially vital, being the means for up and down dissemination (flow) of information throughout the organization, and for senior management to send clear messages to personnel on the seriousness of control responsibilities and receive feedback on control performance. External communication is also necessary, enabling inbound relaying of relevant external information and outbound conveyance of information in response to external requirements and expectations. The information and communication component of the COSO integrated IC framework has three elements, i.e.,

- Obtaining/generating and using relevant, quality information to support the functioning of internal control
- Internal communication of information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- Communication with external parties on matters affecting the functioning of internal control

The 1997 Constitution, the PFA 2014, the FR 2016, and the APM 2017 contain many of the control policies, procedures, and standards on the information and communication aspects of internal controls in the country. For instance, the Constitution requires the auditor-general to communicate information to it and the public on the status of public accounts within six months of the financial yearend, drawing attention to any irregularities or other such matters *(s. 160(1)c, d)*. The Constitution also requires each public enterprise to submit annual reports to it within three months of its financial yearend *(s. 175(5))*. The PFA has further legal provisions on annual report to the National Assembly *(s. 52)*, reporting requirements of local government authorities *(s. 55)*, reporting requirements of public enterprises, reporting requirements of public enterprises *(s. 57)*, submission of accounts by vote controllers *(s. 61)*, etc. The PFA 2014 also charges the controller with responsibility for maintaining proper systems for effective internal control *(s. 28)*; this includes information and communication systems.

Provisions of the FR that on information and communication for control purposes include the requirements for

- The Minister to call for any information required for the proper discharge of his or her functions from a person or budget agency and that person or budget agency to give the Minister the correct information promptly *(para. 4(16))*
- The accountant general consolidates and compiles monthly accounts received from all departments, including the Development Fund and the Special Fund *(para. 5(4))*
- A vote controller to develop and submit annual department cash plans to the permanent secretary, at least, 45 days before the close of the financial year *(para. 7(1)l)* and budget estimates not later than six months before the end of each financial year *(para. 7(17))*
- Sub-treasury accounts officers or finance attachés to send details of financial transactions monthly to the accountant general for inclusion in government accounts *(para. 9(7)(a))*
- The Gambia Revenue Authority (GRA) to collect, deposit daily in relevant bank accounts, and account for all taxes, levies, duties, fees, and other moneys due to and collected by it, and notify the accountant general monthly of the revenue it collects and the standard classifications of such revenue *(para 21(12(a, b)))*

[1] See the Accounting Procedures Manual, Version 1.4, 2017, *pp. 36 – 39 of 437*

[2] Committee of Sponsoring Organizations of the Treadway Commission (COSO): Internal Control – Integrated Framework: Internal Control over External Financial Reporting: A compendium of Approaches and Example, eBook ISBN: 978-1-93735-241-7, ©2013; *p. 268*

- Each budget agency and sub-treasury report monthly to the accountant general on the balances of all bank accounts that it operates *(para. 21(20))*
- A self-accounting project (SAP) to send certified summary account to the accountant general each quarter *(para. 30(5))*
- An officer who operates a government bank account to submit copies of bank statements and reconciliation statements to the accountant general at not more than monthly intervals *(para. 31(17))*
- The accountant general to prepare and transmit the public accounts in respect of the immediately preceding financial year to the Auditor General and the Minister within three months of the yearend *(para. 34(11))*

Monitoring activities

Monitoring activities are continuous or periodic evaluations to verify that each of the five components of internal control is present and functioning, including the controls affecting the principles within each component. Monitoring is of two types: detective and preventative. Preventive monitoring proactively surveils the control system to prevent or minimize the occurrence of errors and fraud, thereby reducing the need for corrective action. Detective monitoring is an *ex-post* surveillance activity to find errors or irregularities after they may have occurred. Detective monitoring seeks, gathers, and reports evidence of any loss or error that may have occurred but does not prevent the loss or error from occurring in the first place. Detective monitoring also recommends corrective measures, including changes to the design of the control system, to prevent such or similar losses errors from occurring again.

The IAC 2012 and the GIAM 2014 are the two key government policy documents on internal controls monitoring int The Gambia. For instance, the GIAM requires management to monitor performance to ensure the conduct of operations in a manner that achieves optimum economy, efficiency, and effectiveness[1]. Monitoring the health and performance of the internal control system is also a major responsibility of the Directorate of Internal Audit, for which purpose the IAC requires the directorate to post or attach internal auditors to government entities *(para. 6.1 of the IAC)*. This is to aid the DIA in conducting continuous evaluation of internal controls in government entities. The GIAM equips internal auditors with the "requisite tools" for conducting the monitoring activities and other IA functions[2]. The FR 2016 also has vital provisions on the monitoring of controls, charging the vote controller, for instance, with monitoring and evaluating budget performance, using this evaluation to allocate future resources efficiently *(para. 7(1)e)*. The FR also brings the auditor general into the monitoring and evaluation equation by empowering him/her to "undertake on-the-spot, continuous audit of the accounts of the project" *(para 30(13)c)*.

2.4. Institutional arrangements for PFM

Structure of the overall public sector and the central government

It was not possible to obtain information to draft this section. Searches of publicly available government documents di not produce the necessary information, especially regarding on nonfinancial public corporations, financial public corporations, and extrabudgetary units. Sources searched for data include the approved annual budgets published by MoFEA, annual repots of the Central Bank of the Gambia, and annual reports and statistical abstracts published by the Gambia Bureau of Statistics.

TABLE 2.5: Structure of the public sector (number of entities and financial turn-over) YEAR

	Public sector				
Year	**Government subsector**		**Social security funds 1/**	**Public corporation subsector**	
	Budgetary unit	**Extrabudgetary units**		**Nonfinancial public corporations**	**Financial public corporations**
Central 2/	31	NA	1		
1st Tier subnational (State)					

[1] See the Gambia Internal Audit Manual 2014, *p. 65*
[2] See the Gambia Internal Audit Manual 2014, *p. 3.*

Lower tier(s) of subnational					
1/ Depending on management control and funding arrangements, a social security fund is a public-sector entity that may form part of a particular level of government or be classified as a separate sub-sector of the government sector (GFS 2014, para- graph 2.78).					
2/ 'Budgetary central government comprises all central government entities included in the central government budget.					

TABLE 2.6: Financial structure of central government—budget estimates (in currency units) YEAR				
Year	**Central government**			
	Budgetary unit	**Extrabudgetary units**	**Social security funds**	**Total aggregated 1/**
Revenue				
Expenditure				
Transfers to (-) and from (+) other units of general government's				
Liabilities				
Financial assets				
Nonfinancial assets				
1/Where available this should be the consolidated total, but other aggregation method may be used (with explanation).				

TABLE 2.7: Financial structure of central government – actual expenditure (in currency units)				
Year	**Central government**			
	Budgetary unit	**Extrabudgetary units**	**Social security funds**	**Total aggregated 1/**
Revenue	**17,761.63**			
Expenditure	**24,636.64**			
Transfers to (-) and from (+) other units of general government'	**4,380.84**			
Liabilities				
Financial assets				
Nonfinancial assets				
1/ Where available this should be the consolidated total, but other aggregation method may be used (with explanation).				
Source: Central Bank of The Gambia, Annual Report 2021				

Responsibilities of the main entities involved in PFM

The executive, legislative, and legislative arms of government play vital roles in public financial management in The Gambia, with the judiciary's role limited to the adjudicatory functions, including in procurement issues. As the people's representatives, ultimate responsibility for public financial management under the 1997 Constitution rests with the National Assembly (NA), composed of mostly elected, but some appointed, members. The Assembly exercises the legislative powers of the state, including through enacting laws for good governance, approving key policy proposals of the executive, and carrying out oversight over executive actions and the actions of non-executive bodies, not only in the general government sector, but also in the wider public sector. Thus, the National Assembly scrutinizes and approves annual executive budget proposals, receives and reviews audited financial reports of the implementation outcomes, and recommends measures based on these for the government to enforce. In addition, the NA supervises the National Audit Office (NAO), approves its annual budget, appoints auditors to audit its expenditures, and receives and evaluates the audit report.

The executive branch implements laws made by the legislature, makes policies to advance them, and performs the day-to-day activities of public financial management. The president epitomizes the executive branch, assisted by a retinue of aids and institutions. The most important PFM aid and institution are the Minister of Finance and Economic Affairs, and the Ministry of Finance and Economic Affairs (MoFEA), respectively. MoFEA anchors PFM activities on behalf of the president. *Sections 3 and 4* of the Public Finance Act, 2014, specify the duties and responsibilities of the minister and the minister, respectively. The duties of the ministry include the following seven: (i) developing government revenue and expenditure policies; (ii) managing the budget formulation, execution, and reporting processes; (iii) managing external bilateral and multilateral fiscal relations, including grants and loans; (iii) management (planning and executing) of cash and treasury operations; (iv) managing public assets and liabilities, (v) managing the government internal audit function; and (vi) ensuring the transparency of government operations. The minister manages the duties of the ministry and supervises, controls, and directs all matters relating to the financial and economic affairs of The Gambia *(s. 4(2))*. The minister is responsible to the president and the National Assembly for the policy and other decisions of the ministry *(s. 4(1))*.

One semiautonomous unit of MoFEA that plays a unique role in the government's internal control, accountability, and transparency processes is the Accountant General's Department (AGD). The unit is responsible for all government's cash transactions and accounts. The accountant general heads the unit, and s/he reports to the permanent secretary on technical issues, and to the minister on administrative matters. *Section 6* of the Act formally establishes the department, and it describes the responsibilities of the accountant general as that of being the receiver-general, paymaster, and chief accounting officer of the government *(s. 6(3))*. *Section 6 (4)* details the tasks of the office as including the following, among others:

- Specifying the financial management system for use throughout the government
- Establishing proper systems of account in every government department
- Supervising the prompt collection of all public revenue
- Ensuring proper accounting (i.e., under the proper heads, subheads, and item) for all revenue or other receipts paid into the Consolidated Revenue Fund (CRF)[1] and other bank accounts under his/her control or accounted for to him/her
- Ensuring the safekeeping of all public moneys, stamps, securities, and valuable documents
- Effective supervision of all accounting officers entrusted with the receipt and expenditure of public money and taking precautions against the occurrence of frauds, embezzlement, or carelessness, through frequent checks, including surprise inspections
- Supervising all government expenditure and other disbursements, ensuring proper authorization for all payments, and calling the attention of the accounting officer to cases of apparent extravagance
- Charging all government disbursements under the proper head, subhead, item, and fund
- Preparing accounts for audit and financial statements and returns within the time laid down by statutes and regulations
- Issuing instructions for accounting procedures and refusing payment of any voucher considered inappropriate
- Implementing systems to ensure the safe custody of government assets and issuing instructions to ensure compliance
- Reporting shortcomings in financial control identified in the course of work to the minister and copying the auditor general
- Causing the keeping of proper accounts and records in the receipt and payment of public moneys
- Establishing appropriate accounting systems and procedures for receipts and payments and issuing appropriate manuals, accounting standards, and procedures for use in Ministries, Departments, and Agencies (MDAs)
- Maintaining all documents and records prescribed for use in the Act and the accounting manual, particularly
    - Principal and subsidiary journals, ledgers, and registers to records
    - Revenue earning book register
    - Safes and keys, accountable financial stationery, stamp duty, write-offs, and all stocks, shares, debentures, and other securities held by the government
    - Audit trails
    - All relevant records and data backups necessary in the context of a manual and a computerized accounting system

Section 6 also grants the accountant general broad powers of inspection under the PFA 2014 to secure the integrity of the internal control system in MDAs, sub-treasuries, and embassies (s. 6(5)). The accountant general carries out

[1] The PFA 2014 uses the term, "Consolidated Revenue Fund" here, which must be the same as the term, "Consolidated Revenue Fund", used by the 1997 Constitution.

inspections as considered necessary. The Act accounting officer enjoins the accountant general free and full access to all the department's documentation, systems, stores, officials, safes, and other relevant information during such inspections *(s. 6(6))*. The accountant general shall immediately report any material irregularity connected with the public accounts discovered during such inspections to the permanent secretary and to the auditor general *(s. 6(7))*.

Another autonomous agency of MoFEA is responsible for revenue administration, including collection, accounting, and general management of government tax and nontax revenue - the Gambia Revenue Authority (GRA). An Act of the National Assembly established in the GRA in 2004 as a merger of two now defunct revenue management agencies, i.e., the Customs and Excise Department and the Domestic Taxes Department. The merger was to maximize revenue collection and facilitate economic sovereignty and self-reliance as a country. The Gambia Revenue Authority Act 2004[1] requires the GRA "to administer, assess, and collect revenue" and "to provide for the efficient and effective administration of the revenue collecting system, and for matters connected therewith"[2]. *Section 15* of the Act imbues the authority with the necessary powers to perform its functions and matters related and incidental thereto. *Section 14* defines these functions of the agency, and they include the following

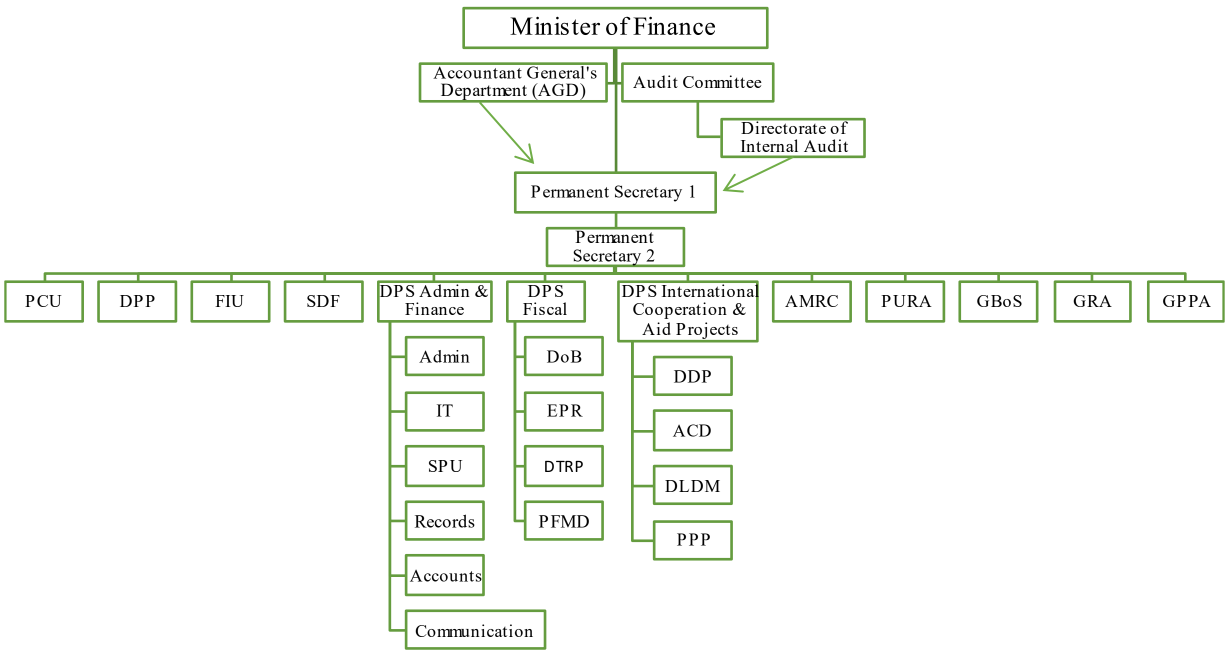
- Assessment, charging, levying, and collecting all revenue due to the government – this mandate covers taxes; customs, excise, and other duties; fees, levies, and connected fines; and other charges, etc. In other words, GRA's remit includes both tax and non-tax revenue, except for such nontax revenues traditionally administered by other institutions, e.g., court fees, fines, and penalties; certain MDA revenues; sale of government goods and property; rent on government property; dividends and other investment income; etc.
- Ensuring the collection of all revenue as soon as practicable, and paying the same into the CRF
- Administering and enforcing the GRA and other revenue laws
- Promoting full compliance with tax laws
- Taking necessary measures to improve the standard of service to taxpayers with a view to improving efficiency and effectiveness in revenue administration and maximizing collection
- Taking necessary measures to prevent tax fraud and other forms of tax evasion
- Advising the minister on matters relating to revenue administration and collection under the Act and revenue laws
- Performing other functions relating to revenue law as the minister may direct.

The GRA is a body corporate with perpetual succession and a common seal, and capable of entering contracts in its name and suing and being sued (s. 3). The governance of the agency is through a board of directors constituted according to the provisions of *s. 5* of the GRA Act, and whose duties include monitoring of the Authority's performance, and staffing and procurement matters *(s. 5(5))*. A commissioner-general, appointed according to the provisions of *s. 9*, superintends over the day-to-day affairs of the agency. Structurally, the GRA reports to the minister, who plays an important role in its affairs, including by recommending persons for board and commissioners' appointment, approving board remuneration, and approving certain other matters, etc. The reporting line is through the permanent secretary of the ministry, as *Figure 1.1* shows.

The other autonomous bodies of MoFEA include the Gambia Public Procurement Authority (GPPA)[3], The Gambia Bureau of Statistics (GBoS), and the Assets Management & Recovery Corporation (AMRC). *Figure 1.1* also depicts these, among others.

[1] No. 13 of 2004, published as Supplement C to The Gambia Gazette No. 24 of 22nd September 2004
[2] See the citation to the Act
[3] See *Section 1.3* below elaboration on the GPPA.

Figure 2.2: Organogram of the Ministry of Finance & Economic Affairs



MoFEA also comprises of internal directorates and units, several of which are key to the implementation of its mandate of exercising responsibility over public financial management. These comprise the eight operational directorates managed by the deputy permanent secretaries responsible for fiscal affairs, and international cooperation and aid projects, respectively *(see Figure 1.1)*. The eight directorates, each headed by a director are

i. Budget (DoB), with mandate for budget formulation
ii. Economic Policy and Research (DEPR), formerly known as Macroeconomic Policy and Analysis Unit (MPAU); the directorate is responsible for macrofiscal programming
iii. Tax and Revenue Policy (DTRP), responsibility for revenue policy and projection
iv. Public Finance Management PFMD), whose activities include coordinating PFM reforms across the government
v. Development Planning (DDP), in charge of medium and long-term development planning
vi. Aid Coordination (ACD), in charge of bilateral and multilateral fiscal relations
vii. Loans and Debt Management (DLMD) that manages loans, both domestic and external
viii. Public, Private, Partnership, with mandate for large projects of joint public and private interests

In addition to these, some directorates and units report directly to the permanent secretary or to the minister, as Figure 1.1 shows. These include the Directorate of Public Procurement (DPP), the Financial Intelligence Unit (FIU), and the Project Coordination Unit (PCU) that implements the ministry's donor PFM and other structural reforms reporting, which report to permanent secretary. There is also the Directorate of Internal Audit (DIA) that reports to permanent on administrative issues, and to the minister, through the Audit Committee, on technical matters.

Outside MoFEA, certain key agencies play important roles in PFM. These include the National Audit Office (NAO), Central Bank of the Gambia (CBG), budget agencies (entities), and the National Assembly. The discussion in Section 1.3 below includes a brief on the auditor general and the NAO, including the NAO Act. There is no need to repeat the discussion here, beyond underlining their central role in maintaining external oversight on PFM performance. The auditor general annually audits all accounts and financial statements of the central government and all its institutions, reporting in writing to the National Assembly. The NAO is the institutional office that supports the auditor general in this important assignment.

Section 161 of the 1997 Constitution establishes the Central Bank of the Gambia (CBG) and assigns to it functions akin to the traditional functions performed by central banks across the world. These involve those of monetary policy management, including the roles of issuing and managing the legal tender (the dalasi); managing exchange rates and maintaining the value of the dalasi; and being the sole banker to the government. Leveraging on this latter function, the CBG currently domiciles and manages the recently introduced treasury single account (TSA) and electronic funds transfer (EFT) systems. However, the CBG is not independent in the performance of its functions, as several other such institutions all over the world are wont to be; structurally, Minister of Finance and Economic Affairs controls the CGB. The Constitution provides in *s 162 (11)* that: *"In the performance of its functions, the Central Bank shall be subject to the direction and control of the Ministry of Finance, in accordance with the Central Bank Act, of any Act of the National Assembly amending or replacing the said Act"*. This makes MoFEA responsible for the formulation and implementation of both fiscal monetary and monetary policies.

Budget agencies are an indispensable part of the PFM landscape. The Gambia uses the term, "budget agency" widely to mean *"a government organization, including a ministry, an agency, an office, an authority, an institution, and any other department or unit, for which, independently, an annual budget is included in the Appropriation Bill documents; and for which an appropriation is made by the National Assembly"*. The term is synonymous with "budget entity" or "ministries, departments, and agencies (MDAs)". Budget agencies are the primary implementers of government fiscal and budget policies, processes, and procedures, including budget formulation, execution, recording, accounting, and reporting. It may be the responsibility of MoFEA to plan, determine, allocate resources to, prepare, publish, implement, monitor, evaluate, and control the national budget *(para. 4 of the FR 2016)*; however, it relies on the contributions and inputs of budget agencies to perform these activities. Without these contributions, it would be difficult, if possible, for MoFEA to fulfil these roles.

The PFM institutional arrangements provide for two key institutions or functionaries through which budget agencies perform their functions in this regard, i.e., the vote controller and the budget committee. *Section 28(1)* of the PFA 2014 provides that, "Every budget agency for which an appropriation is made in the Government budget must have a Vote Controller". The vote controller (VC) is "the head of a budget agency or the public officer authorized by the head of the agency to take charge of and manage funds appropriated for that agency" *(s. 2).* In other words, the VC is responsible to MoFEA for the management of the budget agency's vote; defines as "the upper spending limit appropriated by the National Assembly, which entitles a budget agency to make commitments and payments" *(s. 2).* The discussion on internal control in the next section elaborates on the role of vote controllers, and there is no need to duplicate them here. In summary, a VC "has direct responsibility to properly and efficiently manage the utilization of funds under his or her custody" and in ding so, "shall … comply with all the regulations, instructions and directions issued in respect of such funds; and … maintain proper systems for effective internal control" *(s. 28 (5)).*

The VC does not act alone in performing these functions. *Paragraph 4(2)* of the FR 2016 requires a VC to establish a budget committee, which shall comprise the VC as the chair, and the heads of budget management centres or cost centres as members. *Paragraph 4(3)* defines the role of the budget committee as

(a) formulating and reviewing strategic plans based on government policies
(b) reviewing departmental revenue collecting activities
(c) allocating [departmental] resources based on objectives, outputs, and activities
(d) coordinating and consolidating the budget, including the development budget
(e) monitoring and evaluating budget performance, and using this to improve the efficiency of future resource allocation
(f) formulating cash plans for submission to the permanent secretary (of MoFEA)
(g) reporting in accordance with these regulations

The National Assembly features prominently in the PFM architecture. Its role includes the constitutional responsibilities to review and approve annual budget estimates and the appropriation bill *(s. 152)* and receiving and reviewing the auditor general's annual report on the country's accounts *(s. 160)*. Beside these, the NA has the sole authority to enact legislation that regulate PFM and to donate powers to the executive (president and minister) to make subsidiary legislation in the form of binding regulations, e.g., financial regulations. The NA also has powers to "review and approve proposals for the raising of revenue by the Government", and "examine the accounts and expenditure of the Government and other public bodies funded by public moneys and the reports of the Auditor General thereon" *(s. 102 (, c))*.

2.5. Other key features of PFM and its operating environment

Legal provisions and institutional structures for public participation in budget management

Existing legislation does not require the budget management process to include public participation in the form of prebudget consultations. None of the Constitution, PFA 2014, and the FR 2016 requires such or any other form of public consultation during budget preparation. In addition, there currently does not appear to be evidence of an institutionalized process for holding such consultations. For example, the budget calendars indicated in the last two budget call circulars do not include provisions for public consultation. "Appendix F: Budget Calendar for FY2023 Budget Preparation" of the "FY2023 Budget Call Circular (BCC)" issued on July 29, 2022, and posted on MoFEA website does not include such provisions. *(See also the assessment in PI-17.1 in Chapter 2 below.)* Similarly, "Appendix F: Budget Calendar for 2022 – 2024 Budget Preparation" included in the "FY2022 Budget Call Circular (BCC)" issued on July 15, 2022, does not also include such provisioning.

Figure 2.3: Evidence of Budget Consultation with CSOs and the Private Sector

2023 BUDGET CALENDAR	
ACTIVITIES	**DEADLINE**
Preparation and Circulation of the Budget Execution Guidelines	16 January
Dissemination of Budget Estimates to MDAs	18 January
Circulation of Budget Calendar to MDAs	20 January
Preparation and Circulation of Citizen's Budget	01 March
Consultation with Civil Society Organizations (CSOs)	30 March
Review and update of Medium-Term Economic and Fiscal Framework (MTEFF)	31 March
Update and submission of Program Based Budget Statements to Directorate of Budget	April 3
Pre Budget-Consultation with Private sector	20 April
Pre-Budget Consultation with Local Government Authorities (LGAs)	27 April
Submission of MTEF to Cabinet	01 May
Budget Call Circular containing budget ceilings	15 May
Budget Consultative Workshop with MDAs	29 June
MDAs submission of budget proposals	14 July
Budget Bilaterals with MDAs	31 July
Finalization of Draft Annual Budget	31 August
Presentation of Draft Annual Budget to Cabinet	14 September
Presentation of Draft Annual Budget to National Assembly	13 October
Budget Speech by the Honorable Minister of Finance	13 November

Source: MoFEA website: www.mofea.gm

However, a MoFEA document appears to be indicating that it factors pre-budget consultation with civil society organizations and the private sector into the budget management process, nonetheless. The "2023 Budget Calendar" posted on MoFEA website *(see Figure 1.2)* suggests a structuring in of consultations with civil society organizations and the private sector into the budgeting process thus:

- Consultation with Civil Society Organizations (CSOs) - 30 March 2022
- Pre Budget-Consultation with Private sector - 20 April 2022

Th posting of this document on the website postdates the FY2023 Budget Call Circular (BCC) issued by the ministry on July 29, 2022, and similarly posted on the website. The date of the posting of this document is not clear but it was after the National Assembly has approved the FY2023 budget and Appropriation Bill and the president has accented the Bill into law.

Table 2.6: Main PFM Laws and Regulations

PFM area	Law/ regulation	Brief description and coverage
All	Constitution	Governs all other regulations and laws, provides a basis for them, and legitimizes them.
Planning	Public Finance Act (PFA) 2014; Financial Regulations 2016	See below.

Table 2.6: Main PFM Laws and Regulations

PFM area	Law/ regulation	Brief description and coverage
Budgeting	Public Finance Act (PFA) 2014; Financial Regulations 2016	Provides for the • control and management of public monies • powers and duties of the legislature and executive in the preparation, presentation, approval, execution, and reporting of government budget • conditions under which the state, local government authorities, and public enterprises may borrow • conditions under which the central bank may issue state debt securities to achieve its monetary policy objectives • certain conditions under which the state may issue guarantees, lend funds, and enter into supplier credit and finance lease agreements and for connected matters.
Accounting	Accounting Procedures Manual (APM) 2017	Describes the Government's financial accounting system as implemented on the Integrated Financial Management Information System (IFMIS) and explains the nature of accounting and financial procedures adopted in the implementation of the IFMIS in the central government.
Audit	National Audit Office (NAO) Act 2015	Provides for the governance and management of the audit institution and function, defines the status and mandate of the auditor general, and promote the efficiency and accountability in the use of public money.
Intergovernmental fiscal relations	Local Government Act of 2002; Local Government Finance & Audit Bill 2004; see also PFA 2014 above.	Provides for the financing of local government, the control and management of the finances of local government authorities, audit of such finances and the powers and duties of auditors and to make provisions for matters connected therewith.
Parliament	The Constitution 1997	Defines and regulates the duties and powers of the National Assembly to enact legislation and provide oversight over the executive
Internal control	Public Finance Act (PFA) 2014, Financial Regulations 2016, and Accounting Procedures Manual (APM) 2017	Detail the institutions and process for and define roles and responsibilities in internal controls
Procurement	The Gambia Public Procurement Act (GPPA) 2022 (replaced the GPPA Act 2014); the Public Procurement Regulations	Regulate procurement throughout the government, seeking to secure efficiency and probity in government contracts.
Public participation	None	None

Recent PFM changes or reforms

Beginning in 2010, The Gambia has launched three editions of its PFM Reform Strategy, i.e., versions 2010 – 2014, 2016 – 2020, and the current 2021-2025. The country has generally pursued the reforms articulated in these strategy documents. These reforms encompass PFM legal and regulatory framework, budget and budgeting, accounting and treasury management, debt management, cash management, fiscal risk oversight of state-owned enterprises and local governments, internal audit, etc. Many of these reforms are continuing, including in the following areas:

- PFM legal and regulatory framework reforms - ongoing reforms in the area include
    - Preparation of accompanying procurement regulations for the Gambia Public Procurement Authority (GPPA) Act 2022 enacted in 2022
    - Review the Public Finance (PFA) Act 2014, with the draft law (bill) approved by the cabinet in March 2023; a new AfDB project will provide support for reforms in this area, among others, i.e., the Public Financial

  Management and Economic Reform Program (PFM-ERP) - Phase I, with the project appraisal document approved in June 2023.
  - Asset management policy and manual - initial draft report produced and undergoing review.
  - Enactment of ana State-Owned Enterprises (SOEs) law in March 2023 to (i) strengthen the corporate governance, stem executive interference, initiate suitable accounting practices, etc.
- Revenue policy – structural reforms, including the creation of the Directorate for Revenue and Tax Policy (DRTP) in MoFEA "to provide a more strategic focus on tax policy formulation, design and monitoring"
- Budget and budgeting – resumption of macroeconomic and multiyear fiscal forecasting programing with the release of the first draft the Medium-term Economic and Fiscal Framework 2023 – 2026 in November 2022
- Accounting and treasury management – continuing upgrade of IFMIS software from Epicor 9 to 10 to extend IFMIS functionality to embassies, local government authorities (LGAs), sub-treasuries, self-accounting projects, and subvented agencies; facilitate credible and timely financial reporting; etc.
- Debt management – debt management reporting and reconciliation to strengthen debt reporting, develop a domestic borrowing plan, i.e., medium-term debt strategy (MTDS), etc.
- Cash management and payment reforms – continuing treasury single account (TSA) reforms to strengthen financial management and electronic funds transfer (EFT) reforms to reduce cash handling and expedite.

3. Assessment of PFM performance

Chapter 3 conducts a detailed assessment of public financial management in The Gambia using the PEFA 2016 Framework. The is an assessment of the national government, to the exclusion of subnational governments, except as required in the Framework and accompanying guidelines, especially the PEFA Fieldguide, Volume 2, Second Edition, 2018. The assessment uses all the 31 indicators and 94 dimensions (except where not applicable, in which case the narrative justifies it) divided among the seven pillars of public financial management. The seven pillars are

I. Budget reliability
II. Transparency of public finances
III. Management of assets and liabilities
IV. Policy-based fiscal strategy and budgeting
V. Predictability and control in budget execution
VI. Accounting and reporting
VII. External scrutiny and audit

PILLAR ONE: Budget reliability

Pillar 1 assesses the realism of the government budget and its implementation as intended. The measure of realism applied is a comparison of the immediate results of the PFM system, i.e., actual revenues and expenditures with the budget approved originally by the legislature. The criticality of the pillar lies in the fact of inevitability of budget realism and reliability for good fiscal management, including long-term fiscal sustainability. It is impossible for the government budget to be a reliable basis for policy implementation unless the government implements the budget as authorized by the parliament.

Among the factors that can affect budget reliability are the following

- Policy initiatives or other post-budget spending decisions outside the annual budget process
- Major reallocations between ministries and programs
- Over-optimistic or otherwise unreliable revenue estimates
- Allocation of grants and other budgetary support by development partners outside the annual budget cycle
- External shocks such as natural disasters or adverse global or regional economic conditions

Pillar 1 has three indicators, i.e.,

- PI-1. Aggregate budget outturn
- PI-2. Expenditure composition outturn
- PI-3. Revenue outturn

PI-1. Aggregate expenditure outturn

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-1. Aggregate expenditure outturn	**D**	**Aggregate expenditure outturn exceeded 15 percent in each of the last three FYs, 2019 - 2021**
1.1. Aggregate expenditure outturn	**D**	Aggregate budget deviation was 48.9% in FY2019, 59.8% in FY2020; and 63.2% in FY2021.

General description of the characteristics of the indicator within the scope covered

This indicator measures how yearend aggregate expenditure outturns reflect the amounts originally approved by the legislature in the last three completed years, FYs 2019 - 2021. The indicator has one dimension – *Dimension 1.1. Aggregate Expenditure Outturn*. The analysis uses data from approved budget documents and yearend financial statements for the three years.

Pertinent early observations about the financial statements and the accounting system that produced them include that The Gambia uses the cash basis of accounting. This means the recognition of expenditures at the time of payment, rather than the time of consuming the benefit, as under the accrual basis. Budget formulation of expenditures funded by both domestic (Gambia Local Fund, GLF) and externally sourced revenues take place on the Integrated Financial Management Information System (IFMIS), first installed over a decade ago, but which only became effective in the last three years under ongoing reforms. However, the only budget execution that takes place on the IFMIS is that of domestic revenues (GLF), i.e., revenues from domestic tax and non-tax sources, and programme/budget support grants (from external and internal sources) paid directly into the Consolidated Revenue Fund (CRF) account that the Accountant General's Department (AGD) maintains at the central bank. The GLF does not include project-grant revenues directly administered by the donor, e.g., the Kuwaiti Fund or paid into commercial bank accounts and executed on alternative (non-IFMIS) platforms in agreement with the donor, e.g., as on certain World Bank projects. Profiling budget execution on these projects into the IFMIS is a currently ongoing reform. Interim and year-end financial reporting by both the Directorate of Budget and the AGD, respectively, currently concentrate on IFMIS profiled revenues and expenditures only, i.e., expenditures incurred on the GLF or domestic revenues, to the execution of non-IFMIS executed, non-GLF expenditures, i.e., expenditures on donor funded projects financed outside the IFMIS.

The ongoing reforms instituted the treasury single account (TSA) and electronic funds transfer (EFT) frameworks into the revenue administration and payment processes and profiled them into the IFMIS. The TSA aims to collapse all government revenue accounts into a physical account maintained by the treasury at the Central Bank of The Gambia (CBG), leaving no government accounts in commercial banks. The exceptions are the revenue collection accounts maintained by The Gambia Revenue Authority (GRA) in commercial banks, whose balances should sweep into the TSA twice weekly, less a float of 50,000 dalasi. The GRA explained that memorandum of understanding (MOU) signed with the banks forbade bank charges on these accounts but allows them this "float" in return. However, the banks are to sweep the entire balance on these accounts, including the float, into the TSA at the month end. The EFT ensures that the processing of all payments takes place on a common electronic platform that also credits payees' bank accounts. This is to increase the speed and efficiency of the payment process by eliminating paperwork and physical contact. It is evident much reform work has taken place on both the TSA and EFT; however, more remains to do to make them function as intended[1].

Only FY2019 audit out of the three years' financial statements is complete; FY2020 statements were undergoing audit at the time of data collection for this work (end November 2022), while FY2021 statements were still in draft. The PEFA methodology allows the use of unaudited statements here; however, the assessment will be preliminary given the significant findings in the preceding years' audit reports, leading to the issuing of adverse audit opinions on the financial statements *(see Table 3.1 for sample)*. These findings are symptomatic of endemic underlying systemic issues in the accounting system. The assessment methodology requires the revision of the assessment upon finalization of the outstanding audit(s) under such circumstances[2]. The background to these systemic issues is the substantial buildup of arrears on the preparation and audit of annual financial statements until recent reforms initiated by the Ministry of Finance and Economic Affairs (MoFEA) and facilitated and supported by key development partners, including the AfDB, EU, IMF, and the World Bank. The reforms had successfully cleared the backlog in the accounts' preparation by the third quarter of 2022, although it resulted in a bunch up at the audit end, which the National Audit Office (NAO) is gradually working through. Thus far, it has completed the audit of FY2019 and commenced audit of 2020 statements. It is usual for the batch of financial statements prepared together under such conditions to have common underlying audit findings. These findings reflect the underlying systemic issues that contributed to or caused the buildup of the initial backlog. *Table 3.1* illustrates the severity of the findings and provides a flavour of the commonality of the sort of systemic issues behind them.

Table 3.1:Sample of Bases for Adverse Audit Opinion on FY2018 and FY2019 Financial Statements

		2018 Dalasi	2019 Dalasi	Impact on Financial Statements (FS)
1	Difference between detailed imprest report and the extended trail balance	245,892,591.90	1,119,054,918.22	Misstatement of outstanding imprest balance disclosed
2	Understatement/(Overstatement) of scanning fees	15,229,177.67	(34,676,214.75)	Understatement/(Overstatement) of scanning fees
3	Overstatement of scanning fees	240,660,331.17		Overstatement of scanning fees
4	Unaccounted sand mining royalties' collections	2, 306,406.00		Misstatement of non-tax revenue balance

[1] While commenting on the draft report in May 2023, the GoTG stated as follows, *"The TSA is fully operational as at 2023. Efforts are being pursued by the Accountant General for Central Bank of the Gambia to provide a consolidated report"*. The assessors had not received the CBG consolidated report on the TSA and the EFT at the time of finalizing the report. However, should the TSA and the EFT have become fully effective in 2023, that would not invalidate the assessment as that would have occurred outside the cutoff period of December 31, 2022, for admissible evidence. Efforts made directly at the CBG and MoFEA by the assessors to obtain information on the status of TSA and the EFT during and after field mission for data collection were not productive.

[2] See the PEFA Handbook, Vol. 2 (Assessment Fieldguide), 2/e, 2018, para. 1.1:8, p. 26

Table 3.1:Sample of Bases for Adverse Audit Opinion on FY2018 and FY2019 Financial Statements				
		2018 Dalasi	**2019 Dalasi**	**Impact on Financial Statements (FS)**
5	Rolling over tax receivable balance from 2014 through 2017 - unreceipted payments made by taxpayers at the Central Bank	823,995,015.47		Risk of misstatement of tax receivable account balances
6	Unaccounted development permits and royalties' revenue	784,321.82		Misstatement of non-tax revenue balance
7	Understatement between the debt balances disclosed in the financial statements and amount recorded in debt management system	245,018,298.84	3,013,513,494.71	Misstatement of public debt disclosed
8	Payment vouchers	77,200,285.36		Difficulty in confirming accuracy of revenue and expenditure balance
9	Revenue receipts not presented for audit	11,688,141.08		
10	58 accounts with wrong closing balances	131,907,000.00		Indicative of misstatement of statement balance
11	Difference between translated Cashbook and General Ledger balances for the special project dollar USD account due to failure to use the official USD rate as at 31.12.2018	99,127,027.02	3,462,118.29	Risk of understating the special project USD cash balance in the FS due to misstatements in general ledger and cashbook
12	5 listed memoranda accounts* that facilitate double transaction and expected to show a zero balance at the end of the financial year had balance	645,188,834.80		Misstatement of the cash and equivalent, and receivable balances in the FS
13	Un-reconciled items brought forward from 2014	311,677,864.98		Failure to correct un-reconciled items for more than one accounting period renders the entire reconciliation process fruitless
14	Use of inaccurate balances in performing yearend bank reconciliation for - Sukuk Al Salam Special Project and Special Deposit bank accounts totaling	48,904,474.40	465,157,414.23	Indicates non review of reconciliations by senior personnel to administer necessary actions to correct the error
15	Overpayment of loan interest on Islamic Development Bank loan agreement 071 and 074 2018) and No. 36060 (Gateway Project) and OFID Agreement No. 1128P (Third Public Works Project), respectively (2019)	58,106,160.72	244,227.57	The government might be losing huge amounts of funds as a result
16	Liability accounts (i.e., income tax payables, imprest clearance and withholding tax) inappropriately shown in debit (positive) balances as opposed to credit balances in their respective general ledger balances	2,766,571.48		Inaccurate reporting of the liability balances in the books
17	Difference between the General Ledger (GL) and Note 21 (payables) of the financial statement	1,293,766,968.49		Misstatement of payable balance disclosed in the FS
18	Difference between the cash book and the general ledger	539,951,996.06		As a result, the total cash balances in the financial statements are misstated
19	Difference between the general ledger and cash equivalent (note 15)	104,337,166.09	4,968,902,000.00	
20	Cancelled cheque withdrawn from government's main expenditure bank account (Treasury Main Account)	31,180.01		Indicative of serious internal control lapses and, if not addressed, could result to fraud
21	Difference between year-end cash balance disclosed in the statement of financial position and statement of cash receipts and payment	7,618,261,000.00	6,139,871,000.00	Risk of material misstatement of the total cash balances reported and recognized as assets in the statement of financial position
22	Inability to confirm net worth of SOEs reported in the Financial Statement due to nonprovisional of their audited FS	5,389,778,820.00		
23	Nondisclosure of government guarantees for the Gambia Civil Aviation	125, 000,000.00		Misstatement of contingent liabilities disclosed in FS
24	Nondisclosure of government grants disbursed directly to sectors	332,534,430.00	92,323,463.51	Failure to adhere to disclosure requirements on grants
25	Differences between the prior year closing balance and current year opening balance for loans†	15,688,641,938.00		Misstatement of closing balances and exchange differences reported under the statement of external assistance
26	Differences between the prior year closing balance and current year opening balance for grants†	13,429,150.00		
27	Unreconciled bank items, including carryovers from previous years with no evidence of corrections		6,501,536,055.64	Failure to correct un-reconciled items for more than one accounting period renders the entire reconciliation process fruitless
28	Below the line (BTL) project 192222 code used for receipting funds also used to raise payments		62,622,598.47	Understatement of total receipts reported, and cash receipts and payments disclosed in the CB of the FS
29	Differences in BTL receipts disclosed in the consolidated statement of cash receipts and payments and the total BTL funds receipted in the GL			Results in the FS being misleading
30	Unaccounted revenue on sale of timber by the Ministry of Environment		241,962,480.00	Misstatement of non-tax revenue balance in the FS

Table 3.1:Sample of Bases for Adverse Audit Opinion on FY2018 and FY2019 Financial Statements				
		2018 Dalasi	2019 Dalasi	Impact on Financial Statements (FS)
31	Non-presentation of revenue receipts and deposit slips or audit		17,466,333.53	Difficulty in confirming accuracy of revenue and expenditure balance
32	Nondisclosure of penalty and commitment fee on Export-Import Bank of India and ECOWAS Bank for International Development loan agreement		277,911.19	Misleading information of users of the financial statement
33	Inclusion of incomplete transactions (e.g., government orders placed with suppliers, outstanding imprest, and unpaid vouchers and claims) in the statement of outstanding commitments; Outstanding commitment to MDAs and embassies		351,693,000.00	Commitments should be cleared and have nil balance in the FS at yearend
34	Discrepancy on actual collections from domestic customs and excise tax between the cashbook and the GL		21,789,455.06	
35	Wrong computation of tax revenue returns in the GL		18,219,475.00	FS was misleading
36	Difference between extended trial balance and the and the financial statements on the various components		645,188,834.80	
37	Unsupported payment for timber proceeds to the Government of Senegal		50,000,000.00	
38	Undisclosed government moneys held at various commercial banks		69,732,155.38	
Source: Audited Financial Statements of the Gambia 2018, pp. 1 - 4, and 2019, pp. 3 - 5				

1.1 Aggregate expenditure outturn

Performance level and evidence for scoring of the dimension

Table 3.2: Total budget and actual expenditure (GMD '000)			
	FY2019 (audited)	FY2020 (unaudited)	FY 2021 (draft)
Budget	29,945,093	28,952,607.44	32,732,167.67
Actual	14,630,110	17,316,408.49	20,690,333.53
% Deviation	48.9%	59.8%	63.2%

Aggregate spending substantially deviated from the originally approved budget in each of FY2019, FY2020, and FY2021, at 48.9 percent, 59.8 percent, and 63.2 percent respectively. The approved budget exceeded the expenditure outturn by a large amount in each year *(Table 3.2)*. A key factor behind the budget deviation rates is the inclusion of expenditure on donor-funded projects in the approved budget but not in year–end financial statements, as explained throughout *PIs 1 – 3*. The accountant general's commentary on the accounts for each of the years usually admits that the consolidated financial statements are not in full compliance with the requirements of IPSAS Cash Basis of Accounting, because they do not include information on "controlled entities", i.e., public enterprises as required by IPSAS, due to differences in the bases of accounts used; and accounts of self-accounting projects (SAP), i.e., projects funded and administered entirely by external agencies but representing development expenditure *(see PI-6 and PI-29 below)*. The budget approved by the National Assembly includes projected revenue and expenditure estimates on these self-accounting projects; however, yearend consolidated financial report does not include them. This is because yearend financial reports use only revenue and expenditure figures reported on the IFMIS. The current configuration of the IFMIS allows it to report only on revenues that flow into the CRF and expenditures on them. Donor project grant revenues do not accrue to the CRF, but to commercial bank accounts specifically opened for that purpose and managed according to agreements and guidelines negotiated with relevant donor agencies.

In addition to these official explanations, the expenditure used for the calculations also exclude expenditures on departmental self-raised and retained revenues approved for agencies according to the provisions of s. 150(2) of the Constitution (see PI-6 below). Self-raised and retained revenues do not accrue to the CRF and departments do not execute expenditures on them on the IFMIS. The consolidated financial statements do not include them as a result.

Other official explanations offered for the high level of deviation include the adverse impacts of the COVID-19 pandemic on budget management. The impacts of the pandemic led to midstream reprioritization of spending, supplementary budgeting, rechanneling of resources to meet emerging exigencies, and even the front loading of pledged donor assistance from 2021 to 2020 to enhance resources to cater for the emergency, etc. The disruptive budgetary and fiscal impact of the pandemic was indeed pervasive across jurisdictions, including in The Gambia; however, the disaster does not fully explain the performance of this indicator. If it were so, FY2019 would not have recorded the highest level of deviation as it did; FY2020 would have, being the year that experienced the full budgetary effects of the pandemic.

The evidence shows that The Gambia has difficulties with enforcing aggregate fiscal discipline dating back to the years preceding the period covered by this assessment. These difficulties stem from the manner of formulating and executing the budget. The evidence shows that budget entities do not have a concept of the budget as that of a tight, sacrosanct, and binding social and fiscal contract with citizens, which the government should implement as made. The prevailing view of the budget is that of "a mere estimate and statement of intent" always subject to change as vagaries and exigencies dictate. A key problem with such a definition of the budget is that its preparation would not be rigorous but would merely observe the budget preparation routines; neither would its implementation adhere to the strictest discipline and scrutiny. A budget defined as subject to exigencies will never lack exigencies to alter its implementation course. Thus, theoretically, the budget is a three-year program-based document with output and outcome indicators, and key performance indicators (KPIs). In practice, budget entities use the traditional, line-item, and historical costing approach to prepare the document; linkage with development priorities defined in the National Development Plan (NDP) is mostly nominal.

Weaknesses in spending – budget formulation and execution – are the primary factors behind these observed defects. Budget formulation would benefit from principled prioritization, especially in linking the budget to NDP priorities. Among the factors currently helping to delink the budget from NDP goals are excessive dependence on external financing, political prioritization, and lack of public investments in fiscal responsibility, including legislation on the subject. The highly geared status of The Gambia exposes it to a higher degree of external influence in development prioritization, which is contrary to the Paris Declaration on Management of 2005 and the Accra Agenda for Action (AAA) of 2008. Political influence prioritizes projects and activities considered important to the government of the day or an influential actor above NDP projects.

Widespread under-appreciation of the sacrosanctity of the budget formulation and execution processes among political, senior administrative, and other personnel adversely affects attitudes towards the budget. The observed general understanding of the budget is that of "mere estimates" of expenditures, which, by definition, cannot be correct and is inevitably subject to alterations during implementation. This understanding is the spirit behind the weakness of current legislation on the subject, shown below. These factors contribute to creating large deviations between planned spending on development projects and outturns.

As mentioned, the loose provisions of the Public Finance Act, 2014 on virements cannot secure and, in fact, undermines fiscal discipline. For instance, *s. 29* of the Act allows unprecedented levels of virement (up to 75 percent of appropriations in some instances) and spending above budget limit ("excess expenditure"), subject to, in the case of the later, *ex post* legislative ratification *(see Table 3 3)*. Good practice does not allow such excess expenditure and *ex post* ratification. They also do not accord such room for virement.

Table 3.3: Virement Rules, Section 29, Public Finance Act, 2014

	Virement	Allowed or not	Per cent Limit	Initiated By	Approved By	Citation
1	Within the same budget agency	Allowed	75% of appropriations of donor and receiving agency	Budget agency	Minister of Finance	*s. 29(4)a*
			Excess of 75 percent	Budget agency	Minister of Finance	*s. 29(5)*
2.	Between budget agencies of same supervising department	Allowed	50 % of donor and receiving agency	Department supervisor	Minister of Finance	*s. 29(4)b*
3.	Among budget agencies with different supervising departments	Allowed	Unspecified	Minister of Finance in consultation with budget agencies		*s. 29(4)c*
4.	Expenditure "discovered" to "constitute excess expenditure" requires legislative approval* and included in					

	Supplementary Appropriations *(s. 29(6))*; if rejected by the legislature; responsible public officer surcharged *(s. 29(7))*		
5.	Between personnel emoluments and other charges	Forbidden	
*Note: the word, "approval" connotes an *ex-ante* activity, but the legislature's action is *ex-post*, which makes it "ratification", instead.			
Source: Compiled from the Public Finance Act, 2014 of The Gambia by the Consultants			

Based on the analysis and supporting evidence, the score for the present dimension is D.

Recent or ongoing reform activities

The Ministry of Finance and Economic Affairs is undertaking several concomitant reforms to improve budget formulation and reduce virement, supported by development partners. An embedded EU technical expert is working with MoFEA to make the budget truly program-based and more realistic, thereby reducing the penchant for virement. In addition, a consultant engaged by the central government has helped MoFEA to review the Public Finance Act, 2014 and produced a new draft Public Financial Management Bill; the draft Bill is currently undergoing government-wide review, including by the Ministry of Justice. Further, the IMF is also providing technical assistance to the Economic Policy Department of MoFEA on macroeconomic forecasting and production of the four-year Medium-Term Economic Fiscal Framework (MTEFF) on an annual rolling basis, and to present it to the National Assembly for review and approval as part of the annual budgeting process. This will help improve budget formulation, reduce virement, and promote aggregate fiscal discipline across the government.

PI-2. Expenditure composition outturn

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-2. Expenditure composition outturn (M1/WL)	**D+**	**Functional and economic composition variances were higher than 15 percent in each of the last three completed FY.**
2.1 Expenditure composition outturn by function	**D**	Functional expenditure variance was higher than 15 percent in each of the last three completed years, i.e., 75.5% in FY2019, 65.5% in FY2020, and 43.4% in FY2021
2.2 Expenditure composition outturn by economic type	**D**	Expenditure composition variance by economic classification was higher than 15 percent in each of the last three completed years, i.e., 67.8% in FY2019, 17.6% in FY2020, and 17.8% in FY2021
2.3 Expenditure from contingency reserves	**A**	Actual expenditure charged to contingency during the period averaged 2.2%.

General description of the characteristics of the indicator within the scope covered

This indicator measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition. It contains three dimensions and uses the M1 (WL) method for aggregating dimension scores. Variations in expenditure composition indicate two potential issues, i.e., either inability to spend resources as expressed in the originally approved budget, or in-year budget adjustments responding to unanticipated events, some of which may have been difficult to predict or outside the control of the government. Such variations affect functional allocations or expenditure composition, and the larger they are, the more adverse their impacts on allocative efficiency and service delivery, whatever their cause may be.

The classification of budgetary expenditures is administrative, economic, functional, and programmatic. The administrative classification lists the spending responsibilities of budget entities and their subunits, while the economic classification identifies expenditure by type, i.e., salaries, goods and services, transfers and interest payments, or capital spending. The functional classification deals with the purpose or objective of the expenditure and uses the UN-supported *Classification of the Functions of Government (COFOG)* configuration. The program classification list projects according to the initiatives of the National Development Plan (NDP). However, the latter two classifications are, rather generic, not breaking down expenditures in depth as the administrative and economic categories do.

The nature of contingency provisions - the approved budget contains 30 administrative budget heads, one of which is Head "15- Centralized "Services". MoFEA controls this vote head, which includes provisions on two of the three[1] types of contingency votes. The three types of contingency votes are – Contingency Payroll (Vote 2111103), Contingency Other Charges (Vote 2216104), and Contingency Development (Vote 222171). Contingency payroll is a recurrent budget provision funded from the GLF and exclusively devoted to payroll exigencies. "Contingency Other Charges" is also a recurrent item (use of goods and services), but it has two funding sources – GLF and donors; the latter element comprises of specific project-tied provisions for meeting qualifying exigencies on running costs. Contingency development is a provision for exigencies on capital expenditure and exits only on specific donor funded projects. Of these four types, only the GLF-funded contingency provisions qualify as contingency votes for the purpose of this indicator *(see Table 3.4; Figure 3.1)*. They are available for meeting exigencies in payroll and running costs in any budget unit. The methodology for the assessment provides as follows, "Contingency items should only include clearly defined items which are unallocated at budget preparation time but *used to cover excesses in spending in any budget unit during execution* (emphasis added)"[2]. The donor funded votes are not available for allocation to other budget units.

Table 3.4: Originally Approved Contingency Provisions (Dalasi '000s)

	Budget/GFS Code	Source/Donor	2018	2019	2020	2021
21 Compensation of Employees)						
Contingency Payroll (general, unallocated)	2111103	GLF	0	15,000	10,000	200,000
22 Use of Goods and Services						
Contingency other charges (general, unallocated)	2216104	GLF	0	10,000	30,000	300,000
Contingency other charges **(project specific, allocated)**	2216104	Donors			84,690	61,710
Donor Funded Projects (project specific, allocated)						
Contingency-Development	222171	Donors	124,386	99,705	0	
Analysis of Specific Contingency Provisions in Donor Funded Projects (Dalasi '000s)						
Donor Funded Projects (27 Ministry of H/Edu, Research, Science &Tech)	**Budget/GFS Code**	**Source/Donor**	**2018**	**2019**	**2020**	**2021**
Contingency	222171	BADEA	16,937	15,015	0	
Contingency	222171	IDB	22,320	22,320	0	
Contingency	222171	OPEC	32,494.83	10,725	0	
Contingency	222171	KFAED	31,185	30,195	0	
Contingency	222171	SFD	21,450	21,450	0	
Contingency other charges	2216104	IDB		0	22,320	8,486
Contingency other charges	2216104	KFAED		0	30,195	29,931.71
Contingency other charges	2216104	SFD		0	21,450	10,000
Contingency other charges	2216104	OFID		0	10,725	13,291.91
Total			**124,386**	**99,705**	**84,690**	**61709.64**
Qualifying contingency provisions				**25,000**	**40,000**	**500,000**

Source: Approved Budget Documents FY2019 - FY2021

The narrative in PI-1 on virements is also pertinent to this indicator; the legal latitude for virement during budget execution is wide (see s. 29 of the Public Finance Act, 2014 and the summary presented in Table 3-3 above). The regulations permit up to 75 percent virements of appropriations within a budget agency and up to 50 percent budget agencies of same supervising department; virements above these limits are also permissible with the concurrence of the Minister for Finance. In addition, the minister can initiate virements of no specified limits between budget agencies of different supervising departments, in consultation with the departments. Thus, virements can happen within and between administrative and economic budget heads, except from personnel emoluments *(see Table 3-3 above)*. The government made liberal use of these provisions on virement during budget execution in the assessment period, i.e., FYs 2019 - 2021, resulting in large scale administrative (functional) and economic composition variances. Official explanation blamed this high level of virement on the need to meet the exigencies of the COVID-19 pandemic; however, the exigencies of the pandemic do not fully explain the development. The real issues behind the

[1] Or four depending on the method of counting.

[2] The Fieldguide Vol 2, 2/e, 2018, *Guidance 2:4, p. 27*

performances recorded below are systemic, as shown in *PI-1* above and elaborated on in *PI-3* below.

Figure 3.1: 2021 Approved Budget Excerpts (Page 83) Showing Contingency Vote Provisions

Recurrent Budget Detailed Estimates of Expenditure PBB

	Description	(Dalasi) 2019 Actual	(Dalasi) 2020 Approved	(Dalasi) 2021 Estimate
141103	**Promotion and protection of Human Rights**	**0**	**70,000**	**70,000**
2215101	Conferences, Workshop and Seminars	0	70,000	70,000
141104	**Promotion of Public Sector Accountability**	**0**	**40,000**	**40,000**
2213101	Purchase of fuel and lubricants	0	40,000	40,000
15	**CENTRALIZED SERVICES**	**1,080,430,150**	**1,180,000,000**	**1,967,000,000**
1511	**Centralized Service**	**1,080,430,150**	**1,180,000,000**	**1,967,000,000**
151101	**MISCELLANEOUS**	**1,080,430,150**	**1,180,000,000**	**1,967,000,000**
2111103	Contingency Payroll	0	10,000,000	200,000,000
2111207	1 BY 6 Transfer to Special Deposit Account	5,000,000	0	0
2212102	Electricity ,Water & Sewage	243,986,599	0	15,000,000
2212103	Rents and Rates	17,967,103	10,000,000	15,000,000
2216104	Contingency ? other charges	0	30,000,000	300,000,000
2221102	Arbitration and Court Awards	46,000,880	100,000,000	25,000,000
2221110	Refund of Rev Collected in Previous Yrs	0	5,000,000	5,000,000
2221127	Settlement of Confirmed Debts	680,522,253	300,000,000	417,000,000
2511101	Subvention To Non-Fin Public Corp./Instit? OC	42,199,998	500,000,000	780,000,000
2511103	Input Subsidy	0	150,000,000	200,000,000
2711103	Contributions to injuries Compensation fund	14,522,000	15,000,000	10,000,000
3112101	Vehicles	28,652,000	50,000,000	0
3112124	Port Equipment and Instrument	1,579,316	10,000,000	0
16	**MINISTRY OF LANDS & REGIONAL GOVERNMENT**	**115,691,793**	**145,048,719**	**167,493,000**

The evidence suggests that budget execution has routinized the tool of virement, which good practice suggests should be sacrosanct, used only sparingly. For instance, the 2019 audit report found that, "that approvals for virements" amounting D67,960,644.78 … between and across budget entities "were granted by Deputy Director of Budget Unit without formal delegation of authority by the Minister". This is contrary to the Financial Regulations that require the minister to sign a Virement Warrant and send it to the Accountant General, together with copies to the Auditor General and the applicant Vote Controller''[1]. The audit also found no evidence of minister notifying or consulting with budget entities of virement amounting to D2,469,441,457.38 "between and across budget entities" contrary to the regulations[2].

Data for the analyses in PI-2.1 and PI-2.2 come from the annual consolidated financial statements prepared by the AGD using IFMIS data. The consolidated financial statements include comparative statements of approved and actual revenues/expenditures per administrative and economic categories, among others. As stated in *PI-4* below, budget formulation, execution, and reporting across the budgetary central government follow well-developed and elaborate administrative and economic classifications for both revenue and expenditure, i.e., in addition to functional and program classifications, which are less developed. These activities take place on the IFMIS, to which the government has successfully migrated budgetary CG entities. Although the government has adopted program-based budgeting for many years now and prefers to view the approved budget as being program-based, that classification remains problematic *(see PI-4 below)*. Thus, the analyses in these two dimensions use the simpler administrative and economic classifications also provided in the consolidated financial statements.

PI-2.1. Expenditure composition outturn by function

This dimension measures the difference between the functional composition of the originally approved budget and the yearend outturn during the last three years. The methodology excludes expenditures on contingency and interest

[1] See the Management Audit Letter on the FY2019 financial statements, *pp 10 - 11*
[2] Ibid, *p. 12*

payment but includes those on exceptional events (armed conflict, natural disasters, global pandemic emergencies, etc.), subsidies, and transfers. It also includes expenditures financed from windfall revenues (e.g., privatization) and donor funded reported in the budget. The measurement uses administrative classification of expenditures (ministry/department/agency), since it is the basis of legislative approval and management of the budget, even though the functional or program classification provides a more useful basis for assessing policy intent than administrative classification. The methodology for calculating the result of this dimension uses a spreadsheet template available on the PEFA website, www.pefa.org. The outcome of the calculations is as shown in *Annex 5* below.

Performance level and evidence for scoring of the dimension

Table 3.5: Results Matrix for PI-1, PI-2.1, and Pi2.3

	for PI-1.1	for PI-2.1	for PI-2.3
year	**total exp. Outturn**	**composition variance**	**contingency share**
2019 (audited)	48.9%	75.5%	
2020 (unaudited)	59.8%	65.5%	2.2%
2021 (draft)	63.2%	43.4%	

The foregoing analysis shows that actual spending deviated significantly among budget heads from the approved budget from FY2019 to FY2021. The deviations were 75.5 percent, 65.5 percent, and 43.4 percent, respectively *(Table 3.5)*. The main cause of these deviations is the excessive level of virement that occurs during the year, as already explained in the foregoing paragraphs and in *PI-1*. Virement in budget execution is quite extensive and considered by budget managers as inevitable and compulsory. The evidence and the practice indicate that virement is an attitude, rather than a necessity. The level of virement allowed under the law is unique in modern financial management. Even then, the virement is not in strict compliance with legal provisions. For instance, virement takes place among budget heads without recourse to vote controllers, as *s. 29* of the PFA 2014 requires. The observed level of virement shows that the approved budget is not a binding contract. It is as though the government makes the budget and allows exigencies to takeover the execution.

Based on the analysis and supporting evidence, the score for the present dimension is **D**.

PI-2.2. Expenditure composition outturn by economic type

This dimension measures the economic composition variance between the originally approved budget and end of year outturn in expenditure during the last three completed fiscal years. The assessment uses the first three digits of includes economic classification on the GFS standard, and includes interest expense on debt, since it is one of the categories of economic classification; however, the assessment excludes contingency items. The assessment shows the extent to which budget execution moved around expenditures among the various categories of inputs, i.e., capital and recurrent expenditures and their elements. The calculations used Excel spreadsheet templates provided on the PEFA website. The result is as follows: FY2019 (using audited financial statements), 67.8 percent; FY2020 (unaudited statements), 17.6 percent, and FY2021 (draft statements), 17.8 percent.

The analysis above and in PI-1 have already explained the key factors behind the high level of variances. They are the liberal regulatory allowances for virement, including among economic categories except the payroll budget and the mental disposition to the use of the virement tool, resulting in its regular use. However, there is an observable huge decline in economic composition variance in FY2020 and FY2021 not matched by the performance in *PI-1* and *PI-2(1)* above. This signifies that while the penchant for virement remained high throughout the period, there was less inclination to vire across economic heads, as there was to vire among administrative heads.

Performance level and evidence for scoring of the dimension

The score of this dimension is a D, as the foregoing evidence and analyses show.

PI-2.3. Expenditure from contingency reserves

This dimension assesses the average amount of expenditure charged to contingency votes approved for unforeseen events by the legislature at the beginning of the fiscal year. The calculations use the last three completed fiscal years. It is prudent budget policy to set aside an unallocated vote at the time of budgeting to cater for genuine emergencies arising over the fiscal year; however, the vote needs to be small to avoid undermining the credibility of the entire budget. The budget should be sufficiently comprehensive to include all expenditures, except for unforeseeable disasters and other such emergencies, e.g., the COVID-19 pandemic or the Russian-Ukraine war. Contingency votes are not spending votes; spending and accounting for the expenditure is by debiting the contingency vote and crediting the account of the appropriating spending (budget) entity, which then makes the expenditure. This assessment measures the volume of expenditure vired out of contingency votes, excluding transfers to disaster fund or similar reserves, which themselves are not spending votes, but another holding vote like the reserve or contingency vote.

The Public Finance Act, 2014 provides for the creation of a vote of unallocated (contingency) expenditures of not more than two per cent of total revenues in any given financial year, excluding external grants (s. 25(3)). The minister for finance controls the vote together with the vote for centralized expenditures and public debt payments *(s. 25(2, 4))*. The unallocated expenditures vote does not incur expenditures directly; the Act provides that, "any given transaction under that heading shall be reallocated to the appropriate classification" *(s. 25(4))*. However, the votes are not for emergencies (properly defined) and unforeseeable at the time of budgeting but for all kinds of expediencies and exigencies that proper budgeting should have provided for, *ab initio*. To illustrate, expenditures drawing on the 'contingency other charges' vote include the purchase of construction of buildings, vehicles and office furniture, peacekeeping operations, contributions to international organizations, operating costs, executive travels (including the president and the vice president's), refunds to public officers, purchase of fuel, funding of various items for foreign embassies, augmentation of spending shortfalls, etc. Similarly, the payroll vote provided resources for basic emoluments and personnel allowances, especially in the foreign missions, medical treatment, etc. The votes operate as "general purpose" funds, accessible for all functions, in principle.

Table 3.6: Summary of Disbursements from Contingency Votes analyzed from IFMIS transcripts on Virement (Dalasi '000s)

	2019			2020*			2021		
	Payroll	Other Charges	Total	Payroll	Other Charges	Total	Payroll	Other Charges	Total
Originally approved appropriation	15,000	10,000	**25,000**	10,000	30,000	**40,000**	200,000	300,000	**500,000**
'Vired In' during the year per IFMIS transcripts	-	237,000	237,000		619,245	619,245		59,376	59,376
Total Vote (originally approved + 'vired in') ‡	15,000	247,000	262,000	10,000	649,245	659,245	200,000	359,376	559,376
'Virements Out' per IFMIS transcripts	14,270	494,000	**508,270**	3,780	569,248	**573,028**	579,595	646,419	**1,226,015**

Sources: Analyzed from MoFEA data: Published approved budget books (FYs 2019 - 21), IFMIS transcripts on virement provided by the Budget Directorate of MoFEA, augmented with data from the Accountant General's Department (AGD)

*Note: analysis of FY2020 data is incomplete - only one-fifth done; completing the process requires complicated analysis of the data on virements, which spans nearly 12,000 rows of excel spreadsheets for FY2020 alone (FY2021 data spans more than 4,000 rows). The assessors discontinued further analysis of FY2020 because of the time it was taking to do the analysis vis-à-vis the benefit of continuing; the general message was clear from the data already analyzed with no new insight gained, except for the potential impact on the score.

‡Note: It is unlikely that this is the total balance available in the contingency votes during the year, otherwise, it would not have been possible to vire out amounts more than the balances in the votes. The supplementary budgeting process could have transferred additional funds to the contingency votes. This analysis did not review supplementary appropriations for this purpose, as that would yield little or no additional useful insight for this indicator.

This is probably the reason that there are many transactions on the contingency votes. For example, in FY2021, there were 103 transactions on "contingency other charges" and 97 on "contingency payroll". The figure for FY2020 is much higher than that of FY2021, with 78 transactions counted on "contingency other charges" after analyzing only one-fifth of the IFMIS data. FY2020 was a special case, though, with many resources vired first into the contingency vote from nearly most budget votes to accumulate funds to fight the emergency created by the COVID-19 pandemic. This practice did not start with the events of FY2020; the contingency vote also acted as "holding', "stopgap", or "transit" account is FY2019 and FY2021, when the vote drew resources from other vote heads for reallocation to other vote heads.

The evidence shows that the issues with the use of contingency votes are not new in The Gambia. The 2014 assessment also identified the misuse of contingency as a serious PFM issue, notwithstanding that the assessment used a different charter, i.e., the defunct PEFA 2011 Framework. The report observed as follows[1],

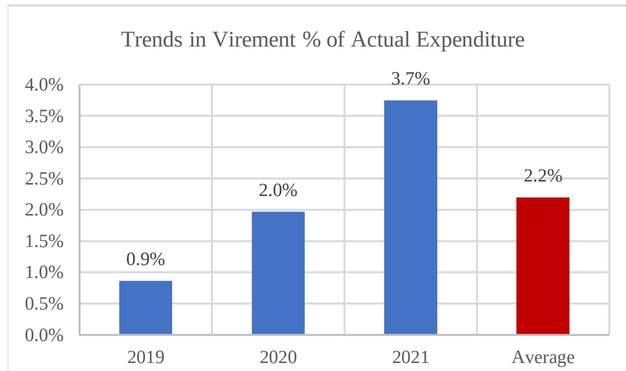
> "… misuse of the statutory contingency fund created under Article 154 of the 1997 Constitution. The contingency fund is for unforeseen expenditures or circumstances but for purposes of circumventing the laid down financial rules and regulations, officials resorted to using this fund for payment of normal expenditures, by so doing avoiding the necessary parliamentary approvals for supplementary expenditure payments"

It seems that the use of contingency votes in this unintended manner has either persisted or it has resumed if it ever stopped.

Performance level and evidence for scoring of the dimension

Notwithstanding the foregoing, actual transfers out of contingency vote were small compared to the approved original aggregate expenditure during the period. The relative values were 0.9 percent, 2.0 percent, and 3.7 percent in FY2019, FY2020, and FY2021, respectively. This performance averages 2.2 percent during the period, which is consistent with the requirement for an "A" rating. The requirement is that actual expenditure charged to a contingency vote in the three years under assessment averages less than three percent of the original budget.

Figure 3.2: Emerging Trend in Virement % of Actual Expenditure



Nevertheless, troubling signs are evident, despite this apparent 'good' performance. For instance, *Figure 3.2* shows that virement as a percentage of expenditure has been trending upwards since 2019 at a fast rate. In fact, the figure more than doubled in relative value to 2.0 percent in FY2020 from 0.9 percent in FY2019, and nearly also doubled in FY2021 to 3.7 percent from its FY2020 value. In addition, the level of virement exceeded three percent in 2021, for the first time in three years. If this analysis holds true after the finalization of FY2020 and FY2021 audit reports, the prognosis will further support the analysis above on underlying issues in virements and indicate that the 'good' score of this dimension was not by design or due to deliberate good practice, but due to a default, but receding performance. As shown above, the COVID-19 pandemic and its effects do not explain the underlying issues behand the excessive virement.

Recent or ongoing reform activities

See PI-1 above.

PI-3. Revenue outturn

Summary of Scores and Performance Table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-3. Revenue outturn (M2/AV)	**D**	**Aggregate revenue outturn deviated widely from the approved estimates in each of FY2019, 2020, and 2021, and revenue composition variance was also very high in each year.**
3.1 Aggregate revenue outturn	**D**	Aggregate revenue outturn was 58.9 percent in FY2019, 86.5 percent in FY2020, and 45.5 percent in FY2021
3.2 Revenue composition outturn	**D**	Revenue composition variance did not meet the requirement for a **C** score, which is that "revenue composition was less than 15% in two of the last three years". The composition variance was 69.3 percent in FY2019, 49.9 percent in FY2020, and 94.1 percent in FY 2021.

[1] The Gambia 'Repeat' PEFA Assessment 2014, www.pefa.org; *p. 109*

General description of the characteristics of the indicator within the scope covered

This indicator measures the change in revenue between the originally approved budget and end-of-year outturn. It contains two dimensions and uses the M2 (AV) method for aggregating dimension scores. The primary sources of data for this indicator are the approved annual budget documents (FYs 2019 – 2021) for budgeted revenue data and the corresponding annual financial statements (FS) for revenue outturn data. The assessment obtained explanatory and corroborative evidence from key departments and agencies of MoFEA (i.e., the directorates of Revenue and Tax Policy (DRTP), Budget (DoB), and Economic Policy and Research (DEPR), and the Gambia Revenue Authority (GRA)). In addition, key development partners functional in the area (IMF, AfDB, the World Bank, and the EU Delegation) provided further useful insights and corroborating evidence, including on reform efforts and capacity issues.

This assessment is preliminary because it relies on data obtained from two years of unaudited financial statements and only one year of audited statements. Audit of financial statements in the Gambia is in arrears, as explained in PIs 1and 2 above, with audit FY 2019 statements completed, audit of FY2020 statements in process, and audit of FY2021 financial statements still in draft and yet to commence at the concluding the field mission on November 29, 2021. Guidance provided in the PEFA Fieldguide directs the use of unaudited financial statements for the assessment of this indicator, provided that the assessment remains preliminary where previous audits reveal significant differences with unaudited financial statements *(Guidance 3.9 on p. 34 of the PEFA Fieldguide, 2/e, 2018)*. The auditor general has qualified all recent audit reports, listing significant findings as the basis, *as shown in PIs 1 and 2 above*. Consequently, this assessment will remain preliminary, pending completion of FY2020 and FY2021 audits.

The government explained that macroeconomic forecasts cast within the Medium-Term Economic Fiscal Framework (MTEFF) set the context for annual revenue projections. The explanation is that macroeconomic forecasts provide the baseline on resources and expenditures *(see PI-14 below for an assessment of the quality of these macroeconomic forecasts)*. In concept, the MTEFF is a "four-year rolling government spending plan … a mechanism for establishing multiyear objectives for budgetary policy and budgetary expenditure …".[1] In other words, the concept is to update the MTEFF annually, with its macroeconomic projections. However, there has been no update of the 2019 edition of the document (i.e., MTEFF 2020 – 2024) until the production of the 2022 edition, i.e., MTEFF 2023 – 2026, *as explained in PI-14 below*. There were no updates in 2020 and 2021 due to capacity issues that the IMF is now assisting MoFEA to resolve.

The budget documents, financial statements, and other relevant fiscal reports reflect two key sources of revenues – domestic and external. The domestic sources consist of both tax and non-tax revenue, while the external sources comprise project and programme grants (budget support) in approved budget documents, but only programme grants in the annual financial statements. Budget (programme) support revenue comes from both foreign governments and international organizations, and they flow through the Consolidated Revenue Fund (CRF), unlike project grant revenues. The explanation provided for not reporting project grant revenues in yearend financial statements is that the resources do not accrue on the Consolidated Revenue Fund (CRF) but separately to commercial bank accounts opened for each project. Consequently, the grants do not reflect on the Integrated Financial Management Information System (IFMIS), which forms the basis for and provides the information used in preparing the yearend financial statements. The projects do not execute their budget on the government IFMIS, but on various alternative software platforms, as chosen by the project management and approved by their respective donor agencies. Work is ongoing to profile all donor sponsored project execution on the IFMIS.

A review of fiscal documents shows that domestic sources constituted the overwhelming bulk of actual revenues between FY2019 and FY2021, amounting to 85.2 percent on average, while grants accounted for an average of only 14.8 percent. However, the approved budget presents a different outlook in the same period, with domestic revenue averaging 58.5 percent and grants averaging a much higher proportion, at 41.5 percent. Essentially, grant

[1] The Government of the Gambia, Medium Term Economic Fiscal Framework 2023 – 2026, Ministry of Finance and Economic Affairs, November 2022

revenue outturn underperformed significantly, with actual receipts averaging 2.650 billion dalasi out of the budgeted average of 12.081 billion dalasi in the period. Domestic revenue also underperformed but by a much less proportion, averaging 15.283 billion dalasi out of the budgeted average of 16.996 billion dalasi. However, the analysis on grants does not compare likes because the yearend financial reports excluded project grant receipts, whereas the approved budgets included them. Thus, analyzing the performance of grants by a simple comparison of the total grants' figures in the beginning and yearend documents is a comparation of budgeted total grants (project and programme/budget support) with only realized programme/budget support grants. Programme/budget support grants amounted to just over a quarter (25.7 percent) of the total budget for grant, i.e., 3.106 billion out of 12.081 billion dalasi.

PI-3.1. Aggregate revenue outturn

This assessment uses the audited financial statements for two years (FYs 2020 and 2021) following the guidance of the PEFA Fieldguide (para. 1.1:8, page 26). However, the recently completed audits reports raise enough significant issues to warrant concerns about the accuracy of assessments based on these unaudited reports (see below). First, all recent audit opinions on financial statements have been adverse. Second, the bases of the adverse opinions are extensive and repetitive, signifying their endemic and systemic nature *(see PI-1 above)*. This annual reoccurrence of the same findings is because the annual financial statements have been in arrears of preparation for several years, and the Accountant General's Department (AGD) is currently clearing the backlog under ongoing reforms supported by development partners. It is usual for the same issues to plague the batch of reports prepared under such circumstances, because those are part of the underlying problems that prevented timely preparation of accounts in the first place. Notwithstanding, this assessment based on such unaudited financial statements remains preliminary, until updated after completion of the outstanding years of audit reports, as the assessment guidance requires.

Revenue outturn deviated significantly from the budget in the period covered by this indicator, and the government holds several factors responsible. These include the following

- Non-materialization of pledged budget support grants
- The COVID-19 pandemic that affected revenue projections
- Poor approach to the forecasting of non-tax revenue by ministry vote controllers

Poor performance of pledged budget support grants - the official position is that budget support grants are unpredictable and are a major source of budget distortions for the Gambia. Planned budget support from the EU and the World Bank did not often materialize as planned, prompting budget revisions, midstream reprioritization of expenditure, and more government borrowing. Such externally induced volatility tendencies are common in aid-dependent countries that significantly rely on foreign inflows to fund their budgets. However, a deeper analysis of the scenario in The Gambia suggests that capacity factors may have contributed to the slow disbursement of the EU and the World Bank budget support programmes. These budget support programs usually comprise of two elements - fixed tranche components that disburse unconditionally, and variable or performance-based components that disburse in tranches, upon fulfilling preset prerequisites and indicators. The evidence suggests that the failure of some budget support funds to disburse was due to the nonfulfillment of the prerequisite performance indicators. An example is the now defunct EU budget support program, *State Resilience Building Contract (SRBC) 3*, which had the clearance of the backlog of preparation of financial statements as a trigger for disbursement of a variable element. The Gambia's concerted efforts to achieve this target still fell short before the expiration of the SRBC 3 budget support program. Consequently, this tranche of the programme did not disburse. The same was the case with several other triggers for the variable portions of SRBC 3, as it was for budget support programs of the International Development Association (IDA), administered by The World Bank, in which the government missed several prior actions for disbursement.

Impact of the COVID-19 pandemic on revenue projections – the official explanation is that this affected revenue receipts in two ways. The first is the flow of foreign remittances by The Gambia diaspora investing at home, thitherto buoyed by the political reforms from 2017 onwards, slowed substantially following the pandemic. This affected revenue targets, especially for 2020. In addition, and consequently, there was front-loading of much donor-support intended for 2021 to help the 2020 situation, which itself caused distortions in the revenue profile.

Poor approach to the forecasting of non-tax revenue – the government explained that MDA vote controllers are currently responsible for forecasting of non-tax revenues and their forecasts are not accurate, which leads to variances. By nature, vote controllers do not have the training to make economic forecasts; consequently, they do not observe any known economic theory in making the forecast, neither do they link the forecast to the GDP using any economic known fundamental. The vote controllers merely use historical approaches to make the forecasts, which in most cases prove to be unreliable. To cure this, MoFEA explains that it has plans to take over the forecast of non-tax revenues from 2023. The ministry intends to evolve more reliable bases for the estimation of this revenue by linking them to relevant economic fundamentals. The newly created Directorate of Revenue and Tax Policy, responsible for revenue forecast, will discharge this responsibility.

Close analysis of fiscal reports buttresses the official position, with absolute deviation in non-tax revenue averaging 74.6 percent in the three years from FY 2019 to FY 2021. However, this does not nearly explain the large deviation in revenue or exonerate the better predicted tax revenues from culpability. Non-tax revenue constitutes a much smaller proportion of total revenue than tax revenue. Non-tax revenues average only 14.1 percent of budgeted domestic revenue and 27.4 of actual domestic revenue in the three years, and 8.2 percent of budgeted total revenue and 23.4 percent of actual total revenue in the same period. Conversely, tax revenue, as a proportion of budgeted domestic revenue, averaged 85.9 percent in the period, while actual collection was 72.6 percent. As a percentage of total revenue, taxes averaged 50.2 percent of the budget and 61.9 percent of collections. The average deviation in tax revenue during the period was 24.0 percent, which was also high. Consequently, the prediction of both tax and non-tax revenue were inaccurate; both types of revenue may have also jointly suffered the distorting impact of the COVID-19 pandemic, etc.

In addition to the foregoing, it appears that the approved budget did not cover all potential sources of revenue during the period. For instance, the approved budget documents did not include revenue receipts from social contributions and grants from other government units, whereas the yearend financial statements recorded revenues from them. The amounts involved may be relatively small, an average of 37,153,950 dalasi; however, the figures are growing annually. For instance, receipt from social contributions increased by 52.1 percent from 586,000 dalasi in FY2019 to 891,340 dalasi in FY2021. Similarly, grants from other government units grew nearly 10 times (960.8 percent) from 6,301,000 dalasi to 66,838,780 dalasi in the same period *(see PI-6.2 on extrabudgetary revenue below)*.

Performance level and evidence for scoring the dimension

Revenue performance for the Table below shows. The total revenue deviation was 58.9 percent in FY2019, 86.5 percent in FY2020, and 45.5 percent in FY2021. Based on the analysis and supporting evidence, the score for the present dimension is ***D***.

Table 3.7: Calculation of Revenue Outturn, FY2019 - FY2021
Table 5 - Results Matrix

year	total revenue deviation	composition variance
2019 Audited	58.9%	69.2%
2020 (Unaudited)	86.5%	49.9%
2021 (Draft)	45.5%	94.1%

PI-3.2. Revenue composition outturn

This dimension measures the variance in revenue composition during the last three completed fiscal years. i.e., FY 2019, FY2020, and FY2021. The assessment compared actual revenue by category to the originally approved budget at the three-digits (i.e., using Level 3) of GFS 2014 classification. This level disaggregates tax revenue by the main tax types, i.e., taxes on income, profit and capital gains, payroll and workforce, property, goods and services, international trade and transactions, and others. It also includes nontax revenues, and grants. This dimension measures the accuracy of forecasts of the revenue structure and ability to collect the amounts of each category of revenues as intended. The analysis in Dimension 3.1 above showed that absolute variance in tax and non-tax (domestic) revenue averaged 24.0 percent and 74.6 percent respectively between FY2019 and FY2021, respectively. The variance in total grants averaged 77.8 percent; however, this was largely due to the non-inclusion of project grant receipts in yearend financial statements, leading to a comparison of non-likes, as explained in the dimension. The analysis below elucidates on makeup of these variances

Tax constituted the bulk of revenues, as already explained, accounting for 50.2 percent of budgeted revenue and 61.9 percent of actual collections from FY2019 – FY2021. The three dominant categories of tax by average contribution to total tax collections during the period are Taxes on income, profit, and capital gains, 23.9 percent; taxes on goods and services, 51.0 percent; and taxes on international trade and transactions, 22.2 percent. Of these three, taxes on income, profit, and capital gains posted the highest deviation from the budget during the period, averaging 53.7 percent. collection of taxes on international trade and transactions also recorded high deviations at 20.6 percent. Conversely, taxes on goods and services were the most stable of all, with deviations averaging only 1.7 percent. Technically, taxes on payroll and workforce and on property recorded the highest level of percentage deviations at 179.7 and 57.9 percent, respectively. However, they are not responsible for the high level of revenue composition variance, given their relatively small sizes at 1.4 percent and 1.1 percent of total collections respectively *(see Table 3.1).*

Table3.1 demonstrates that taxes on income, profit, and capital gains were a major contributor in the tax composition variance. The approved budget for this tax averaged 5.720 billion dalasi, while the outturn was only 2.648 billion. Official explanations for this continue to blame the aftermath of the COVID-19 pandemic, although the evidence suggests that estimation difficulties may have contributed significantly to the problem, especially in FY2021. Budgeted and actual receipts for taxes income, profit, and capital gains were relatively close in FY2019 and FY2020. To illustrate, the budget tax in FY2019 was 2.277 billion dalasi, while the collection was 2.188 billion, implying a tolerable deviation of 3.9 percent. The corresponding figures for FY2020 were 2.673 billion dalasi (budget) and 2.704 billion dalasi (outturn), i.e., a minimal deviation of 1.2 percent. However, in FY2021, budget taxes on income, profit, and capital gains were 12.210 billion dalasi, against an actual collection of 3.053 billion dalasi *(see Table 3.1).* This is 75.0 percent under collection. If the pending audit of FY2021 financial statements confirms these figures, it could imply gross overestimation of revenue potentials on this tax.

Table 3.8: Analysis of Tax Performance; FY2019 - FY2021 Averages (GMD '000, %)

Tax on	Original Budget	Outturn (Actual Collection)	Outturn (Actual Collection)		FY2021	
			(Absolute) Deviation from Budget	As % Total Outturn (Actual Collection)	Budget	Outturn (Actual Collection)
Income, profit, and capital gains	5,720,076.00	2,648,787.93	53.7%	23.9%	12,209,515.00	3,052,850.13
Payroll and workforce	54,107.33	151,342.29	179.7%	1.4%	48,040.00	73,809.35
Property	78,668.00	124,191.99	57.9%	1.1%	99,656.00	164,812.04
Goods and services	5,560,009.33	5,656,128.15	1.7%	51.0%	5,971,660.00	5,863,027.19
International trade and transactions	3,102,721.33	2,462,132.69	20.6%	22.2%	3,382,731.00	2,481,036.25
Other	82,106.67	52,133.63	36.5%	0.5%	68,406.00	51,292.00
Total tax revenue	14,597,688.67	11,094,716.68	24.0%	100.0%	21,780,008.00	11,686,826.96

Reporting practices on external grants revenue affected the composition variance. As explained above, yearend financial reports do not include receipts on project grants, whereas the approved budget documents do. Programme/budget support averaged only one-quarter (25.7 percent) of total approved grant revenue between FY2019 and FY2021, also as explained above. Thus, yearend fiscal documents do not report on 74.3 percent of budgeted external grants or 30.87 percent of total revenues; budgeted total grants averaged 41.5 percent of total revenues in the period[1]. Nonreporting on this proportion of revenue significantly contributed to distortions in revenue composition.

Performance level and evidence for scoring the dimension

The composition variance was 69.3 percent in FY2019, 49.9 percent in FY2020, and 94.1 percent in FY 2021. ***Therefore, the score of this dimension is a D.***

[1] External grants averaged 41.5 percent of total revenue in the period; 74.3% of 41.5% = 30.87%.

Recent or ongoing reform activities

No reforms indicated

PILLAR TWO: Transparency of public finances

Pillar II assesses the transparency of public finances, i.e., the comprehensiveness and consistency of fiscal information, and its accessibility to users. Public finances will be transparent if the classification of the budget is comprehensive; the handling of all government revenue and expenditure, including intergovernmental transfers is transparent; the government publishes information on the performance of service delivery; and there is ready access to fiscal and budget documentation. Transparency of public finances is an important feature that has several benefits, including

- Ensuring the conduct of government activities within the agreed fiscal policy framework
- Enhancing the adequacy of arrangements for budget management and reporting
- Enabling external scrutiny of government policies and programs and their implementation
- Supporting the achievement of desirable budget outcomes by giving the legislature and civil society the information they need to hold the executive accountable for budget policy decisions and for the management of public funds
- Enabling stakeholders to examine fiscal strategy and to consider whether the allocation of public resources is to the country's important social and development priorities, and whether their use is efficient

Pillar II has six indicators, i.e.,

- PI-4. Budget classification
- PI-5. Budget documentation
- PI-6. Central government operations outside financial reports
- PI-7. Transfers to subnational government
- PI-8. Performance information for service delivery
- PI-9. Public access to fiscal information

PI-4. Budget classification

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-4. Budget classification	**D**	**Annual budget formulation uses a GFS 2014 compliant classification system integrated into the CoA at the administrative and economic categories; the functional and program elements have limited application. However, budget formulation and reporting are not consistent, which makes expenditure tracking difficult; the former groups expenditure according to recurrent and development, while the latter reports on recurrent and capital (not development) expenditure.**
4.1 Budget classification	**D**	Annual budget formulation uses a GFS 2014 compliant classification system integrated into the CoA at the administrative and economic categories; the functional and program elements have limited application. However, budget formulation and reporting are not consistent, which makes expenditure tracking difficult; the former groups expenditure according to recurrent and development, while the latter reports on recurrent and capital (not development) expenditure.

General description of the characteristics of the indicator within the scope covered

PI-4 assesses the robustness and consistency of government budget and accounts classification with international standards, exemplified by the Government Finance Statistics (GFS) 2014 classification or any other system with the comparable characteristics of clarity, consistency, robustness, and comprehensiveness. The importance of this is that a robust classification system allows the tracking of transactions through its life cycle (i.e., from budget formulation to budget execution) and reporting, and according to different classification modes - administrative, economic, function/subfunction, or program. Such tracking is vital for transparency and accountability in resource allocation, and for monitoring pursuit of the three fiscal and budgetary goals of aggregate fiscal discipline, strategic resource allocation, and efficient delivery of services. The indicator has only one dimension.

The Gambia has a chart of accounts (CoA), which embeds the country's budget classification system. The Accounting Procedures Manual (APM) is the key government policy and guidance document on the CoA. The APM explains the structure of the CoA, efforts made to comply with the GFS 2014 structure, and how the chart works. The CoA comprises 42 digits divided into 12 detailed segments *(Table 3.2)*, reflected in the design of the "Epicor-based Integrated Financial Management Information System (IFMIS)"[1].

Table 3.9: Structure of the Gambia Chart of Accounts

Segment No	Segment Name	Description	Characters
1	Budget Entity	Ministry/Agency	2
2	Sub-Budget Entity	Sub-Heads/Cost Center	2
3	Sub-Sub Budget Entity	Sub-Sub-Heads/Units	2
4	Program	Programme	2
5	Sub-Program	Sub-Programme	2
6	Budget Classification	Recurrent Budget, Development Budget, Revenue Budget, Third Party Deposits and BTL Special Projects	2
7	Fund Type	Loans (foreign or domestic), Grants (foreign or domestic) and Government (Gambia Local Funds (GLF))	1
8	Funding Source	Africa Development Bank (ADB), Arab Bank for Economic Development in Africa (BADEA), International Development Association (IDA), International Fund for Agriculture and Development (IFAD), etc.	3
9	Project Code	Government Development Projects e.g., Poverty Alleviation and Capacity Building Project (PACABP), Participatory Integrated Watershed Management Project (PIWAMP), Lowlands Agricultural Development Project (LADEP), etc.	4
10	Loan/Grant Code	Government loans e. g., ADB Loan 1982 UA7.00 million (Banjul Sea Port Development), Ground Nut Processing Industry - ADF CS/GAM/IND/79/2, ADF Loan 1989 FUA2.9 M (Banjul Serrekunda Highway Project-, etc.	7
11	Objectives	Set Fiscal objective	2
	Output	Outcomes or achievable economic /financial impacts	3
	Activity	Actions and tasks to achieve output/ outcomes	3
12	Economic code	GFS	7
Total Characters			**42**

Culled from the Accounting Procedures Manual, Version 1.4, page 49 of 437

PI-4.1. Budget classification

The COA has well-developed and elaborate administrative and economic classification categories for both revenue and expenditure, i.e., segments 1 to 3 and 6 – 8, respectively. As explained in PI-2above, the activities of budget formulation, execution, and reporting across the budgetary central government follow these two classification categories, and they take place on the IFMIS, to which the government has successfully migrated budgetary CG entities. Thus, presentation of the budget follows a format reflecting these two classifications. Both in-year budget reports produced by the Budget Directorate of MoFEA and yearend financial statements prepared by the AGD also reflect these two categories. Nonetheless, the program and functional categories of budget classification have not attained the same level of evolution and development as the administrative and economic segments. Budget presentation includes some information stated in the formats of these two categories, although, at the generic level,

[1] Accounting Procedures Manual, Version 1.4, *page 47 of 437*

without much breakdown. None of budget formulation, execution, and reporting currently follows these two later categories to the same level and detail.

Performance level and evidence for scoring the dimension

Notwithstanding the more developed nature of administrative and economic classification, some pertinent issues that appear to have lingered long remain. Perhaps, the most critical of these issues is the budget classification issue that arises from the presentation of the budget according to recurrent and development expenditures, rather than recurrent and capital expenditures. However, annual financial reporting uses capital expenditure rather than development expenditure[1]. This raises a difficult reconciliation problem, which the government resolves by reporting "development spending using the economic classification to identify recurrent and capital expenditures"[2]. However, this resolution does not make for easy tracking of expenditures, except for the operators of the system who understand the composition of the development expenditure and its distinction from capital expenditure. The scale and implication of this problem becomes obvious on the realization that the IMF PIMA team of 2019 could not resolve the problem, forcing it to note as follows, "Recognizing this data limitation, this PIMA equates development and capital projects for assessing institutions"[3].

Understanding the nature of development expenditure in the budget and breaking it down into its development recurrent and development capital components for both GLF and donor financed budgets is crucial for transparency. The budget makes minimal reference to capital expenditure, such that it is difficult, in tracking the budget, to identify the total capital component of a project's expenditure and the approved aggregate capital expenditure budget. The use of development expenditures means that the item comprises provisions for both *development capital expenditures*, for the purpose of acquiring new development assets, and *development recurrent expenditures*, for meeting operations and maintenance (O & M) costs on those assets. Countries that use this form of categorization (recurrent and development) sooner or later learn that they must classify the O & M component of development expenditures under recurrent expenditure, otherwise, they would be understating total recurrent expenditure and overstating total capital expenditure. This is what the AGD seeks to avoid by using economic classification to report expenditure. The Directorate of Budget needs to cast the budget in a way that makes it possible to track capital and recurrent expenditures without needing the training and expertise of the accountants in the AGD.

Three other crucial issues with the current budget classification system are worthy of mention, one of them relating to the point above. These are

- Failure of the chart of accounts to provide a basis for the correct estimation, budgeting, and reporting of maintenance expenditure; PIMA 2019 first identified this issue when it found that "systematically identify routine and capital maintenance, or the capital projects that comprise expected capital spending" and recommended updating the CoA to address the issue by December 2019; the government accepted the recommendation and pledged to implement it.[4]
- Tracking difficulties arising from the different ways of presenting the approved budget and financial statements - the budget estimate approved by the National Assembly is according to programs, whereas financial reporting and the financial statements is according to line items. This causes difficulties in tracking the budget. This is an issue also flagged by the auditor general in the 2019 audit report for its significant ability to mislead users. The auditor general wrote as follows: "I noted the budget approved by the National Assembly in 2019 was program based while the disclosures made in the financial statements are line items. This inconsistency indicated above is misleading and user of the financial statement cannot determine whether the programmes budgeted for are indeed implemented".[5].

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[1] See "Statement of Revenue and Expenditure – Consolidated Revenue Fund" in the audited 2019 financial statements (pp. 52 and 53 of 393) and "Statement of Revenue and Expenditure Consolidated Revenue Fund excluding BTL for the Year Ended 31 December 2021" in the draft 2021 financial statements

[2] The 2019 IMF PIMA Report, *pp. 21 - 22*

[3] Ibidem

[4] The 2019 IMF PIMA Report, *pp. 9, 12, 51*

[5] See 2019 audited statements, *p. 27 of 393:* the approved budget lists detailed line-item components/activities under programs heads, whereas the financial statements list line items without linking them to programs, thereby making tracking difficult.

- Gaps in economic classification reported in 2021 by the WB Independent Evaluation Group (IEG) in its Implementation Completion Report (ICR) Review on the Integrated Financial Management Information System Project (P117275)[1]. The report noted about the IFMIS that, "Gaps in recording of expenditures remain, as do concerns about economic classification, both which may be indications of deficiencies in staff training"[2].

Other issues relate to the several cases of misclassification reported in the 2019 audit report, nearly all of which also occurred in F2018 report. These include the following

- Misclassification of other equity participation[3] - disclosures on equity participation made under two different accounts in the financial statements, i.e., "Purchase of Financial Instruments (Note 9b)" and "Consolidated Revenue Fund (Note 19b)", resulting inability of the auditor general to confirm the classification and accuracy of disclosures made.
- Consequently, there were no adequate disclosures and explanations to enhance the understanding of Other Equity Participation disclosed in the following notes
- Misclassification of payment[4] - payment of a judgment debt from the "arrears and guarantees vote" instead the "arbitration and court award vote", created to settle such payments
- Misclassification of revenue[5] - erroneous classification of proceeds of confiscated smuggled timbers from Senegal under the statement of deposit as third-party funds, instead of revenue
- Misclassification of Revenue account as a third-party account[6]
- Misclassification of interest and principal payments[7] - payment of principal and interest on two projects from the wrong project code

The FY 2019 audit report is the latest that is ready; consequently, it is not possible to confirm from subsequent audits whether these problems continued beyond that year. However, similar issues occurred in FY2018 and earlier, suggesting that these misclassification issues are very likely systemic, an observation that the findings of the recent FY2021 Directorate of Internal Audit (DIA) Activity Report lend credence to. The report notes weak internal controls, involving, among others, the use of wrong budget/accounting votes to make payments, which is misclassification of accounts. The report tags this situation as "needing significant improvement", which means that. "The control environment is lacking which would encourage misuse and/or risk of loss by misappropriation contributing to financial losses. Immediate management actions need to be taken to address the control deficiencies noted" [8]. Consequently, the report recommends "the use of proper votes/expenditure heads anytime payments are effected"[9].

The assessment framework requires reliability and consistent application of the budget and accounts classifications to provide users confidence that information recorded against one classification will reflect in reports under the other classification[10]. It also requires the classification system to cover "every part of the government's annual budget, including current and capital items", whether thy use integrated or separate budget and accounting processes[11].

[1] Report Number: ICRR0022633; the project closed officially on 30-Nov-2020, and the ICR Review by the IEG took place later, 2021/08/30, see https://documents.worldbank.org/en/publication/documents-reports/documentdetail/960741630332642424/gambia-the-integrated-fin-mgt-infor-system
[2] On *page 6*
[3] Management Letter of the Government of The Gambia, for the year ended 31 December 2019, *pp. 132 - 133 of 512*
[4] Management Letter of the Government of The Gambia, for the year ended 31 December 2019, *pp. 162 - 163 of 512*
[5] Management Letter of the Government of The Gambia, for the year ended 31 December 2019, *pp. 166 - 167 of 512*
[6] Management Letter of the Government of The Gambia, for the year ended 31 December 2019, *pp. 173 - 175 of 512*
[7] Management Letter of the Government of The Gambia, for the year ended 31 December 2019, *pp. 200 - 201 of 512*
[8] See: *2021 Directorate of Internal Audit Annual Activity Report for the Fiscal Year 1st January to 31st December 2021*, March 2022, *p. 6 of 42*
[9] See: *2021 DIA Annual Activity Report, p. 8 of 42*
[10] See the PEFA Fieldguide, *pp. 30 - 31*
[11] ibidem

In view of the foregoing and based on the analysis and supporting evidence here presented, the performance of the government budget classification system has not met the requirements for a higher score. The score for the dimension is **"D"**.

Recent or ongoing reform activities

No reforms indicated.

PI-5. Budget documentation

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-5. Budget documentation	**C**	The evidence meets the requirements the four (4) basic elements (Forecast of the fiscal deficit or surplus or accrual operating result; Previous year's budget outturn, presented in the same format as the budget proposal; Current fiscal year's budget presented in the same format as the budget proposal; and Aggregated budget data for both revenue and expenditure) and two (2) additional elements , i.e., Deficit financing, describing its anticipated composition; and Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or changes to expenditure programs".
5.1 Budget documentation	**C**	The evidence meets the requirements the four (4) basic elements (Forecast of the fiscal deficit or surplus or accrual operating result; Previous year's budget outturn, presented in the same format as the budget proposal; Current fiscal year's budget presented in the same format as the budget proposal; and Aggregated budget data for both revenue and expenditure) and two (2) additional elements , i.e., Deficit financing, describing its anticipated composition; and Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or changes to expenditure programs".

General description of the characteristics of the indicator within the scope covered

This indicator reviews the comprehensiveness of annual budget documentation to the legislature. Annual budget documentation refers to the budget proposal for the next fiscal year and supporting documentation that the executive submits to the legislature to facilitate its budget scrutiny and approval function. The supporting documentation should be sufficiently comprehensive to afford the legislature a complete and factual picture of the state of fiscal affairs and of the government. The assessment methodology lists four basic or minimum pieces of information and an additional eight desirable elements that would afford the legislature such complete and accurate picture. These 12 elements constitute budget documentation to the legislature. This indicator assesses how many of these elements the legislature receives. This indicator has only one dimension.

The relevant regulatory framework for budget documentation in The Gambia is as follows. The constitutional basis for budget documentation is the provision for the preparation and laying of the annual estimates of revenue and expenditure for the following financial year "before the National Assembly at least thirty days before the end of the financial year" *(s 152 of the 1997 Constitution)*. The Public Finance Act (PFA) 2014 refers to the documentation that accompanies this process as the "Appropriation Bill documents". Section 2 defines "Appropriation Bill documents" as "a collection of budget papers, including policy statements, budget. speech, estimates of revenues and expenditures, legal provisions relating to the implementation of the Government Budget, and proposals for financial related amendments to existing Acts, that need to be approved by the National Assembly in support of the Government Budget". *Section 21* outlines the procedure for the laying of the documents, while *s. 24* provides that the "Appropriation Bill documents submitted to the National Assembly shall contain, at least"

1. Summary statement on the economic and social conditions of The Gambia, and the policies for enactment
2. Summary of revenues and expenditures, including financing of a deficit or a treatment of a surplus
3. Estimates of revenues of each budget agency according to their revenue items
4. Estimates of expenditures by classified as,

   a. Recurrent expenditures for each budget agency, broken down by expenditure items and sources
   b. Development expenditures of each development project for each budget agency, broken down by expenditure items and sources
   c. Estimates of expenditures allocated to unforeseen expenditures (… referred to as "unallocated expenditure") for any situation of exceptional nature which cannot be predicted in advance and, therefore, cannot be included under an appropriate category of expenditure, and
   d. Public debt payments
5. Revenue and expenditure data for
   a. Actual revenues and expenditure for the preceding year
   b. Revised estimates for the current year
   c. Estimates for the budget year, and
   d. Subject to the Ministry finalizing the medium-term expenditure framework for the Government, preliminary projections in broad categories, for revenues, expenditures, and possible deficit of two years after the budget year
6. A statement of Government guarantees to third parties for the preceding year
7. Proposed legal provisions required to enable and facilitate the implementation of the proposed budget, including the imposition or alteration of taxes and spending-related laws

Institutionally and procedurally, the Budget Directorate of the Ministry of Finance and Economic Affairs spearheads the budget, assisted by the Economic Policy and Research, and Tax and Revenue Directorates. The minister lays the budget (detailed revenue and expenditure estimates) with the "Explanatory Note" before the NA for debate and review. The minister's explanatory note is essentially a fiscal policy statement, reviewing past outcomes and outlining directions for the future. After the approval of the estimates, the minister prepares the appropriation bill, using the figures of the approved expenditure estimate, to authorize the withdrawal of the approved aggregate expenditure from the Consolidated Revenue Fund (CRF). The president presents this bill to the NA and delivers the "budget speech" to mark the occasion and more fully explain the budget thrust of the government for the coming year. The president's budget speech includes more detailed information, but it does not qualify as budget documentation to the legislature, because it comes after the fact. It is an address presented after the legislative scrutiny of and approval of the aggregate and detailed revenue and expenditure estimates.

PI-5.1. Budget documentation

Performance level and evidence for scoring the dimension

The following checklist presents the evidence used to assess the extent of budget documentation in the Gambia and the score achieved.

Summary Checklist Box[1]

Element/ Requirements	Met (Y/N)	Evidence used/Comments
Basic elements		
1. Forecast of the fiscal deficit or surplus or accrual operating result	Y	*Provided as part of the "Budget Overview" of the "Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022" submitted by the Ministry of Finance & Economic Affairs to the National Assembly (NA) in November 2021 for review (on page 2).* The Budget Overview has a subheading, titled, *"Summary of All Funds in Dalasi"*, which shows the following • *Total Revenue & Grants*, further broken down into Revenue (Tax, Non-Tax) and Project/Programme (Project Grants and *Programme Grants* (Budget Support) • Expenditure & Net Lending, broken down into *Debt Interest* (External, domestic) and *Other Expenditure* (Personnel, Other Current, and Capital) • Net Lending, with breakdown of Lending and Equity Participation and Repayments Government Enterprises

[1] Note the following definitions, *"Current fiscal year (T) is the fiscal year in which the budget proposals are being prepared and usually presented. Next year (T+1) is the budget year or fiscal year for which the annual budget proposals are made. Previous year (T-1) is the last fiscal year completed."* See page 22 of the PEFA Fieldguide, 2/e, 2018

Summary Checklist Box[1]		
Element/ Requirements	**Met (Y/N)**	**Evidence used/Comments**
		• Gross Surplus/Deficit, broken into *Financing* (Domestic Borrowing, Foreign Borrowing, Foreign Amortization, Arrears & Guarantees, Capital Revenue, and Domestic Amortization) and *Net Surplus/Deficit*
2. Previous year's budget outturn, presented in the same format as the budget proposal	**Y**	*The "Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022" submitted to the NA in November 2021 are according to the following headings: "2020 Actual", "2021 Approved", "2022 Estimate", and "Percent".* The current year (T) was FY2021 (presentation of the next year's (FY2022) estimates to the NA took place while this year was ongoing); therefore, the previous year (T-1) was FY2020, being the last fiscal year completed at the time of presenting the budget. The budget (next) year (T+1) was FY2022
3. Current fiscal year's budget presented in the same format as the budget proposal	**Y**	*The layouts of revenue and expenditure items under the headings of "2021 Approved" and "2022 Estimate" in the "Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022" submitted to NA were consistent with each other throughout the document*
4. Aggregated budget data for both revenue and expenditure	**Y**	*The "Budget Totals" for revenue is on page 5 of the "Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022" submitted to the NA shows, while "Budget Totals" for expenditure is on page 7.*
Additional elements		
5. Deficit financing, describing its anticipated composition	**Y**	*Provided in these two documents* • The "Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022"; see item No. 1 above • The "Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year 2022", aka, the "Explanatory Note" The three sources of *financing* disclosed there are domestic borrowing, foreign borrowing, and capital revenue.
6. Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate	N	*The "Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022" does include GDP estimate for the current year (FY2021) and next year, i.e.,* the budget year (FY2022). No other macroeconomic forecast was available to the NA during the review of the FY2022 budget estimates. *The Minister's "Explanatory Note" discussed estimated GDP for forecast up to the end of the current year (FY2021) and its sectoral breakdown, comparing them with the performance of the actual performance of the previous year (FY2020).* However, it did not discuss the forecast for FY2022. The Note also discussed expected inflation and exchange rates for the current year (FY2021) and actual for the previous year (FY2020), but not a projection of the expected FY2022 scenario. *Preparation of the 4-year annual rolling Medium-Terms Economic and Fiscal Forecast (MTEFF) is not up to date.* There was a lull in FY2020 and FY2022; production restarted in November 2022. However, there are issues – the executive does not avail the legislature with the document, contrary to the provisions of *s. 24(5)d* of the PFA 2014, cited above. Besides, the document projects GDP and inflation, but not interest and exchange rates *(see PI-14 below).*
7. Debt stock, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard	N	*Neither the budget estimates nor the accompanying Minister's Explanatory Note includes details of the stock of debt, actual, estimated, or projected.* However, the government is complying with its own law because the budget documentation requirements listed in the PFA 2014 includes only the repayment of public debt, but not also of the debt stock *(see s. 24(4)d).*
8. Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard	N	*Neither the budget estimates nor the accompanying Minister's Explanatory Note includes details of financial assets, actual, estimated, or projected.*
9. Summary information of fiscal risks	N	*Budget documentation to the NA does not include information on fiscal risks to the NA, and there is no evidence of provision of the information through other official reports during the year.* There is no evidence of information on contingent liabilities (e.g., guarantees and contingent obligations such as public-private partnerships (PPPs))

Summary Checklist Box[1]		
Element/ Requirements	**Met (Y/N)**	**Evidence used/Comments**
		provided to the legislature. Note that the budget documentation requirements in the PFA 2014 includes "A statement of Government guarantees to third parties for the preceding year" *(s. 24(6)).*
10. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of ***all*** major revenue policy changes and/or changes to expenditure programs	**Y**	*The "Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022" includes two overview statements on the implications of the new National Development Plan (NDP) for* • Local funds - "Overview of NDP Initiatives" (GLF), *page 26* • Total funds - "Overview of NDP Initiatives" (Loans, Grants, and GLF), *page 27* *The two statements cover the same themes and follow the same manner of presenting the cost implication.* The themes covered are two - discretionary program and poverty program. The poverty program is according to these subprograms: agriculture and natural resources; decentralization & local government capacity building; education, governance, and civil service reform; health, implementation, and monitoring of SPAII; infrastructure; nutrition, population, and HIV-AIDS; Social Fund for Poverty Reduction; and Support for Crosscutting Programs. The manner of presenting the cost implications is 2020 Actual, 2021 Approved, and 2022 Estimates, with calculation of percent changes.
11. Documentation on the medium-term fiscal forecasts	N	*Medium-term fiscal forecasting in the Gambia (MTEFF) entered a lull after the FY2020 – 2023 edition prepared in FY2019; see PIs 14, 16 below).* Production resumed in November 2022 with the 2023 – 2026 version. However, the Ministry of Finance and Economic Affairs had not been submitting the document to the legislature for review. It plans to submit the latest version to the legislature; however, the legislature had already approved the FY2023 budget before the production of the document. *MoFEA continues to demand and receive three-year budget proposals from budget entities, but it neither casts the budget in a medium-term format nor submit the three-year budget proposals of budget entities to the NA for review as part of budget documentation.*
12.Quantification of tax expenditures	N	*The Government of the Gambia does offer preferential tax treatments such as exemptions, deductions, credits, tax breaks, etc., to certain categories of local and foreign consumers/investors.* A 2020 report by the World Bank suggests the need to rationalize tax expenditures to businesses, which is costing the country significant losses in revenue. *(See: "World Bank. 2020. Systematic Country Diagnostics for the Republic of The Gambia: Overcoming a No-Growth Legacy. Washington, DC: World Bank., especially at pages 45 and 109.)* The *GRA Corporate Strategic Plan 2020 – 24* similarly *identify the "increasing trend" of* "High Tax Expenditures" *as hindering the capacity of the Authority to mobilize adequate revenue.* *However, there is no evidence of the presentation of quantified tax expenditures (i.e., revenue foregone due to such preferential tax treatments) to the legislature as part of budget documentation.* The indications are that MoFEA quantifies tax expenditures for its internal use, and perhaps, for wider use within the executive circle. However, it does not provide the information to the legislature as part of the budget documentation process or at any other time.

Section 27 provides for the NA to use temporary or permanent core technical staff to assist in gathering information, undertaking research, and analysis on issues pertinent to its deliberations and resolutions on the budget submitted by the Minister of Finance. However, there is no evidence that the NA independently gathers or requests data/information on the budget documentation items not provided.

The evidence meets the requirements for six (6) out of the 12 elements, i.e., four (4) basic elements out of 4 and two (2) additional elements out of 8.

Based on the analysis and supporting evidence, the score for the present dimension is C.

Recent or ongoing reform activities

See Pillar 4 below.

PI-6. Central government operations outside financial reports

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-6. Central government operations outside financial reports (M2/AV)	**D**	**Annual consolidated financial statements do not include external sourced project finance and expenditures funded from them, and self-raised and retained revenues and expenditures incurred from them. These constitute significant proportions of government operations. Annual financial reporting by extrabudgetary units is in arrears; the consolidated government financial statements also do not include their revenues and expenditures.**
6.1 Expenditure outside financial reports	**D**	Expenditure on externally financed projects not reported in the FY2022 consolidated financial reports is more than 45 percent of total BCG expenditure. Data to calculate the percentage of expenditures of other budgetary and extrabudgetary units not reported in the financial statements is not available.
6.2 Revenue outside financial reports	**D**	Expenditures on externally sourced finance not reported in the FY2021 consolidated financial statements is more than 37 percent of total BCG expenditure. Data to calculate the percentage of other revenues of budgetary and extrabudgetary units not reported in the financial statements is not available.
6.3 Financial reports of extrabudgetary units	**D**	Annual financial statements of all extrabudgetary units are in arrears of preparation and, thus, do not meet the requirements for a higher score.

General description of the characteristics of the indicator within the scope covered

This indicator measures the completeness and comprehensiveness of government financial reporting, i.e., the extent to which government fiscal reports (budgets and financial statements) include all revenues and expenditures. Complete and comprehensive financial reporting will help the government achieve and maintain aggregate fiscal discipline. The assessment measures the size of government revenue and expenditure reported elsewhere than in the central government financial reports, especially the year-opening approved budget and yearend financial statements. Information on revenues and expenditures reported elsewhere help the government monitor the management of the resources to ensure that it accords with established policies and procedures and that services delivered from them meet the minimum required quality and quantity standards. The indicator has three dimensions and uses the M2 (AV) aggregating method. The dimensions are,

- Dimension 6.1. Expenditure outside financial reports
- Dimension 6.2. Revenue outside financial reports
- Dimension 6.3. Financial reports of extrabudgetary units

Loopholes in legislative, institutional, and organizational arrangements for reporting

Several legislative, institutional, and organizational arrangements create opportunities for the non-inclusion of certain revenues and expenditures in government fiscal reports including the following. The 1997 Constitution allows the establishment of extrabudgetary funds[1] for "specific purpose" *(s. 150 (2)a)* and the retention of self-raised revenues by government departments[2], under certain circumstances, "for the purpose of defraying the expenses of that department" *(s. 150(2)b)*. The condition attached to such extrabudgetary funds is that that the National Assembly must approve their budgets together with the appropriation bills *(s. 23, PFA 2014)*. There is no corresponding

[1] *Section 2* of the PFA 2014 defines "extra-budgetary fund" as "a fund created outside the operations of the Consolidated Revenue Fund by an Act of the National Assembly in accordance with the provisions of section 150 (2)(a) of the Constitution for the payment of particular revenue or other money for a specific purpose".

[2] *Section 2* of the PFA 2014 defines "departmental self-raised revenue" as "revenue or other money collected and retained by a budget agency for the purpose of defraying the expenses of the budget agency in accordance with the provisions of section 100 (2)(b) of the Constitution".

requirement to include their annual reports in the consolidated financial statements. Some of these extrabudgetary units also receive subventions from the budget, in addition to such retained self-raised revenues and revenues from other sources. The number of these extrabudgetary funds (subvented and otherwise) is unclear; however, evidence shows that, at least, 18 budget entities (i.e., ministries and agencies) had such units in FY2021, and received budgetary subventions on their behalf. *Figure 3.10* shows the budget entities and the level of subventions they received for their extrabudgetary units in FYs 2020 and 2021. The consolidated annual financial statements may reflect these budgetary subventions as expenditure, but they do not also reflect the expenditures of these subvented units not funded through the budgetary subventions.

Table 3.10: Budgetary Subventions by Budget Entity - Approved & Revised FY2021 Budgets vs Actuals (FY2021 & FY2020) - GMD

	Budget Entity & Code	**2021 Budget**		**Actual Disbursement**	
		Originally Approved	**Revised**	**FY 2021**	**FY2020**
1	BE01 OP - Office of the President	146,914,026	146,914,026	210,041,525	127,400,593
2	BE06 NAO - National Budget Office	2,000,000	2,000,000	2,000,000	-
3	BE07 MOD - Ministry of Defence	2,000,000	2,000,000	2,000,000	2,500,000
4	BE08 MOI - Ministry of Interior	111,200,000	156,200,000	157,038,691	106,000,000
5	BE09 MOTC - Ministry of Tourism and Culture	20,400,000	20,400,000	20,400,000	120,625,000
6	BE11 MOJ - Ministry of Justice	81,108,980	81,108,980	68,987,500	124,414,114
7	BE12 MoFEA - Ministry of Finance & Economic Affairs	699,854,800	699,854,800	701,479,652	607,937,714
8	BE15 CENTRALIZED SERVICES	980,000,000	980,000,000	321,280,588	770,355,298
9	BE 16 MoLRG - Ministry of Local & Regional Government	16,000,000	16,000,000	16,000,000	26,964,482
10	BE17 MOA - Ministry of Agriculture	53,356,940	53,356,940	51,635,527	57,071,180
11	BE18 MOTWI - Ministry of Transport, Works, & Infrastructure	39,623,449	39,623,449	34,932,550	68,075,000
12	BE19 MOTRIE - Ministry of Trade	51,168,399	51,168,399	50,999,087	51,187,365
13	BE20 MOBSE - Ministry of Basic & Secondary Education	594,070,837	594,070,837	559,368,163	532,291,164
14	BE21 MOHSW - Ministry of Health & Social Welfare	727,508,935	727,508,935	707,052,104	570,004,846
15	BE22 MOYS - Ministry of Youths & sports	73,200,000	73,200,000	65,618,313	46,990,823
16	BE23 MECCNAR - Ministry of Environment, Climate Change, & Nat. Resources	27,400,000	27,400,000	27,283,330	23,940,000
17	BE24 MOICI - Ministry of Comm, Information, & Infotech	12,000,000	48,000,000	36,000,000	15,000,000
18	BE27 MOHERST - Ministry of Higher Education, Research, Science, & Technology	96,280,000	230,280,000	94,620,828	104,956,794
Total Subvention		**3,734,086,366**	**3,949,086,366**	**3,126,737,858**	**3,355,714,373**

Source: Data obtained from "January-December-2021-Expenditure-Brief" published by MoFEA (www.mofea.gm); Analysis by the consultants

For retained revenues, the following conditions apply.

- Prior approval by the minister, backed an Act of the National Assembly, for a budget agency to retain and spend part or all its self-raised revenue in support of government budget programmes
- Inclusion of the expenditure associated the revenue in the Appropriation Bill documents
- The addition of a separate column to the revenue and expenditure tables in the Appropriation Bill documents showing the amount of departmental self-raised revenues and their associated expenditures for each budget agency, for approval by the National Assembly
- The minister may permit a budget agency to spend self-raised revenue collected more than the amount appropriated, subject to subsequent reporting to him or her the additional revenues

As with extrabudgetary funds, there is no additional requirement for the inclusion of expenditures on retained revenues in the consolidated financial statements. Revenue receipts from these two sources do not channel through the CRF, making it difficult for the ministry (through the AGD) to track and report on expenditures on them in the consolidated financial statements. This creates a situation in which the approved budget is more comprehensive than the corresponding consolidated financial statements.

There is also incomplete reporting on donor-funded projects, with the approved budget including their expenditures and revenues, and the yearend consolidated financial statements not including them. The reason behind this is the non-channeling of the revenue flows on these projects through the Consolidated Revenue Fund, only on which the consolidated financial statements report, and the non-execution of their expenditures on the IFMIS, as explained in Pillar 1 above.

In addition, there is evidence that some unauthorized revenue and expenditure activities go outside the budget, including in schools, but their magnitude is difficult to determine. For example, there are reports of some schools collecting levies for after-hour services rendered to students on school premises.

Further, the government makes budgetary allocations to some state-owned enterprises (SOEs), despite classifying them as public corporations. The consolidated annual financial statements do not include these funds because SOEs report differently, using a different accounting system from that used by the central government. While the government uses the International Public Sector Accounting Standard (IPSAS) cash accounting basis for reporting, SOEs currently use the Generally Accepted Accounting Principles (GAAP), although reforms are underway to migrate them to the International Financial Reporting Standard (IFRS). In addition, SOEs are in arrears of financial reporting, further complicating the process of integration of their statements into the consolidated financial statements.

Finally, the 2019 audit report on the annual financial statements raises the important caveat of the incompleteness of financial statements, especially the exclusion of some transactions that the government could have reported, even under the prevailing circumstances. The report notes, "the financial statements did not include transactions in all funds or bank accounts controlled by the Government or held for its use. This is contrary to IPSAS"[1]. In other words, the financial statements exclude some government transactions (revenues and expenditures) over which it has the capacity to report.

PI-6.1. Expenditure outside financial reports

Dimension 6.1 assesses the magnitude of expenditures incurred by budgetary and extrabudgetary units not reported in the government's financial reports. Expenditures not included in the consolidated financial statements include the following categories

- Expenditures of extrabudgetary units
- Expenditures of state-owned enterprises (SOEs) that receive budgetary subvention; the list does not appear to include the Social Security and Housing Finance Corporation (SSHFC); the budgetary allocations it receives appear to be due staff subscriptions or government contributions funded by the treasury
- Expenditure from authorized retention of self-raised revenues (fees and charges), under s. *150(2)* of the 1997 Constitution and *s. 22* of the PFA 2014, by other extrabudgetary units, such as hospitals, clinics, health centres, and other government institutions
- Expenditures incurred from unauthorized revenues collected by budgetary and extrabudgetary unit, including, e.g., by school and hospital units
- Expenditures of externally financed projects and activities, included in the approved budget, but reported in project accounts, not consolidated into the annual financial statements.

Performance level and evidence for scoring the dimension

The approved budget at the beginning of the year covers two broad categories of central government expenditures. The first comprises expenditures financed from domestically generated revenues accruing to the Consolidated Revenue Fund (CRF) of the government; these are the Gambia Local Fund (GLF) funded projects. These expenditures include expenditures of budgetary units and subventions (grants) to extrabudgetary units and state-owned enterprises (SOEs). The other category comprises of expenditures on externally financed projects, i.e., loans and grants from development partners. Revenues on these projects do not accrue to the CRF, but to autonomous accounts held in commercial banks. However, the budget does not include the following categories of expenditures

- Expenditures on the retained self-raised revenues of budget entities, such as schools, hospitals, clinics, etc., and extrabudgetary units, as required under *s. 23 PFA* 2014, as cited above; there is also evidence of the approval of such expenditures by the National Assembly, as also required by the same provision. Information gathered during the fieldwork indicates that hospitals have authorization to collect and retain certain fees and charges outside their approved allocations. Approved budget estimates do not include estimates of these monies. Schools do not have authority to

[1] The Audited Government of The Gambia Consolidated Financial Statements 31 December 2019 (Certificate of the Auditor General), *page 12 of 393*

collect fees at the basic and secondary education level; however, explanations obtained show that some schools do collect fees for certain activities, including for out-of-hour tutorials organized for students. Budget documents do not include estimates of these amounts because they are unofficial. Explanation obtained from the Ministry of Health suggests that the boards of each of the seven government hospitals submits the expenditures for funding from self-raised revenues to the minister for approval but does not supervise the utilization of the expenditures. Published budget documents do not indicate such revenues and their corresponding expenditure.

- Fees and charges by extrabudgetary units

Yearend financial reports cover even less than approved budget documents do. Financial statements report only the financial operations of budgetary entities that pass through the CRF, i.e., on GLF funded expenditures. Thus, the reports exclude the following categories of expenditures

- Expenditures of externally financed projects; revenues from them flow directly into the project accounts held in commercial banks and the projects execute their budgets on platforms external to the IFMIS
- Expenditure from retained self-raised revenues of budgetary units (e.g., hospitals); these agencies prepare or ought to prepare their annual accounts and have them audited by the NAO, indications from the NAO is that these accounts are several years in arrears.
- Parastatals and agencies of MDAs, such as the Gambia Revenue Authority; the NAO indicates there are about 30 of such parastatals; however, the assessors could not avail any of the accounts for review, or their comprehensive list.
- Expenditures from unauthorized collections by budgetary units such as schools
- Extrabudgetary units on both subventions and own revenue collection
- Pension arrears existing at the end of the financial year; see FY2019 Statement of Accounting Policies, which states that, "Under section 4 of the First Schedule of the Pension Act, every officer in the public service who is appointed to a pensionable post (Established staff) is entitled to pension. However, pension liabilities at the end of a financial year are not recognised in the financial statements". The unaudited FY2020 and draft FY2021 financial statements contain similar provisions.

On the other hand, there is evidence of unauthorized expenditures incurred by agencies from raised revenues that they should have paid into the CRF. The 2019 audit report provides the following example of such unauthorized expenditure[1], "I noted expenditures totaling D108,669,926.95 made from the sale of timber in violation of the above provision of the Constitution[2]".

Accurate estimation of the size of these expenditures outside the consolidated financial statement is difficult because of the non-availability of the financial reports of the entities. This also makes it difficult to populate the recommended *Table 6.1 ((revenues and expenditures outside the government's financial reports (Actual entities and other details will vary between countries))* shown in the Fieldguide and provided as part of the template for this assessment.

However, alternative analysis provides useful, if limited, insight into the quantum of expenditures not reported in the consolidated annual financial statements. *Table 3.11* classifies the expenditures of externally financed projects reported in ex-ante budget documents but not in the ex-post consolidated financial statements for FY2021. The calculations amount to 45.8 percent of the aggregate expenditure for the year. This is the minimum quantum of unreported expenditures in the 2021 yearend fiscal reports.

Table 3.11: Externally Financed Projects Reported in Ex-ante Budget but Not in Ex Post Financial Statements

	Description	**FY2021 Estimates (GMD)**
1	Office of the President	369,271,783
2	National Assembly	15,000,000
3	Judiciary	38,000,000
4	Independent Electoral Commission	0
5	National Audit Office	250,000
6	Ministry of Defence	101,155,025
7	Ministry of Interior	46,027,000

[1] Auditor's report on the of 2019 Financial Statements, *p. 10*

[2] i.e., Section 150 subsection (2) of the 1997 Constitution, which states "Notwithstanding subsection (1), and Act of the National Assembly may provide-(a) for the payment of particular revenue or other money into some other fund established for a specific purpose; or (b) for the retention of revenue or other money by the department of Government that received it for the purpose of defraying the expenses of that department".

Table 3.11: Externally Financed Projects Reported in Ex-ante Budget but Not in Ex Post Financial Statements		
	Description	**FY2021 Estimates (GMD)**
8	Ministry of Tourism & Culture	24,307,000
9	Ministry of Foreign Affairs	71,450,000
10	Ministry of Justice	5,705,946
11	Ministry of Finance & Economic Affairs	528,754,195
12	Centralized Services	160,000,000
13	Ministry of Lands & Regional Government	337,267,696
14	Ministry of Agriculture	1,405,571,578
15	Ministry of Transport, Works, & Infrastructure	5,378,870,879
16	Ministry of Trade, Reg. Integration, & Employment	483,425,572
17	Ministry of Basic & Secondary Education	1,399,166,826
18	Ministry of Health	1,536,280,630
19	Ministry of Youth & Sports	18,000,000
20	Ministry of Environment Climate Change & Wildlife	569,125,151
21	Ministry of Information, Communication, & Infrastructure	26,500,000
22	Ministry of Fisheries & Water Resources	289,431,400
23	Ministry of H/Education, Research, Science &Technology	898,258,648
24	Ministry of Petroleum & Energy	2,350,135,082
25	Ministry of Gender, Children, & Social Welfare	39,542,817
Total Externally Financed Projects in FY2022 Budge		**16,091,497,228**
Aggregate FY 2022 Budget Expenditure		**35,101,501,429**
% Eternally Financed Projects		**45.8%**
Source: Data from FY2021 Approved Budget Estimates, pp 7, 143 - 155; Calculations by the Consultants		

Expenditure on externally financed projects not reported in the FY2021 consolidated financial reports is more than 45 percent of total BCG expenditure. Data to calculate the percentage of expenditures of other budgetary and extrabudgetary units not reported in the financial statements is not available. From the foregoing, the score of this dimension is **D**.

PI-6.2. Revenue outside financial reports

Dimension 6.2 assesses the magnitude of revenues received by extrabudgetary units from budgetary transfers or other revenues, revenue from donor-funded projects, and fees and charges outside the type or amounts approved by the budget, when not reported in central government financial reports. As explained above, there are several categories of revenues not reported either in the ex-ante approved budget or the ex-post financial statements. These include

- Self-raised revenues of budgetary entities unreported in both the ex-ante approved budget documents and ex-post financial statements
  - The PFA requires that the minister of finance provide a schedule of the self-raised revenues and a profile of the expenditures attaching to them as part of the budget estimates submitted to the National Assembly for approval. A review of the 2021 budget book and earlier documents shows that this information is lacking, even though some institutions raise and spend self revenues, e.g., the seven general hospitals and one teaching hospital. The teaching hospital is the Edward Francis Small Teaching Hospital, the country's referral facility in Banjul. The general hospitals are (i) The Farafenni APRC General Hospital in the North Bank region, (ii) Bansang Hospital, (iii) Bundung Maternal & Child Health Hospital, (iv) Medical Research Council, Fajara (v) Royal Victoria Teaching Hospital RVH) Banjul, (vi) Royal Victoria Teaching Hospital (RVTH) Eye Clinic, and (vii) Sulayman Junkung General Hospital, Bwiam.
  - These entities have governing boards that superintend over their revenues and expenditures and prepare their yearend financial statements. The government consolidated annual financial statements do not integrate these financial statements. The assessors could not obtain copies of these statements and the financial statements of the over 30 extrabudgetary entities for perusal, despite requests. The indications are that these accounts are in years' arrears of preparation.
- Budgetary subventions to both financial and nonfinancial public corporations and institutions, which do not report through the consolidated financial statements, including the Social Security and Housing Finance Corporation (SSHFC) and other SOEs; these entities report the use of these resources in their annual financial statements, which the consolidated annual financial statements of the government do not integrate. A review of the FY2021 approved budget document shows budgetary subventions to financial and nonfinancial public corporations and institutions for both operating costs (OC) and personnel emoluments (PE); *see Table 3.8*. The draft FY2021 consolidated financial

statements reports of "subsidies paid to financial and non-financial public corporations as 1,749,112.67 dalasi. There is no other reporting on this item in the statements. The 2021 financial statements of these agencies classified as SOEs were not ready at the time of the fieldwork for this exercise[1].

- External grant receipts included in the approved budget documentation for FY2021, but not in yearend consolidated annual financial statements, for reasons already variously repeated above. i.e., the funds bypass the CRF to flow directly to project bank accounts held in commercial banks. *Table 3.12* tabulates the size of these expenditures in FY2021, as reported in the budget book. The government did not make available the financial statements of these externally funded projects for review. Consequently, it is not possible to estimate the actual resources received vis-à-vis budgeted.

Table 3.12: Approved Subventions to Public Corporations, FY2021 (Dalasi '000s)

	Item/Description	2019 Actual	Approved 2020	2021 Estimates	% Summary
25	Subsidies	2,199,549	3,390,654	3,734,086	22.90%
251	**Transfers Public Corp /Inst**	**2,199,549**	**3,390,654**	**3,734,086**	**100.00%**
2511101	Subvention to Non-Fin Public Corp./Institution OC	661,186	1,269,598	1,263,975	33.85%
2511102	Subvention to Non-Financial Public	980,075	1,172,327	1,304,560	34.94%
2511103	Input Subsidy	0	150,000	200,000	5.36%
2511104	Subvented to Fin Public Corp OC	339,055	500,000	512,000	13.71%
2511105	Subvented to Non-Fin Public Corp PE	219,233	198,728	351,551	9.41%
2511106	National Insurance Subsidy	0	100,000	100,000	2.68%
2511107	NAO Health Insurance Scheme	0	0	2,000	0.05%

Source: 2021 Approved Budget Book, pp 9 - 10

Performance level and evidence for scoring the dimension

Data to gain a complete understanding of the magnitude of revenues reported outside the central government fiscal reports is unavailable. However, the size of externally funded grants reported in the approved budget book but not in the year-end financial statements gives an insight. This figure amounts to 37.1 percent of the approved budget for the fiscal year. 2021, *as Table 3.13 shows.*

Table 3.13: Budgeted FY2021 External Development Receipts (Projects) Not Reported in Yearend Financial Statements

	Budget Code	Source	Funding Type	GMD
1	402	Africa Development Bank (ADB)	Grant	532,049,220
2	403	Africa Development Fund (ADF)	Grant	57,208,512
3	406	European Union (EU)	Grant	1,584,886,758
4	410	International Development Association (IDA) World Bank	Grant	1,800,034,380
5	411	International Fund for Agric & Development (IFAD)	Grant	109,000,000
6	414	Islamic Development Bank (IDB)	Grant	0
7	415	Organization of Petroleum Exporting Countries (OPEC)	Grant	5,720,000
8	421	Saudi Fund for Development (SFD)	Grant	533,800,000
9	422	Japanese Government Corporation on Technical Assistance (JGCTA)	Grant	106,000,000
10	423	United Nation. International Children's Edu. Fund (UNICEF)	Grant	139,937,000
11	428	United Nations Development Programme (UNDP)	Grant	176,950,500
12	429	United Nations Family & Population Agency (UNFPA)	Grant	65,000,000
13	436	ECOWAS	Grant	0
14	438	Global Fund	Grant	750,224,945
15	440	Global Environment Facility (GEF)	Grant	235,214,345
16	441	Enhanced Integrated Framework (EIF)	Grant	6,820,000
17	442	Green Climate Fund (GCF)	Grant	204,000,000
18	445	International Trade Center (ITC)	Grant	9,100,000
19	510	China (PR)	Grant	915,000,000
20	516	France	Grant	96,712,000
21	530	Kuwait	Grant	846,000,000
22	562	World Health Organization (WHO)	Grant	100,000,000

[1] A 2022 report by the World Bank shows that subsidies and subvention paid to SOEs constitutes a significant proportion of public expenditures. Three SOEs are the major consumers of these subsidies, including those responsible for electricity, waste, and groundnut sectors. See: **"World Bank. 2022. The Gambia Integrated State-Owned Enterprises Framework (iSOEF) Assessment. © World Bank."**

Table 3.13: Budgeted FY2021 External Development Receipts (Projects) Not Reported in Yearend Financial Statements

	Budget Code	Source	Funding Type	GMD
23	563	GAVI	Grant	128,913,537
24	603	ECOWAS NATIONAL OFFICE	Grant	1,000,000
25	604	GLOBAL PARTNERHIP TO EDUCATION (GPE)	Grant	350,196,420
26	605	CONSERVATION INTERNATIONAL	Grant	51,000,000
27	402	Africa Development Bank (ADB)	Loan	76,500,000
28	404	Arab Bank for Economic Development in Africa (BADEA)	Loan	397,697,013
29	408	European Investment Bank	Loan	186,023,555
30	410	International Development Association (IDA) World Bank	Loan	11,538,908
31	411	International Fund for Agric & Development (IFAD)	Loan	0
32	414	Islamic Development Bank (IDB)	Loan	739,000,000
33	420	Kuwaiti Fund for Economic Development (KFAED)	Loan	439,690,659
34	421	Saudi Fund for Development (SFD)	Loan	1,219,800,000
35	433	EXIM Bank of India	Loan	240,000,000
36	444	OPEC Fund for International Development OFID	Loan	444,247,950
37	501	Abu Dhabi	Loan	468,000,000
Total External Development Receipts Not in Yearend Report				**13,027,265,702**
Total Budgetary Revenue of BCG				**35,101,502,000**
% External Development Receipts				**37.1%**

Source: Data from FY2021 Approved Budget Estimates; see provisions under the heading of "Development Receipts" on pp 134 - 138; Calculations by the assessors

Externally sourced revenue not reported in the FY2021 consolidated financial statements is more than 37 percent of total BCG expenditure. Data to calculate the percentage of other revenues of budgetary and extrabudgetary units not reported in the financial statements is not available. However, from the foregoing, the score of this dimension is **D**.

PI-6.3. Financial reports of extrabudgetary units

This dimension assesses the extent to which extrabudgetary units provide ex-post financial reports to central government, i.e., the Ministry of Finance and Economic Affairs. The assessment methodology requires that the annual financial reporting be timely, comprehensive, and consistent with the reporting requirements of budgetary central government. This means that the reporting should comply with reporting requirements outlined in the Public Finance Act 2014 and the Financial Regulations 2016. Information thus provided by extrabudgetary units should have sufficient details to provide a full picture of government financial operations when combined with the annual financial reports of the budgetary central government. Hence, financial reporting by extrabudgetary units should provide expenditure by economic classification and include details of actual revenue and expenditure, assets and liabilities, guarantees and long-term obligations, if any.

Information to assess this dimension is scanty. The 2019 IMF PIMA report stated that there are "No **major** extra-budgetary entities" in the Gambia[1] (emphasis added). However, discussions at the National Audit Office indicate that existing extrabudgetary funds (EBFs) are in arrears of account preparation. The NAO also indicated that there were up to 30 EBFs[2]; however, it was not possible to obtain a comprehensive list of them or copies of their last submitted financial statements. This makes it impossible to populate *Table 6.2 (Financial reports of extrabudgetary units)*, as suggested by the assessment methodology.

Besides, the NAO decried the non-maintenance of a database for self-accounting projects at the Accountant General's Department in its 2019 Audit Management Letter. This failure, it observed, makes it impossible to determine the number of special accounts operated by the government and the size of their revenue and expenditure

[1] See: Richard Allen, David Gentry, Graham Smith, Michelle Stone, Mehwish Ashraf and Luis Camacho, **The Gambia Public Investment Management Assessment**, Draft Technical Report, International Monetary Fund (IMF), May 2019, *p. 11*
[2] It is not clear whether this number comprises externally funded projects, agencies approved to spend self raised revenues, etc., or whether they also include SOEs. The definition of extrabudgetary funds in The Gambia constitution sufficiently wide to include all of these.

involved. The AGD confirms these audit observations while explaining that, "obtaining monthly returns from the Projects has always posed a challenge". The remedy proposed by the AGD is in ongoing reforms to connect these projects to the IFMIS, which would ensure integration of their operations into government accounts.[1]

Performance level and evidence for scoring the dimension

Annual financial statements of all extrabudgetary units are in arrears of preparation and, thus, do not meet the requirements for a higher than D score; hence, the score for the dimension is **D**.

Recent or ongoing reform activities

Reforms are ongoing regarding SOEs, including on the preparation of the yearend financial statements (see PI-10 below). Similar reforms are ongoing to integrate extrabudgetary funds into the IFIS, including agencies spending self raised revenues. However, it is not clear whether these reforms include such agencies as Gambia Revenue Authority (GRA).

PI-7. Transfers to subnational governments

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-7. Transfers to subnational governments (M2/AV)	**D**	**Insufficient evidence to assess the transparency and rules basis of transfers; information on transfers does not get to local councils until late in December, at the earliest, by when it would already be too late to influence their planning for the next fiscal year.**
7.1 System for allocating transfers	**D***	Insufficient evidence to score this dimension – data on actual distribution of 2021 CG general grant (subvention) to LGs and 2021 LGs' car park fees collected by the GRA is not available.
7.2 Timeliness of information on transfers	**D**	Local government councils do not receive information on annual transfers until the National Assembly has approved the budget estimates and the appropriation bill and the president accented to it, which happens around mid-December, i.e., about two weeks to the beginning of the next fiscal year

General description of the characteristics of the indicator within the scope covered

"This indicator assesses the transparency and timeliness of transfers from the central (national) government to the next tier subnational governments with which it has direct financial relationships. It considers the basis for transfers from central government and whether subnational governments receive information on their allocations in time to facilitate their budget planning. It contains two dimensions and uses the **M2 (AV)** scores' aggregating method.

The legal, regulatory, institutional, and organizational framework on transfers to local governments is as follows. The Gambia has a decentralized system of local government, established, and regulated under the Local Government Act of 2002[2]. There are eight local government areas (LGAs)[3], comprising one city council (Banjul City Council, BCC), one municipal council (Kanifing Municipal Council, KMC), and six area (or rural) councils – Basse, Brikama. Janjanbureh. Kerewan, Kuntaur, and Mansakonko. The councils go "… by the name "Area Council", "Municipal Council" or "City Council", as applicable, "preceded by the name of the Local Government Area for which the Council is established" *s. 10(2)*. Each council is a body corporate, with perpetual succession and a common seal, and can "sue and be sued in its corporate name", *see s. 10(3)*.

Local government councils comprise a combination of elected, selected, and nominated members, as provided in ss. 9 – 13 of the Act. The elected members are the chairperson, elected by universal adult suffrage of all eligible voters in the Local Government Area (LGA), and a member from each ward, elected by voters in the ward. Democracy elections into the councils hold every four years on a multiparty basis but allowing for "at least twelve

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp. 117 - 118 of 512*
[2] Act No.5 of 2002, accented to by President YAHYA A.J.J. Jammeh, on the Seventeenth Day of April 2002
[3] Meaning, "… a Division, City or Municipality as demarcated under Part 1 of Schedule 1 to [the] Act".

months between any local government election and elections to the National Assembly" *(s. 9)*. The chairperson of a council (known as, "mayor" or mayoress" in the case of a city or municipal council *(s. 12)*) is eligible for election to a four-year initial term and a further two reelected terms of office *(s. 13)*. The Independent Electoral Commission (IEC) organizes council elections, as does national elections.

The composition of selected and nominated members is as follows. Local councils (except for the Banjul City Council) have only one selected member, each, i.e., a representative of district traditional chiefdoms in the local government area, selected from among themselves. Nominated members comprise representatives of various civil society groups, proposed by the civil organization or groups they represent and appointed by the chairperson with the concurrence of the Secretary of State[1] *(s. 13(2))*. The nominated members are one representative each of youths and women's groups (in the latter case, only whenever more than two thirds of the elected members are male); and representatives of local, commercial, and social interest groups, constituting not more than one-fifth of the elected members of a Council.

It appears that two laws regulate local government finances and audits; these are the Local Government Act of 2002 and the Finance and Audit (Local Government) Act 2004. The Local Government Act 2002 includes a terse provision in *s. 128(3)* that "The Central Government shall provide twenty-five per cent of the Council's development budget". The Act does not further elaborate on how to operationalize or institutionalize this provision. For example, there is no provision on how to "agree on" or determine the size and contents of a local government's development budget, whether by negotiation with the supervising ministry (on behalf of LGAs) and MoFEA, for instance, or by devolving of part of CG's development expenditures to local governments for implementation. (This 'operationalization and institutionalization' lacuna made it impossible for the CG to implement the provision. As both central and local government officials admit and as the IMF confirmed in its 2019 PIMA report, "in practice this provision has not been followed and the six rural and three urban councils cannot rely on transfers from the central budget to fund their priority capital investment projects, or the counterpart funding associated with donor-financed projects"[2].) However, *s. 130* of the Act provides for the subsequent enactment of another law to regulate the finances of local governments. The section reads thus, "Subject to the provisions of this Act, the financial affairs of a Council shall be regulated in accordance with a Local Government (Finance and Audit) law to be enacted by the National Assembly". The Finance and Audit (Local Government) Act 2004 appears to be this new law, although it appears to be a reenactment of a similar law enacted in 1999[3].

The Finance and Audit (Local Government) Act 2004 makes elaborate provisions for local government financing, including self-raised and grants, and on the vertical and horizontal distribution of CG grants. *Section 3* of the Act creates a general fund for each LGA to receive all revenues due to the local government area, regardless of source, and to discharge all its liabilities. The section also creates a general fund account for each local government to record all receipts and payments of the general fund. *Section 2* outlines two broad sources of revenue for area councils, viz, own and grant resources. The own resources include these six sources, (i) local rates, (ii) local taxes, (iii) local licences, permits, dues, charges, fees, or royalties, (iv) user charges derived from owned public utility, service, or undertaking, (v) rents from council property, and (vi) investment income. The grant sources are five: (i) endowments, (ii) donations or grants other than from general revenue, (iii) grants from other councils, (iv) grants out of the general revenue of The Gambia or other public revenue, and (v) money lawfully assigned to a council by any public corporation, including other types of project funds.

The fourth type of grant listed above (i.e., grants out of the general revenue of The Gambia or other public revenue) is of three types (s. 6): general grant (also called subvention), conditional grant-in-aid, and subsidy (equalization

[1] Minister responsible or local government
[2] See p. 26 of the 2019 PIMA report
[3] The title page of this Act bears, Local Government (Finance and Audit Bill) 2004, while the "Contents" page bears "Finance and Audit (Local Government Act) 1999". It is unclear why this is so; specifically, it is not clear whether the legal instrument is still a bill or an Act, duly enacted by the NA and assented into law by the president.

grant)[1]. *Section 6(2)* defines the general grant as "the minimum grant that shall be paid to a Council to operate decentralized services and shall be calculated in accordance with the First Schedule to this Act". The conditional grant-in-aid is an earmarked grant to finance mutually agreed programmes between the national and local governments *(s. 6(3))*. A subsidy is a special equalization assistance to the least developed local government areas in a specific service area, based on the degree to which the LGA lags the national average standard for which the service *(s. 6(3))*. The law requires that the president includes amounts for each grant in the annual budget estimates for legislative approval.

Section 6(6) of the Act stipulates the indices that the formula(e) for the distribution of grants to the councils shall consider. These include the following five factors (i) population, (ii) population age structure, (iii) existing levels of services in councils, (iv) councils' resource base, and (iv) councils' potential for commerce and tourism, and the environment. The law provides that the national government shall remit grant resources due to local councils directly to their respective general fund, as already explained above.

The First Schedule, Part I to the Act specifies sophisticated processes for the horizontal distribution of the general grant and subsidy elements among LGA. The process for distributing the general grant involves three stages. The first stage outlines nine social/economic (quality of life) indicators to consider, i.e.,

Social/Economic (Quality of Life) Indicators

1) Poverty
    - Prevalence/incidence (%)
    - Depth/severity of poverty
    - Vulnerability (level of dependence on agriculture/groundnuts)
2) Access Levels
    - Health Care - availability of drugs/personnel, no and distribution of facilities/type
    - education- quality/relevance
    - Water and Sanitation
    - level of access (no and distribution of facilities)
    - Utilities – roads (no of km/type), electricity (hours and areas counted), telephones (no of lines/areas connected), transport, access to public transport, level of infrastructural development, location (river)
3) Resource Base
4) Potentials (Commence/Tourism)
5) Health indicators - maternal morbidity (MNR), infant mortality (IMR), fertility rate (TFR), immunization coverage,
6) Education indicators - enrolment rates by gender, pupil/teacher ratio, transition rates, distribution of facilities by type, access to ICT
7) Empowerment indicators - level of awareness, level of community participation, quality/extent participation
8) Population Indicators - population size, population distribution (age/sex), population density, net migration,
9) Environment Indicators - level of environmental degradation

The second stage outlines the "Formula for Allocation" and the "Key Factors to Consider". The key factors to consider are

[1] It is not clear how to interpret this section of the Act, whether as conflicting with *s. 128* of the Local Government Act, 2002, which provides simply for the CG to fund 25 percent of each LG's development budget. It is unclear whether this s. 128 became now extinct upon the enactment of the 2004 law on local government finances and audit, or whether the provisions of the 2004 act are subject to the provisions of the earlier Local Government Act, 2002, as its s. 130 seems to provide in the words, "Subject to the provisions of this Act …". Finally, it is also possible to read the 25 percent contribution to the development budget of a local council as a special development grant (especially given its terseness), outside the general grant provided for in s. 6 of the Local Government (Finance and Audit Bill) 2004 Nonetheless, state and local officials do not refer to the provisions in s. 3 of the Local Government (Finance and Audit Bill) 2004; instead, they refer to the 25 percent provision in s. 128 of the Local Government Act 2002 as the provision on CG grant to LGs. This may be in error, and it seems that the later 2004 clearly intended to take precedence, is more practical, and more elaborate.

- Percent distribution of people below poverty line in the LGAs
- Percent level of access to each of these: health, education, water and sanitation, and utilities
- Resources base - income (level), inventory of resource facilities, with defined formulars for their calculation
- Potentials (commerce/tourism) - commercial activity, i.e., services (technical etc.), tourism, industrial development, and agricultural (nontraditional); also, with formulars for their calculations

The final process defines a weighted average formular for the distribution of each of these items, as represented in this Table.

Table 3.14: Weighting Process for Horizontal Distribution to Local Government

Categories	Weights	% Distribution by LGA
1. Poverty Level	0.15	
2. Level of Access	0.40	
3. Resource base	0.35	
4. Potentials	0.10	
TOTAL	1.00	

Section 7 of the Act establishes the Local Government Finance Advisory Body to advise the president on both the vertical allocation of resources to local governments and the horizontal distribution of revenues accruing local councils. The advice of the council shall encompass the three types of grants, i.e., general grants, grants-in-aid, and subsidies to local councils. The advisory body comprises both statutory members and representatives of interest groups and civil society who serve for a term of four years. The statutory members are the permanent secretaries for Lands and Regional Development (chair) and Finance and Economic Affairs, the accountant general, and the commissioner general of the GRA. The interest groups and civil society members are two representatives of chairpersons of local government authorities elected by them, two representatives of the public with experience in local government administration and finance, and two members from civil society.

PI-7.1. System for allocating transfers

The system for allocating transfers does not observe the legal provisions outlined above, neither s.128 of the Local Government Act 2002 nor ss. 2 and 6 of the Local Government (Finance and Audit Bill) 2004. References by MoFEA, Ministry of Lands, Regional Government, and Religious Affairs (responsible for local government affairs), and local government officials in this regard were to the 25 percent provision in the Local Government Act. Nonetheless, the central (national) government finds the provision too onerous and inoperable and has never implemented it. The government did not provide grants to local administrations for a long time, until relatively recently.

The approach approved by the Local Government Finance Advisory Body and adopted by MoFEA (on behalf of the government) is to pre-negotiate (during the bilateral budget negotiation process) with the Ministry of Lands and Regional Government (on behalf of local government) an equal amount as block transfer to each local government. The final amount given depends on what the National Assembly approves. When this process began, the national government provided GMD 500,000 to each of the eight local governments. This figure increased to GMD 1,000,000, and then to GMD 2,000,000 in FY2021 and FY2022. The arrangement applies to the general grant or subvention element of transfers to LGs. As indicated earlier, the national government does not provide the conditional grant or subsidy (equalization grant) to local governments, as the law provides.

However, the government also transfers the proceeds of car park fees collected by the Gambia Revenue Authority (GRA) on of local governments[1]*.* Initially, local councils directly collected this fee from motorists, but this approach proved both inefficient and ineffective. Subsequent local tax administration reforms led to the transfer of the

[1] Rates and Taxes to be levied by Council – (1) trade licences, (2) liquor licences, (3) handcarts licences, (4) others (quarry fees etc.), (5) firewood licences, (6) lodgers' tax, (7) strange farmers tax, (8) cattle tax, (9) residential rates, (10) commercial rates, (11) government rates, (12) water rates, (13) public lands rates, (14). royalties/ fees, (15) markets fees, (16) car park fees, (17) service charges, (18) sale of produce, (19) sale of stray animals, (20) sale of assets, and (21) cart fees and fines

collection, first to The Gambia Police, and eventually, to the GRA. The process of administering the tax by the GRA is to add it to the fuel pump price, with motorists paying it imperceptibly at the time of purchasing fuel. The GRA pays the proceeds of this tax into an account at the Central Bank of the Gambia (CBG) controlled by the accountant general. The distribution of the proceeds of the tax is twice a year, in January and July. The horizontal formula for the distribution is unclear: two out of the three local governments consulted were unaware of the process of distribution, although they acknowledged receiving transfers of the amount. The supervising Ministry of Lands and Regional Planning is also unaware of the distribution formula. The council representative aware of the formula explained that the distribution is equal among the eight councils, because the amount involved is usually small.

The documentary evidence provided later, on request, to support the council representative's assertion was in the form of a memorandum from the permanent secretary of Ministry of Lands, Regional Government, and Religious Affairs to the accountant general, ref. LM 9/1760/01 (112) dated 31 January 2023, titled, "Car Park Fees Collection for the Period I July – 31 December 2022". The memo was requesting the accountant general to disburse the sum of D14,603,814.12 received by the ministry as car park fees from the GRA to the eight local governments in the equal amounts of D1,825,476.76. both the date of this memo (31 January 2023) and the activity entailed fall outside the cut off period of December 31, 2022. However, the information appears to corroborate verbal evidence y the ministry in charge and some local government officials of equal distribution of car park fees among local governments.

The statements of monthly and annual GRA domestic tax targets and actual collections for the financial year 2021 provided in evidence indicate that the target for Car Pack Fees (revenue code 1422141) was GMD 28,077,963, while the actual collection was GMD 39,011,649. There is no corroborating evidence of this figure from either MoFEA or the supervising ministry for local governments; neither is there evidence of its distribution among the eight local governments by the AGD.

Performance level and evidence for scoring the dimension

The data to complete the scoring of this dimension is incomplete. There is no documentary evidence of the horizontal distribution general grant (subvention) of from the central government to local councils in FY2021 based on rules made by the Local Government Finance Advisory Body (aside from verbal presentations). Neither is there documentary evidence of the distribution of car park fees collected by the GRA in 2021 among the councils. Based on this evidence, the score for the dimension is D*.

Table 3.15: System for allocating transfers [Recommended table]:

Category of horizontal transfer	Budget		Actuals	
	Amount	Transparent and rule-based (Y/N)	Amount	Transparent and rule-based (Y/N)
General grant (also called subvention)	16,000,000	Y	16,000,000	Y?
Conditional grant-in-aid,	-	-	-	-
Subsidy (equalization grant)	-	-	-	-
Car Pack Fees	28,077,963?	-	39,011,649?	Y?

PI-7.2. Timeliness of information on transfers

This dimension assesses how timeously the central government provides SNGs with reliable, clear, and sufficiently detailed information on expected budgetary allocations to them for the coming year. "Clear and sufficiently detailed" means the information should include "the total amount of the annual transfers, amount of each allocation, and planned disbursement schedule for each allocation".[1] This information is to guide SNGs' budget preparation process. It is therefore crucial that the SNGs receive it early in their budget preparation process, preferably, before its commencement. Information received after completion of the budget preparation would be of little help to their

[1] The PEFA Handbook, Vol. II (the Fieldguide), 2/e, 2018, *p. 52, para. 7.2.3*

planning. Good practice, therefore, requires that the central government builds the provision of this information into its budget calendar, early in the budget cycle. Once the CG circulates its budget calendar with the information, SNGs will pick up the information and use it for their planning. Release of the budget calendar with the information may be necessary, but it is not sufficient. Central governments must 'generally adhere to' the calendar, i.e., significantly respect its provisions and timing. SNGs may have their own budget calendar but the methodology of assessment uses the central government's budget calendar.

Available evidence suggests that the central government informs local governments of expected allocations to them after the National Assembly approves the revenue and expenditure estimates, passes the appropriation bill, and the president signs the bill into law. The Ministry of Lands confirmed that it conveys information to local authorities about allocations to them only after the National Assembly has approved the budget and the President has accented to it, which happens around the second half of December. This leaves them with insufficient time to include the information in their budget estimates. The Ministry of Finance and Economic Affairs. has not yet integrated local governments into the central government's budget process and does not include them in its budget calendar and call circulars. Thus, the problem is not just that the CG informs SNGs of expected allocations after the fact of its budget process, but that it does not consider provision of the information to SNGs as an integral part of its budget planning process, for which reason it also does not integrate it into its budget cycle and budget calendar.

Performance level and evidence for scoring the dimension

From the foregoing analysis and supporting evidence, the score for the dimension is D, because the evidence does not meet the requirements for a C score. Part of the requirement for a C score is the existence of budget procedures for the "timely release" of information to SNGs, that "Substantial delays may be experienced" in the "implementation of the budget procedures". However, the evidence shows that there are no "budget procedures" for the timely release of information to local governments. Consequently, the appropriate score is D.

Recent or ongoing reform activities

No reforms are underway in this area.

PI-8. Performance information for service delivery

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-8. Performance information for service delivery (M2/AV)	**D**	**The government does not systematically collect, record, or report information on planned and achieved performances and resources received on policies or programs of ministries; recent external audit evaluations of these services cover less than 50 percent of expenditures.**
8.1 Performance plans for service delivery	**D**	The government does not publish annual information on planned activities under the policies or programs of ministries; neither has it put in place a framework of performance indicators relating to their outputs or outcomes.
8.2 Performance achieved for service delivery	**D**	The government does not generate or publish information annually on the activities performed by ministries.
8.3 Resources received by service delivery units	**D**	There is no evidence of the collection, recording, and reporting of information on resources received by service delivery units, and no survey has taken place in the last three years to provide estimates for, at least, one large ministry.
8.4 Performance evaluation for service delivery	**C**	The National Audit Office has undertaken performance audit of some service deliveries in the last three years; however, the audited services amounted to less than 50 percent of the aggregate expenditures.

General description of the characteristics of the indicator within the scope covered

PI-8 assesses service delivery information in the executive's budget proposal or background documents, yearend reports, including performance audits and evaluations, and the extent of recording and reporting information on resources received by service delivery units. It also reviews the availability, coverage, and timeliness of performance information on the delivery of public services and how such information enhances the effectiveness and operational efficiency of those services. In addition, it examines the extent to which the legislature, government officials, and the public know how much of budgeted resources reach service resources.

The indicator covers service delivery units, i.e., the government units directly delivering frontline services to citizens and businesses. These include schools, health care clinics and hospitals, local police departments, and agricultural extension units. The assessment is on publication of *ex-ante* information on planned KPIs on outputs, outcomes, and activities, on the one hand, and *ex post* achievement of results against those KPIs, on the other. "Output" refers to planned or actual quantity of products or services produced or delivered by a service delivery process or program; "outcome" is the measurable effect of the service and its outputs, while "activities" are the specific tasks or functions of service delivery or program. Key performance indicators (KPIs) refer to the performance measure of the planned outputs and outcomes.

The significance of this indicator lies in the public financial management's essence of supporting public service delivery efficiency. Including performance information in budget documentation is international good practice that helps secure the accountability of the executive for planned and achieved service delivery outputs and outcomes, and for the use of resources received. Moreover, legislators are becoming increasingly dissatisfied with approving financial resources without knowledge of corresponding expected performance information, i.e., planned physical outputs and outcomes.

Service delivery in this indicator includes programs or services rendered to citizens in general or to target groups, and fully or partially resourced by the government. These include such services as education and training, health care, social and community support, policing, road construction and maintenance, agricultural support, water and sanitation, etc. However, it excludes commercial services provided by the government through public corporations. It also excludes services of the nature of policy and regulation, internal administration, defence, national security etc., assumed by the government.

The indicator contains four dimensions and uses the M2 (AV) method for aggregating dimension scores. The dimensions are

- Dimension 8.1. Performance plans for service delivery
- Dimension 8.2. Performance achieved for service delivery
- Dimension 8.3. Resources received by service delivery units
- Dimension 8.4. Performance evaluation for service delivery

Legal, institutional, and organizational arrangements for performance reporting on SD in The Gambia

The PFA 2014 supplies the legal framework governing this indicator in The Gambia, while the FR 2016 regulates the institutional and organization arrangements around it. *Section 21(4)* of the Act enjoins the Minister to include "a statement of the classes of outputs expected to be provided from each vote during the year and performance criteria to be met in providing those outputs … in the Appropriation Bill document". *Para. FR 4(3)* of the FR makes provisions to guide the fulfillment of provisions of the Act. The paragraph requires

- Budget committees to allocate resources based on objectives, outputs, and activities *(para. 4(3)c)*
- Vote controllers to prepare strategic plans in estimating government expenditure for a budget period, "which shall include a definition of … [the] budget entity's mission, goals, objectives, outputs, and activities" *(para. 4(21)b)*

It appears that institutional and organizational arrangements for implementing these requirements are still evolving. The MoFEA requests government ministries and agencies to prepare medium-term strategic plans, coordinated by the ministry's Directorate of Development Planning, and three-year program-based budgets coordinated by its Directorate of Budget. However, it was possible to obtain the strategic plans of only two ministries for perusal during this assessment exercise. The ministries of

- Women, Children, and Social Welfare: Strategic Plan 2021-2025
- Transport, Works, and Infrastructure: Sector Strategic Plan 2022-2026

Two other ministries/agencies provided long term policy documents, instead, e.g., ministries of

- Agriculture (MoA) - Agriculture and Natural Resources (ANR) Policy (2017 – 2026) and Supplementary Agriculture and Natural Resource (ANR) Policy, Updated Draft, December 2017
- Basic and Secondary Education and Higher Education, Research, Science, and Technology – Education Sector Policy 2016 – 2030

Five ministries and agencies provided their medium-term program-based budgets; these are

- Higher Education, Research, Science, and Technology (MoHERST): Programme Based Budgeting Framework for 2022-2024
- Health: Medium Term Expenditure Framework - Program Based Budgeting for 2021-2023
- Women, Children, and Social Welfare: Program Based Budgeting Framework for 2022-2024
- Basic and Secondary Education (MoBSE): Program Based Budgeting Framework for 2022-2024; the ministry also supplied several performance evaluation and audit reports on their programmes – the only ministry to do so
- Public Service: Program Based Budgeting Framework for 2023-2025

The foregoing is consistent with the findings of the 2019 audit report that confirm low compliance among MDAs with the requirement to prepare strategic plans. The report stated that only "only few" MDAs presented their plans in response to a request "for the strategic plan of all the Ministries, Departments and Agencies (MDAs)"[1]. The report listed 29 MDAs that failed to produce their strategic plans for review, even after MoFEA's intervention to secure the plans for audit review.

The foregoing, including a review of the documents, suggests the following

- The state of play regarding the preparation of medium-term strategic and program-based budgets is not uniform – not all agencies are complying, at least, with timeliness in the preparation and submission of these documents
- Differing quality levels among the documents presented, some are of appreciably higher standards than others, e.g., MoBSE documents
- Some ministries procure external consultants to write their policy documents (e.g., MoA), which suggests inadequate inherent capacity to do so. Capacity shortages to prepare a policy document suggests capacity shortages to implement it.
- External donors fund the preparation of some of these documents through specific projects, e.g., the MoA policy document. Such external funding suggests inadequate budget resourcing of the preparation of government policy, which sometimes could also implicate government commitment and buy-in.

The evidence gathered for the assessment of this indicator does not show much ongoing work in making and reporting performance plans for and achievements in service delivery. The process adopted in attempting to gather the evidence and the outcome of the process were as follows

- Consultations with the PFMD of MoFEA resulted in the selection of a sample of five ministries, i.e., (i) Basic and Secondary Education (MoBSE), (ii) Health (MoH), (iii) Agriculture (MoA), (iv) Works, Transport, and Infrastructure, and (v) Petroleum and Energy. These ministries deliver frontline services directly to citizens, although, the Ministry of Energy and Petroleum uses the National Water and Electricity Company (NAWEC), a public corporation, to deliver water and electricity services commercially. Even then, the ministry still delivers some noncommercial services to the citizen poor.
- Efforts to meet with these agencies or obtain sufficient data for the scoring produced unsatisfactory results. Meetings effectively held only with the MoBSE and the MoH; the meeting with the MoH, however, did not produce much information for the assessment of this indicator. The meeting scheduled with the MoA was even more unproductive. No other meeting successfully held with the ministries.
- Only the MoBSE attempted to provide documentary evidence to score the dimensions of this indicator, and, provided opportunity for follow-up questions to clarify issues.
- Evidence collected on the other agencies were either as sourced from their websites or as provided by the PFMD; there were no opportunities for follow-up questions.
- It was not possible to obtain data from the Ministry of Energy and Petroleum or meet with its officials.

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp. 21 – 22 of 512*

PI-8.1. Performance plans for service delivery

PI-8.1 assesses the extent to which the executive's budget proposal or related documentation includes key performance indicators (KPIs) for the planned outputs and outcomes of programs or services financed through the budget, at the function, program, or entity level. The Gambia local standard is for the "the Appropriation Bill document" to include a "statement of the classes of outputs expected to be provided from each vote during the year and performance criteria to be met in providing those outputs *(s. 21(4), PFA 2014)*. However, the PEFA Framework requirement is more flexible, accepting the inclusion of such performance information directly in the annual budget documents or in supplementary documents, or for their separate publication by each line ministry.

Performance level and evidence for scoring the dimension

Evidence on this dimension is as follows

- The next fiscal year (FY2023) executive budget proposals and complementary documents submitted to the legislature did not include information on planned outputs, outcomes, and activities on key service delivery programs and their KPIs, as earlier budget proposals also did not. The auditor general noted as follows in the FY2019 audit report (the most recent audit report),

  > "I reviewed the 2019 budget estimate and noted that classes of outputs and performance criteria to be met in providing those outputs are not included in the budget estimate in contravention of the Public Finance Act … I could not also verify whether inputs (budgeted resources) provided to Ministries, Departments and Agencies are linked to program objectives or towards the implementation of government objectives"[1].
- Evidence of copies of the 2022 and 2023 program-based budgets produced by the ministries of Basic Education, Health, and Public Service and submitted by ministries to the Directorate of Budget suggests that service delivery units include output indicators on some services, but not outcome indicators also.
- The MoBSE does not independently publish key performance indicators (KPIs) for the planned outputs and outcomes of its programs or services financed through the budget. A search of the websites of the MoA, MoH, and MoHERST yielded no information on such publication. In addition, evidence obtained from MoFEA sources and across government confirms that ministries do not publish such information.

In summary, the government does not publish annual information on planned activities under the policies or programs of ministries, nor did it put in place a framework of performance indicators relating to their outputs or outcomes. This level of performance does not meet the requirements for a higher score. Consequently, the applicable score is **"D"**.

PI-8.2. Performance achieved for service delivery

Dimension 8.2 assesses the reporting of actual performance results for outputs and outcomes, whether the reporting is in a format and level (program or unit) corresponding to the plans previously adopted within the annual or medium-term budget. The publication could be in the executive's budget proposal, an annual report, or other public document, as with Dimension 8.1. The 2019 audit report noted that reporting of physical performance is not yet a component of public financial management (PFM). The report notes as follows[2]

> "In the current Public Finance Management system, the Government of The Gambia has introduced Program Based Budgeting (PBB) in 2016 being an instrument of policy analysis and is critical for the achievement of government policies such as the National Development Plan (NDP) … The current Public Finance Management system does not capture the extent to which planned activities are implemented and therefore making it difficult to measure the achievement or progress of government MDAs", (emphasis added).

The evidence shows that the situation has not changed since the finalization of the audit report.

Performance level and evidence for scoring the dimension

Executive budget proposals do not include performance information on achieved outputs and outcomes, neither is there any evidence of the generation and alternative publication of such information. Oral testimonies by civil

[1] 2019 Audit Report, *p. 27 of 393*

[2] Report of the Auditor General (2019), *p. 28 of 393, para 2.109*

society groups corroborated by development partners suggest that the government does not generate or publish such information. Direct evidence collected from cooperating ministries confirms that there is no systematic collection, processing, and publication of performance information on actual service delivery to the public.

MoBSE officials suggest that they collect and process such information for their internal use, but do not make it publicly available. However, a review of the ministry's 2022 and 2023 program-based budgets (PBB) submissions to MoFEA do not reveal any information on planned or achieved performance, i.e., output and outcomes; they showed only expenditure data.

Ministry of Health sources also confirm that the ministry does not publish information on achieved results. However, the ministry's Medium Term Expenditure Framework (Program Based Budgeting) for 2021-2023 includes outputs and output indicator information on some, but not all programs and subprograms. This data includes past performance data in a few places. As the PBB states, "Where past [actual] data has been collected this is presented". The past data covers the three preceding years, i.e., FYs 2017, 2018, and 2019. The data also includes planned performance for the budget year (FY2020), and projected performance for two outer years - FYs 2021 and 2022. However, this information is not available to the public; besides, it does not report outputs and outcomes of the last completed fiscal year, i.e., FY2021, which is the coverage area for this indicator.

The foregoing evidence and analysis show that the government does not generate or publish information annually on the activities performed by ministries. This level of performance does not meet the requirements for a higher score. Therefore, the score is **"D"**.

PI-8.3. Resources received by service delivery units

Dimension 8.3 assesses the availability of information on the quantum of resources received by service delivery units of at least two large ministries (e.g., schools, primary health clinics, extension services) and the sources of those funds. This information is vital because it helps to track the quantum of resources that reach frontline service delivery units vis-à-vis service performance levels achieved. The assessment methodology recognizes that the manner of presenting this information on resources received by service delivery units varies, and may include presentation within the annual budget document, the consolidated financial statements, or in standalone systems managed by the service delivery unit. The methodology also acknowledges that reports on resources received should be comprehensive and capture both cash and in-kind resources received in frontline service delivery units from all sources, i.e., budget resources, own revenues (i.e., fees and charges collected directly by the service delivery unit, whether transferred to the Treasury or retained), external resources (e.g., international organizations, other donors), donations from domestic sources, etc.

The mode of collecting information on resources received by service delivery units may differ among jurisdictions, depending on the level of sophistication of the PFM system and the knowledge, skill, and capacity of the operators of the system. More sophisticated systems could use the IFMIS to track funds electronically, using special location or geography codes. Less sophisticated systems may account program accounts and finance officers to gather, process, and report information on cash and in-kind resources on a routine basis, e.g., monthly as part of the financial reporting system. The statistics office may also conduct special surveys periodically to collect such information. Finally, countries may also adopt other traditional expenditure analysis tools, e.g., Public Expenditure Tracking Surveys (PETS)[1] commissioned for this purpose.

Regarding performance, early reforms in both the Ministry of Health and the Ministry of Basic and Secondary Education in this area appear to have rolled back or stymied. For example, the 2014 PEFA assessment reported that the

[1] Public Expenditure Tracking Surveys (PETS) are surveys that measure the amount of funds received at each point in the chain of public service delivery, from a nation's treasury (and other sources) to the classroom or health clinic where the funds are intended to be spent, https://www.participatorymethods.org/glossary/public-expenditure-tracking-survey

> "MoHSW[1] uses bespoke software (that captures resources both in cash and kind) to track resources received by primary healthcare centres. A report known as the NHA is generated at least once every three years. The last report for 2014 is at the draft stage and covers FY 2011, FY 2012 and FY 2013. MoBSE is now gathering data for the second Education Country Status Report, which will cover the past three years."

The current assessment did not find evidence of any such software for capturing cash and in-kind resources to primary healthcare centres, the National Health Accounts, and The Gambia Education Country Education Status Report. It appears that these activities have all discontinued. It is unclear whether funding constraints lie behind this apparent discontinuation. For instance, the 2014 report indicated that the World Bank and UNESCO jointly financed the Education Country Education Status, and there are no budgetary allocations for its continuance. The report also explained that MoBSE conducted a Public Expenditure Tracking Survey (PETS) to identify resources accruing to the education sector and their utilization. There has not been a repeat of the exercise in recent years.

Performance level and evidence for scoring the dimension

There is no evidence of the comprehensive collection, recording, and annual reporting of information on resources received by frontline service delivery units (e.g., schools, primary health clinics, extension services) in The Gambia. There is also no evidence of any survey carried out in the last three years to provide estimates of resources received by service delivery units for, at least, one large ministry.

This level of performance is not consistent with the requirements for a higher score. The score for this dimension is, therefore, **"D"**.

PI-8.4. Performance evaluation for service delivery

Dimension 8.4 assesses the extent of systematic performance evaluation of the design, appropriateness, efficiency, and effectiveness of program services. The evaluation may cover all or a material part of a single service delivery function or they may be cross-functional, incorporating other service delivery functions. Performance evaluations must be independent to count, undertaken by a separate body from, and not subordinate to, the service delivery unit. However, an evaluation conducted by a unit of the same ministry, but reporting independently to the management, is acceptable. Such units include the monitoring and evaluation (M & E), internal audit, and any other department with independent program and project evaluation responsibility across the ministry or agency. Performance audits by the external auditor or other outside party also qualify.

Performance level and evidence for scoring the dimension

The National Audit Office has undertaken about five performance audit exercises on the activities service delivery units between 2019 and 2022, as listed in the Table below. The service delivery units covered by these audits are MoBSE, MoH, MoA, and the Ministry of Fisheries and Water Resources. Not all the audit exercises directly evaluated service delivery to citizens; at least, two of them assessed the processes of delivering those services and other issues. For instance, the Performance Audit Report: Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE) and Performance Audit Report - Emergency Obstetric Care in Public Health Facilities evaluated the efficiency and effectiveness of "monitoring mechanisms" for ensuring quality service delivery. The audit that most directly evaluated service delivery to citizens is the "Performance Audit on the Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers". The budget for this input represented only 9 percent of the total agriculture budget for FY2020, which itself was 2.29 of the approved aggregate estimates for the country in the year *(see Table below)*. In effect, the audited service delivery activity represented only 0.22 percent of the approved budget for FY2020.

Together, the audited services amounted to less than 50 percent of the aggregate expenditures. This level of performance is not consistent with the requirements for a higher score. The applicable score is, therefore, **"C"**.

[1] Ministry of Health and Social Welfare, the harbinger to the current Ministry of Health.

Table 0.3: Independent evaluation reports or reviews prepared

Ministry	Program or service evaluated	Date of evaluation report	Evaluation of	Report author (e.g., independent assessor, ministry, IAU, SAI)	Service delivery expenditure covered by evaluation (amount or %)
Basic & Secondary Education (MoBSE)	Performance Audit Report: Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE)	12/1/2019	Efficiency and effectiveness of monitoring mechanisms in place for the provision of quality education to The Gambian children	National Audit Office	No separate budget for monitoring as it is a unit under the ministry; total funding of the Ministry from domestic and external sources for the periods under audit (2015 – 2018) amounted to D7, 043,607,962.00 *Source of information: the Performance Audit Report, p. 12*
Health & Social Welfare	Performance Audit Report - Emergency Obstetric Care in Public Health Facilities	1/20/2021	Adequacy of measures by the Ministry of Health and Social Welfare to ensure quality emergency obstetric care in the country with the view to reducing the maternal mortality ratio to 140 deaths per 100,000 live births by 2030 as in line with the UN SDG 3	National Audit Office	• Audit covers 3 FYs -2017, 2018, and 2019 • Total approved budgets for MoH were D742,966,909, D824,529,063, and D1,037,567,500, respectively. • Actual MoH expenditures were D79,967,159 (FY2018) and D816,564,835 (FY2018); FY2019 was not available at the time of the performance audit • Actual funding of reproductive (maternal) and child health services was D278,987 in 2017; the figures for 2018 and 2019 not available at the time of audit. • Approved estimates of donor funding reproductive (maternal) and child health services were D101,000,000 (FY2018) and D 263,391,600 (FY2019); however, actual funding for this source was also not available *Source of information: the Performance Audit Report, p. 22*
	Follow-up Audit on the Storage and Distribution of Drugs by Central Medical Stores (CMS) - 2021	5/5/2021	Follow up on previous findings, recommendations, and impact of the corrective actions taken	National Audit Office	
Agriculture	Performance Audit Report: Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers	2/24/2022	Extent to which the MoA ensures timely accessibility and availability of quality farm inputs (seeds & fertilizers) to groundnut farmers to increase groundnut production and productivity in the Gambia	National Audit Office	• Audit covers 5 FYs -2016, 2017, 2018, 2019, and 2020 • Total approved estimates of MoA in dalasi and as % of aggregate estimates were D313,742,923 or 4.33% (FY2016), D278,867,580 or 3.39% (FY2017), D526,067,392 or 5.65% (FY2018), D441,536,840 or 2.58% (FY2019), and D488,263,515 or 2.29% (FY2020) • Budgets allocated for the Provision of farm inputs by the MOA were D12,950,000 or 4% (FY2016), D2,344,714 or 1% (FY2017), D7,120,000 or1% (FY2018), D3,470,000 or 1% (FY2019), and D46,100,000 or 9% (FY2020) *Source of information: the Performance Audit Report, p. 24*

Table 0.3: Independent evaluation reports or reviews prepared

Ministry	Program or service evaluated	Date of evaluation report	Evaluation of	Report author (e.g., independent assessor, ministry, IAU, SAI)	Service delivery expenditure covered by evaluation (amount or %)
Fisheries & Water Resources	Performance Audit Report: Management of Community Fisheries Centres (CFCs)	7/9/2019	Efficiency and effectiveness of measures put in place by the Ministry of Fisheries and Water Resources to manage the operations of the Community Fisheries Centers (CFCs)	National Audit Office	• Annual budget and actual expenditure not provided in the audit report • Construction of fishing centres funded through donor grants thus ○ Banjul CFC - Taiwan & Oostend City US $300,000 (cash) and €54,414 (in kind) ○ Bakau CFC - JICA (Japan) US $6,000,000 (cash) ○ Tanji CFC - JICA (Japan) US $4,500,000 (cash) ○ Gunjur CFC JICA (Japan) US $7,000,000 (cash) *Source of information: the Performance Audit Report, p. 22*

Recent or ongoing reform activities

No new reforms are underway in this area.

PI-9. Public access to fiscal information

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-9. Public access to fiscal information	**D**	**The evidence meets the requirements for one basic element ("Annual budget execution report") and one (1) additional element, i.e., "Other external audit reports".**
9.1 Public access to fiscal information	D	The evidence meets the requirements for one basic element "Annual budget execution report") and one (1) additional element, i.e., "Other external audit reports".

General description of the characteristics of the indicator within the scope covered

This indicator assesses the comprehensiveness of fiscal information available to the public based on specified elements of information critical to public access. Easy public access to "government fiscal plans, positions, and performance" is vital to fiscal transparency and understanding of the use of public resources and enhances citizens' ability to engage with the government. This will strengthen government – citizens dialogue which can contribute to better resource allocation and better service delivery. Public enlightenment and awareness of the trade-offs involved in allocating scarce public resources can also reduce pressure on the government to adopt unrealistic and unsustainable fiscal policy options.

The indicator has only one dimension, Dimension 9.1, assessed in the Table below.

The last financial audit completed and submitted to the National Assembly for review is for 2018. The National Audit Office (NAO) has completed and submitted FY2019 audit to the Minister for Finance, whose statutory duty it is to submit it to the NA. The Accountant General's Department (AGD) of MoFEA has completed and submitted FY2020 financial statements to the NAO for audit, and that audit is currently in process. The AGD has also produced the draft of the FY2021 financial statements; however, its audit is yet to commence.

PI-9.1. Public access to fiscal information

The "right of the public to know" assessed in this dimension encompasses nine elements – five basic and four additional. The five basic elements are

(i) Annual executive budget proposal documentation - a complete set of executive budget proposal documents (as presented by the country in PI-5) is available to the public within one week of the executive's submission of them to the legislature
(ii) Enacted budget - the annual budget law approved by the legislature is publicized within two weeks of passage of the law
(iii) In-year budget execution reports - the reports are routinely made available to the public within one month of their issuance, as assessed in PI-27.
(iv) Annual budget execution report - the report is made available to the public within six months of the fiscal year's end, and
(v) Audited annual financial report, incorporating, or accompanied by the external auditor's report - the reports are made available to the public within twelve months of the fiscal year's end.

The four additional elements are

(vi) Prebudget statement - the broad parameters for the executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year.
(vii) Other external audit reports - all nonconfidential reports on central government consolidated operations are made available to the public within six months of submission.
(viii) Summary of the budget proposal - A "citizen's budget", and where appropriate translated into the most spoken local language, is publicly available within two weeks of the executive budget proposal's submission to the legislature and within one month of the budget's approval, and
(ix) Macroeconomic forecasts - The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.

The assessment of performance on these items is as presented in the box below.

Performance level and evidence for scoring the dimension

The checklist below presents the evidence used and the results of the assessment.

Table 0.1: Summary Checklist Box

Element/ Requirements	Met (Y/N)	Evidence used/Comments
Basic elements		
1. **Annual executive budget proposal documentation**. A complete set of executive budget proposal documents (as presented by the country in PI-5) is available to the public within one week of the executive's submission of them to the legislature.	**N**	The executive budget proposal documentation comprises these four items • "Estimates of Revenues, Recurrent, and Development Expenditures" laid before the National Assembly (NA) around mid-November • "Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year", i.e., the explanatory note • The Appropriation Bill submitted after the NA has approved the revenue and expenditure estimates • The President's budget speech made at the time of submitting the Appropriation Bill to the NA The public does not have access to these documents until when MoFEA posts them on its website, www.mofea.gm, i.e., sometime after the approval of the budget by the NA and the president accents it into law. Enlightened CSOs monitoring the process may know about this but the bulk of the public does not. During the fieldwork for this exercise, CSOs argued that up to 80% of Gambians are poorly educated rural farmers, with no Internet access, and so, are unaware of the documents.
2. **Enacted budget**. The annual budget law approved by the	**N**	A search of MoFEA's website on November 15, 2022, yielded the following three FY2021 documents relevant to this item: the approved budget (revenue and

Table 0.1: Summary Checklist Box

Element/ Requirements	Met (Y/N)	Evidence used/Comments
legislature is publicized within two weeks of passage of the law.		expenditure) estimates, the minister's statement on laying the budget estimates, and the budget speech. However, it was not possible to verify the date of uploading the documents to understand whether it was within two weeks of the NA approval; separate discussions with DPs and CSOs suggest that the posting is discretionary and untimely, and not within two weeks.
3. **In-year budget execution reports**. The reports are routinely made available to the public within one month of their issuance, as assessed in PI-27.	**N**	MoFEA publishes monthly expenditure briefs that present "a cumulative analysis of government expenditure from January 1st" to the reporting month. The "September 2022 Expenditure Report" report, produced in October, was accessible on the website on Nov 15, 2022. However, by July 2023, the Jan – October 2022 Brief was still outstanding, confirming information by DPs and CSOs of extensive delays in the publication of in-year budget reports. The brief only covers expenditures from domestic revenue, often referred to as Gambia Local Fund (GLF), accumulated in the Consolidated Revenue Fund (CRF) per requirements of the Constitution and the PFA 2014. The configuration of the IFMIS allows it to profile, account for, and report only revenue inflows and expenditure execution on the CRF. Budget entities conduct budget execution on CRF/GLF resources on the IFMIS. Revenue collection and expenditure execution on "donor-sourced funding including loans, grants, and project grants" take place outside the IFMIS. These projects use alternative platforms sanctioned by the fund donor. This practice complicates integration of revenues and expenditures of these projects into fiscal reports. MoFEA officials cite this as the reason for not including projects' information in both interim and yearend fiscal reports. Reforms are however, in process, to profile donor-funded projects on the IFMIS, which will give MoFEA budget and accounting officials online and real-time access to their information.
4. **Annual budget execution report**. The report is made available to the public within six months of the fiscal year's end.	**Y**	A copy of the "January – December 2021 Expenditure Brief" is accessible on MoFEA website. That is the last completed fiscal year. The brief is an analysis of the unaudited expenditures of the BCG on domestic revenues, i.e., Gambia Local Fund (GLF), as reflected in the CRF. It does not include expenditure incurred from donor-funded projects for reasons explained in 3 above. The time of uploading the document is not clear; however, the consultants accessed it around May 2022, while probing MoFEA and other GoTG websites during the negotiations for this contract.
5. **Audited annual financial report, incorporating or accompanied by the external auditor's report**. The reports are made available to the public within twelve months of the fiscal year's end.	**N**	The National Audit Office (NAO) website hosts the audited financial statements, auditor's report, and management report. However, these reports are in arrears; the latest reports hosted are those of FY2019. FYs 2020 and 2021 reports are due for public release, according to the requirements of this item, but they are not ready. Several factors are behind this. 1. Government financial statements are in arrears of audit. The last competed audit is that of FY2019. 2. The NAO explained that constitutional requirements prevent it from publishing the audit reports until after its presentation and discussion by the legislature; see *s. 160(1)e of the 1997 Constitution of The Gambia*. 3. The auditor general does not submit audit reports directly to the legislature for review, but to the minister of finance, whose duty it is to submit it to the NA. The NAO does not control the timing of this. 4. The indications are that significant delays do, sometimes, arise in the submission of audit reports to the NA. For instance, documents provided by the NAO suggest the date of finalization of the 2019 audit as March 14, 2022; *see Auditor General's Letter to the Accountant General, ref. Ref: HC 93/201/01 Part XV (16), dated 14 March 2022, and titled, "Audit of 2019 Financial Statements of the Government of The Gambia-Final Management Letter"*. However, enquiries at the NA on November 11, 2022, show that the last audit report received was that of FY 2018; FY2019 was still outstanding. This is an eight-month delay. 5. The NAO is reluctant to use powers conferred on the auditor general in the proviso to *s. 160(1)e of the 1997 Constitution* to publish the audit report if there is "undue delay" in discussing the audit report by the National Assembly. This is

Table 0.1: Summary Checklist Box

Element/ Requirements	Met (Y/N)	Evidence used/Comments
		due to the lack of clarity on what constitutes "undue delay" in this regard. The forthcoming PFM Act provides an opportunity to clarify this issue and that of the manner of submission of the audit reports to the National Assembly.
Additional elements		
6. **Prebudget statement**. The broad parameters for the executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year.	**N**	MoFEA has not been publishing annual pre-budget statements. Its website hosts a document titled, "Medium-Term Economic Fiscal Framework (MTEFF) 2020–2024 - Draft", produced in 2019 and intended to be a four-year rolling fiscal strategy document, outlining the broad parameters of projected revenue and expenditure, debt, macroeconomic indicators, etc., and providing the basis for preparing the annual budget. However, the document has not been rolling; its preparation lulled for two years until the Nov. 2022 production of the 2023 – 2026 edition *(see Pillar IV below)*.
7. **Other external audit reports**. All nonconfidential reports on central government consolidated operations are made available to the public within six months of submission.	**Y**	The NAO published 12 performance, compliance, and other audit reports on its website (www.nao.gm), indicating the dates of their publication. It was not possible to ascertain the dates for completing four of the reports. One report took 15 months to release after completion; while another one took no time to release, i.e., released in the same month of submission. Six others or 50% of the total 12, took between 2 and 6 months to release. These 6 are also the more recent reports (2021 and 2022), signifying ongoing reform; see analysis in *Table* below.
8. **Summary of the budget proposal**. A "citizen's budget", and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the executive budget proposal's submission to the legislature and within one month of the budget's approval.	**N**	MoFEA publishes citizens' budgets in the English language after the NA approved the budget. Copies of these are on the website. The Public Financial Management Directorate (PFMD) of MoFEA explained that arrangements are in process to start publishing some local language versions of the document. However, MoFEA does not produce citizens' versions of the draft (executive) budget.
9. **Macroeconomic forecasts**. The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.	**N**	Currently, the public does not have access to macroeconomic forecasts that underlie the annual budget and medium-term planning.

The Table below analyzes the time taken to publish other audit reports after their completion.

Table 0.2: Analysis of Time Taken to Publish Other Audit Reports After Submission (Item 7 on the Nine Elements)

	Title of Report	Completion Date	Publication Date (Website)	Months taken to Release Report
	Performance Audit Reports			
1	Performance Audit on Cargo Handling by the Gambia Ports Authority (GPA)	Sep-21	2/24/2022	6
2	Performance Audit Report on Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers by the Ministry of Agriculture	Sep-21	2/24/2022	6
3	Follow-Up Audit on the Storage and Distribution of Drugs by Central Medical Stores (CMS)	Mar-21	5/5/2021	3
4	Performance Audit Report Emergency Obstetric Care in Public Health Facilities Ministry of Health & Social Welfare	Sep-20	1/20/2021	4
5	Performance Audit Report Monitoring of the Education System by The Ministry of Basic & Secondary Education (MoBSE)	Dec-19	12/1/2019	0
6	Performance Audit Report Management of Community Fisheries Centres (CFCS) by the Ministry of Fisheries & Water Resources	Apr-18	7/9/2019	15
	Compliance and Other Audit Reports			
7	Management Letter Audit of Procurement and Financial Transactions for the Construction of EcoTourism Camps/Lodges		11/1/2022	-
8	Management Letter Audit of the Award of Contract to Securiport for the Administrative and Management of Immigration Security Services at the Banjul International Airport		11/1/2022	-

Table 0.2: Analysis of Time Taken to Publish Other Audit Reports After Submission (Item 7 on the Nine Elements)

	Title of Report	Completion Date	Publication Date (Website)	Months taken to Release Report
9	Banjul Rehabilitation Project Final Management Letter for the Period 1 January 2019 to 31 August 2021	Apr-22	8/5/2022	4
10	Administration Management of Diplomatic and Service Passports		3/22/2022	-
11	Final Audit Report Construction of Roads and Culverts - Brikama Jamisa and Tujereng		3/3/2022	-
12	COVID 19 Phase1 Final Report	2021	2/9/2022	2

Source: Prepared by the consultants with obtained data from the National Audit Office website, www.nao.gm

The evidence meets the requirements for two (2) out of the nine elements, i.e., one (1) basic element out of five and one (1) additional element out of four. Based on the analysis and supporting evidence, the score for the present dimension is D.

Recent or ongoing reform activities

Other indicators discuss ongoing reforms relevant to the items of this indicator.

PILLAR THREE: Management of assets and liabilities

Effective management of assets and liabilities is vital in public financial management for several reasons. It will enhance the identification and monitoring of potential risks, timely mitigation of fiscal risks, value-for-money (VFM) of public investments, minimization of debt service costs, and appropriate returns from financial investments. In addition, it will help to ensure the proper planning of asset maintenance and asset disposal according to clear rules. The pillar has four indicators, as follows

- PI-10. Fiscal risk reporting
- PI-11. Public investment management
- PI-12. Public asset management
- PI-13. Debt management

PI-10. Fiscal risk reporting

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-10. Fiscal risk reporting (M2/AV)	**D**	**There is currently no effective mechanism for systematic recording and reporting on the fiscal risks of SOEs, local governments, and contingent liabilities.**
10.1 Monitoring of public corporations	**D**	All 13 SOEs' financial statements are, at least, one year (FY2021) in arrears of preparation and audit.
10.2 Monitoring of subnational governments	**D**	All the eight local governments are in, at least, two years arrears of audited annual financial reporting; none of the LGs publishes its draft or unaudited financial statements.
10.3 Contingent liabilities and other fiscal risks	**D**	The government did not systematically record and report on its explicit significant contingent liabilities emanating from its own programs and projects and those of its extrabudgetary units in the last completed fiscal year, FY2021.

General description of the characteristics of the indicator within the scope covered

This indicator measures the extent of reporting of the central government fiscal risks. The CG, as the apex government, has responsibility for the fiscal risks of the public sector are within manageable limits and portend no danger to the economy. Beyond the public sector, practical political, social, and economic exigencies, sometimes compel the CG also to assume responsibility for, rescue, or remedy financial defaults that occur elsewhere, e.g., in the banking sector, despite the lack of formal or legal obligation to do so. Therefore, it is necessary for the CG to institute a formal mechanism for oversighting and managing fiscal risks posed by all branches of the public sector – the general government (budgetary and non budgetary central government) and others - to help to secure fiscal discipline. Broadly, the common sources of fiscal risks to the CG include the following four (i) adverse macroeconomic situations, (ii) financial positions of subnational governments or public corporations, (iii) contingent liabilities from the central government's own programs and activities, including extra-budgetary units, and (iv) other implicit and external risks such as market failure and natural disasters.

The indicator has three dimensions of measurement and uses the M2 (AV) method for aggregating dimension scores. The dimensions are

- Dimension 10.1. Monitoring of public corporations
- Dimension 10.2. Monitoring of subnational governments
- Dimension 10.3. Contingent liabilities and other fiscal risks

Legal and statutory framework for SOEs

The Gambia has about 13 public corporations, aka, state-owned enterprises (SOEs) or public enterprises (a la, the Public Enterprises Act (PEA) 1990 and the Constitution 1997). The legal and statutory framework governing SOEs include the following: the Constitution, the PEA, the Companies Act 2013, the Public Finance Act 2014, SOEs´ Financial Reporting Act, and specific laws establishing some of the SOEs. The incorporation of six SOEs was under the Companies Act, which also governs them. The other seven operate under the specific legal enactments establishing them. The six established under the Companies Act are (i) Gambia Telecommunication Cellular Company (GAMCEL), (ii) Gambia Telecommunications (GAMTEL), (iii) National Food Security Processing and Marketing Corporation (NFSPMC), formerly Gambia Groundnut Corporation (GGC), (iv) Gambia International Airlines (GIA), (v) Gambia National Petroleum Company (GNPC), and (vi) National Water & Electricity Corporation (NAWEC). The seven others with specific establishment laws are (i) Assets Management & Recovery Corporation (AMRC), (ii) Gambia Postal Services (GAMPOST), (iii) Gambia Civil Aviation Authority (GCAA), (iv) Gambia Ports Authourity (GPA), (v) Gambia Public Printing Corporation (GPPC), and (vi) Gambia Radio & Television Service (GRTS), and (vii) Social Security Housing & Finance Corporation (SSFFC).[12]

The Constitution defines a public enterprise (PE) concisely as, "any body corporate or other body or institution, wholly owned or controlled by the Government" (s. 175). The PEA, which predates the Constitution, provides a more elaborate but similar definition as follows, "a corporation or any company whose equity is wholly owned by Government or partially owned by Government together with another Government institution or wholly owned by a government institution"[3]. *Section 34* of the PFA 2014 expressly excludes the Central Bank of the Gambia from consideration as a public enterprise, i.e., SOE. The section defines "public enterprise" as "any body corporate or other body or institution, wholly owned or controlled by the Government; but … does not include the Central Bank of The Gambia and financial institutions' part or all of whose business is to lend or borrow money". *Section 175* of the Constitution also enjoins the president to appoint the board of directors or governing body and the chief executive of public enterprises "after consultation with the Public Service Commission", and, in the case of the chief executive, also with the governing board/board of directors. The appointees shall be "from amongst persons of integrity, competence and maturity of judgment", provided that the president does not appoint a "member of the National Assembly, the holder of a political office or an office of a political party".

Section 175 further requires a PE to submit an annual report on its business and operations for the year to the National Assembly within three months of the end of its financial year. The Assembly established a special committee to liaise with SOEs and receive and scrutinize the reports, the Public Enterprises Committee (PEC). This committee has power under *s. 175* to extend beyond the three months stipulation, the time for a PE to submit its annual report, but there is no evidence of the exercise of this power occasioning the significant delays in SOEs' submission of their reports. A recent, important World Bank (WB) report on SOEs found that, "In practice, public disclosure of annual financial statements was often delayed by years", although there have been recent improvements[4] facilitated by ongoing reforms. The reforms have led to the completion and posting of 2020 financial statements for most SOEs on MoFEA's website as at the end of December 2022. Nonetheless, arrears remain that affect the assessment of this indicator, with no 2021 report of SOEs being available, whether draft or audited. FY2021 is the "last completed fiscal year", which is the time coverage for this indicator.

Poor quality of financial statements of SOEs and significant delays in their preparation and disclosure hampers their evaluation, the WB study referred to above found. Non-uniform application of accounting standards by SOEs complicates comparison of their financial information. "While some SOEs are applying International Financial Reporting Standards (IFRSs), a few others are in transition to IFRSs and the rest apply national accounting standards"[5]; however, a review of the unaudited available FY2020 and FY2019 audited financial statements of the

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[1] The SSHFC is a private sector pension fund; the government regards it as a SOE, although it has no shares in the company; see the **World Bank. 2022, The Gambia Integrated State-Owned Enterprises Framework (iSOEF) Assessment**. © World Bank *p. 28;* see also: the SSHFC's website, where the company describes its mandate as that of providing *"social protection and shelter for all Gambians"* (not just government employees), and it is *"the only pension provider to the quasi-government and the private sector. A small number of private companies plus the Central Bank have company-sponsored pension plans, complementing our schemes", but those "are unregulated"*. The SSHFC supports *"over 9,579 employers"* in the Gambia (https://www.sshfc.gm/our-story). The GoTG and its agencies are only a few of them.

[2] World Bank. 2022. *p. 55*

[3] Ibidem

[4] Op. cit., *p. 60*

[5] Ibidem

13 SOEs shows that they stated in their accounting polices that they prepared their final accounts using the GAAP, *see Table 10.1 below*. However, the government aims to migrate all SOEs to IFRS to achieve comparability of financial statements (among others), a move that the international auditing firm of Ernst and Young (EY)[1] notes is not achievable in the short term, according to the WB report.

Capacity challenges facing the NAO also significantly contributed to the build up of arrears in the audit of SOE financial statements. The NAO is the body constitutionally charges with responsibility for auditing the accounts of all government institutions, including local governments and other public bodies (s. *160* of the Constitution). However, "challenges in technical and personnel capacity in NAO to conduct audits" exacerbated by the "extensive COVID-19 related spending auditing" undertaken by the NAO helped in to "generating a significant backlog in annual financial audits", according to the WB study. Consequently, the NAO appointed "independent external auditors, rotating every 5 years" to audit SOEs' financial statements, while the NAO establishes "a quality assurance unit to train staff to perform audits of SOEs".[2]

Institutional arrangements for SOEs' management and oversight

Line ministries, MoFEA, and the Office of the President (OP) are all part of the dispersed institutional and organizational ownership and oversight arrangements for SOEs. The parent line ministry performs the key ownership role of nominating board members and approving major capital expenditure[3]. MoFEA's role, performed through its Directorate for SOEs[4] comprises the monitoring and evaluation of financial performance, including the compilation and updating of "aggregated SOE financial database" from monthly cashflows, quarterly activity reports, and annual audited financial statements all commercially oriented SOEs submitted to it by the SOEs. The directorate also provides an opinion on major SOE board decisions. The OP plays SOE ownership role at the following levels: goal sector for specific sectors, including SOEs (through its coordination unit), review of board decisions after MoFEA's for final approval and consistency with overall government policy and guidelines through its (policy analysis unit), and approval of SOE board nomination proposed by responsible line ministries.

Fiscal Costs and Risks of SOEs

SOEs pose significant fiscal costs and risks for the government, according to a recent WB study. The report notes, "The financial performance of most of the larger SOEs has been very weak for a long time. Consequently, they have incurred substantial quasi-fiscal deficits (QFDs) and therefore pose significant fiscal risks"[5]. The lack of accurate and timely financial statements and "opaque and often informal financial relationships through the budget" have been masking the magnitude of these QFDs[6]. SOEs have survived because they have been managing to finance the QFDs through a variety of sources, including

(i) Explicit budget subsidies
(ii) Implicit subsidies such as tax exemptions
(iii) Accumulation of payment arrears to suppliers and arrears on tax and social security contributions
(iv) Non-servicing of their loans, mostly on-lent from the government; for instance, the 2019 audit report notes that there was no evidence of recovering "government on-lend loans to SOEs amounted to D2,254,365,037.80"[7]. For instance, 2019 audit findings indicate that only the Gambia Ports Authority (GPA) was servicing and repaying its on-lend loan in respect of the "Banjul Ports Expansion Project". The report observed that "there was no evidence of repayment of on-lend loan to Gambia Civil Aviation Authority and Gambia Telecommunication". The GCAA loan is a 2008 instrument of US $10,000,000 (GMD 512,200,000) for the "Banjul International Airport Improvement Project", while

[1] The audit firm contracted by the government to carry out a special audit of SOEs; the firm issued the special audit reports for seven SOEs in August 2019 and the remaining six in December 2020, see World Bank. 2022., *p. 60*
[2] World Bank. 2022., *p. 61*; as so other unreferenced quotes in this paragraph
[3] See: World Bank. 2022., *pp. 57 - 58*; all ideals and unreferenced quotes in this paragraph come from this source
[4] This directorate is a recent carve out from the Directorate of Public-Private Partnerships and Public Enterprises (DPPP&PE) of MoFEA, which under ongoing reforms, will transmute to the technical arm and secretariat of the SOE Commission proposed under a bill currently awaiting the National Assembly's attention.
[5] World Bank. 2022., *p. 61*
[6] Ibid.
[7] See 2019 audited financial statements, *pp 26 – 27 of 393*

the GAMTEL activity is a 2013 instrument of US $25,000,000 (GMD 1,280,500,000) for the "GAMTEL Broadband Network Project". Seven instruments contracted on behalf of NAWEC in May 2019 were not due to repayment at the time of the audit[1]; two of those instruments are still not due for repayment, with maturity dates of September 2023 and February 2024. Respectively, these are the US $22,500,000 (GMD 1,152,450,000) for the Indian Electrification Project for Greater Banjul and the US $9,000,000 (GMD 460,980,000) for the BADEA Kotu Power Generation Expansion Project. However, five of these seven loans have since fallen due, but NAWEV has not been paying back. These are the

a. US $17,460,000 (GMD 894,301,200) for the "20 MWB Brikama Power Station (Leasing) Project due in January 2021
b. US $22,000,000 (GMD 1,126,840,000.00) facility for the Bandes Project and Expansion of Network in the Greater Banjul Area due for repayment in June 2021
c. 4,320,000.00 (Islamic Dinar) or GMD 306,028,800 for the IDB Brikama Power Station Project due in June 2021
d. US $12,000,000 (GMD 614,640,000) for OFID Kotu Power Generation Expansion Project with repayment date of January 2022
e. May 2019 US $10,890,000 (GMD 557,785,800) loan for the IDB Brikama 11 Generator Station (Leasing) due in March 2022

(v) Utilization of loans contracted by the government without any formal obligation to service them
(vi) Deferring of essential maintenance and repair, thereby depleting their capital assets[2]

The fiscal costs of SOEs to the government are direct transfers and indirect transfers or state support. The direct transfers include explicit subsidies and equity injections. The approved annual budget always contains provisions for explicit subsidies to SOEs, especially NFSPMC/GGC and NAWEC to reimburse them for costs incurred in delivering social benefits on behalf of the government. For example, the WB study reports that subsidies to NFSPMC/GGC "to reduce the cost of fertilizer to farmers and to support the farm gate price of groundnuts" averaged "around GMD 460 million per year (USD 9.1 million and 0.5 percent of GDP) during 2018-20"[3]. Similarly, NAWEC receives subsidies to compensate for losses incurred in selling water and electricity to consumers at below cost prices, and the averaged "around GMD 150 million a year during 2018-20 (USD 3.1 million and 0.2 percent of GDP)"[4].

Indirect transfers take the form of support provided by the government in various forms, including through deferred taxes, tax credits, or tax arrears, non-payment of dividends, and other kinds of preferential treatment. These constitute a major source of fiscal costs to the government. For instance, the WB study found that the use by SOEs' of government-contracted external loans constitutes a "major component" of fiscal costs to the government. "The projects financed by these loans are implemented by SOEs, and the capital assets acquired through these projects, with a few exceptions, are held on the balance sheets of the SOEs"[5]. Some of these loans are on-lent to the SOEs, evidenced by formal agreements, and the liability recorded in the SOE balance sheet, but for some others, there is no such formal agreement. The budget directly funds debt servicing for these loans, formal or informal, "with only minimal reimbursements from the SOEs, even when a formal lending agreement was in place".[6] The outstanding external loans contracted by the government for SOEs amounted to "GMD 14.6 billion (USD 284 million) at end-2020"[7].

In summary, SOE fiscal risks to the government emanate from three major sources, the first two are direct and explicit, and the third, implicit in nature. The first direct and explicit risk source is the cost to the budget of servicing external loans contracted by the government for SOE-implemented and operated projects. The estimate of these debt-service costs "plus the cost of servicing the domestic debts taken over from NAWEC" was "at GMD 1,526

[1] See, *Management Letter of the Government of The Gambia for the year ended 31 December 2019, pp. 231 -234 of 512*
[2] Ibid.
[3] World Bank. 2022., *p. 45;* NAWEC did require subsidies in 2019 – 2020, according to the report; the reported subsidies for those years represent outstanding arrears, according to the study.
[4] Ibid.
[5] Ibid.
[6] ibid
[7] Ibid.

million (1.5 percent of GDP) in 2021"[1]. The second direct and explicit source is the risk of potential default on loans contracted directly by SOEs – "mostly short-term trade credits from the Islamic Trade Finance Corporation (ITFC)"[2]. The third and implicit risk source is two-pronged. The first prong is the accumulation of SOE expenditure payment arrears to different domestic sources, including the government, other SOEs, the SSHFC (for social contributions), and the private sector. The second prong is the contingent fiscal obligations of the government ensuring that SOEs can maintain essential services, e.g., for GAMTEL and GAMCEL.

Borrowing powers of local governments and public enterprises

PI-7 above includes a detailed review of fiscal relations between the central and local governments; this section briefly discusses the borrowing powers of local governments and public enterprises. *Sections 53 - 55* of the PFA 2014 regulates these powers. *Section 53* subjects borrowing by local governments and public enterprises to the provisions of the Act and modifies the provisions of any preexisting law with the provisions of the Act. *Section 54* outrightly prohibits local governments from borrowing externally, but permits them to borrow locally, but only to the limit determined by the minister of finance. In prescribing a borrowing limit "for each local government authority", the Act requires the minister to consult the minister responsible for local government and to have regard for the capacity of the local government to repay and to "such other considerations as the Minister may determine". Borrowing by a local government above the limit prescribed by the minister requires the minister's prior approval. *Section 55* technically allows local government to raise overdrafts within the borrowing limits set by the minister *(see s. 54(3))*. *Section 55* also requires a local government to submit a record of its borrowing to MoFEA within 10 days of signing a loan agreement or obtaining an overdraft. A local government shall also provide the ministry with "data on its total outstanding debt", upon request.

The PFA allows public enterprises to borrow externally under certain circumstances, unlike local governments, although the provisions of s. 35 of the PFA 2014 imply SOEs would have to contract such loans through the minister. The following conditions attach to borrowing (including external borrowing) by public enterprises, i.e., SOEs.

(i) Borrowing is up to the limit determined by the minister *(s. 56(1))*
(ii) The minister shall prescribe annual borrowing limits for each public enterprise "based on its capacity to repay and such other considerations as the Minister may determine" *(s. 56(2))*
(iii) Approval by the minister is a condition precedent for any borrowing outside The Gambia or borrowing above the prescribed limit *(s. 56(3))*.
(iv) Each public enterprise shall report its debt position quarterly to the ministry by submitting a record of its outstanding debt and new borrowings (including overdraft) within 20 business days (practically, one month) of the end of every quarter *(s. 57(1))* or upon request by the minister *(s. 57(2))*.

(However, the audit report on the 2019 consolidated financial statements note that "no borrowing limit was set for State Owned Enterprises (SOEs) in contravention to the Public Finance Act. There is a risk that SOEs might borrow beyond their capacity to repay thus exposing the government to litigation cases in the event of default"[3]. Subsequet to finding, Management issued and effected a circular on January 2, 2020, setting "a policy requiring all SOEs borrowings to subjected to approval by the Ministry" and communicated this "to all SOEs as well as the Commercial Banks".)

Legal and regulatory framework for contingent liability

Briefly, the legislative framework governing contingent liability is as follows. Existing legislation rarely uses the term, "contingent liability"; however, they do recognize, create, and provide for the accounting for and reporting of contingent liabilities, e.g., in Part VI: Public Debt Management of the PFA 2014. *Sections. 46 and 47* of the Act provide for the issuance of guarantees and (on) lending of moneys by the minister for finance. The sections also specify the conditions for such issuance of guarantees and on-lending as discussed in *PI-13 below*. Further, *ss. 48 and 49* allows the minister to enter "supplier's credit agreements" and "finance lease agreements" on behalf of its

[1] World Bank. 2022., *p. 11;* and so, the idea and quotes in this paragraph
[2] Ibid.
[3] See 2019 audited financial statements, *p. 27 of 393*

entities and specifies the conditions for doing so. Both activities can also create contingent liabilities for the government. *Section 50* provides for the accounting of guarantees, on-lent resources, supplier's credit agreements, and finance lease agreements. It enjoins the ministry to "keep timely, comprehensive, and accurate records of outstanding State debt, derivative transactions, guarantees, lending. and thence lease arrangements of the State in an appropriate database". *Sections 51 and 52* provide for the publication of debt reports and the annual reporting of debt to the National Assembly. Both activities should include guarantees issued, lending provided, and suppliers' credit and finance lease agreements entered by the state.

PI-10.1. Monitoring of public corporations

Dimension 10.1 assesses the extent to which financial statements of public corporations (PCs) include information on their financial performance and associated fiscal risks and the annual publication of consolidated report on their financial performance. The consolidation information report may be through a dedicated report on PCs or through inclusion in the CG's consolidated annual financial statements. Public corporations and other structured financing instruments (such as PPPs) create various types of fiscal risks, including through defaults on debt service from sovereign guarantees, defaults non-guaranteed debts, and operational losses emanating from unfunded quasi-fiscal operations such as a central bank, large expenditure payment arrears, unfunded community service obligations of public corporations, and unfunded pension obligations. These risks can become sufficiently significant to force urgent action intervention to avoid undermining the entire economy. Such interventions come at costs, including the cost of reallocating budget away from service delivery units or fresh borrowing to stem the consequences. It is, therefore, essential that the CG monitors potential risks of PCs through timely collection and consolidation of their financial information. This will facilitate their management.

SOEs pose significant and consistent financial risks to the government. Two examples cited in the recent WB report illustrate the seriousness of this risk[1]. The first is SOEs "recurring and persistent problem of arrears", which is "another key indicator" of their "lack of financial discipline". The official estimate of SOEs' net arrears to the government at end of June 2019 amounted to 3.6 percent of GDP. NAWEC owned the largest share of these arrears, equaling 2.3 percent of GDP. Other SOEs with substantial net arrears are GCAA (1.4 percent of GDP) and GAMCEL (0.4 percent of GDP)". The government wrote off these arrears under the 2019 cross-arrears MOU to give SOEs a clean, fresh start. The second illustration of the SOE risks is the "negative equity" of NAWEC, with its total liabilities being "significantly larger than its total assets both in 2017 and 2018". In 2018, the company reported a negative equity of the equivalent of USD -98.8 million (GDM -4.8 billion). Moreover, the company has become insolvent, relying on "direct government financial assistance to service its debt in recent years". Despite the 2018 MOU, NAWEC's gearing (debt/equity) ratio remained very high at over 600 percent in 2019.

Budgetary provisions to amortize and service interests on the 2018 NAWEC Bond issued by the government provide additional evidence of the materialization of SOE fiscal risks to the budget. This bond represents outstanding NAWEC debt taken over by the government and securitized through bond issuance. A review of the approved FY2019 – FY2021 budgets reveals that actual budgetary payments to amortize this bond were GMD 227.31 million in FY 2019, 234.30 million in FY2020, and 240.92 million in FY2021. The actual debt service payments were GMD 136.51 million in FY2019 and 73.36 million in FY2021 *(see analysis in PI-13 below)*. Further, a review of the 2021 budget shows actual budgetary payments to service and amortize a loan directly contracted by the government from the Republic of China on behalf of NAWEC. The loan has the budget following particulars, "2626 NAWEC Power Supply Contract Genset 1-EIBC EIBC/6020483002".

Financial statements of The Gambia's 13 public corporations are in arrears of preparation and audit, as explained above, although ongoing reforms are working to clear them. Currently, none of the SOEs has audited its FY2021 financial statements, and the assessors could not verify whether any draft (unaudited) statement was ready. Ten (10) SOEs have their finalized and audited financial statements for the fiscal year ending December 31, 2020 *(see Table 10.1 below)*; MoFEA website (www.mofea.gm) hosts these statements. The remaining three have their

[1] World Bank. 2022., *p. 30;* the ideas and quotes in this paragraph are from this source.

statements finalized and audited only up to end of December 2019, as *Table 10.1* also shows; MoFEA website also hosts these statements.

The Directorate of SOEs monitors SOE performance, including by preparing consolidated quarterly reports on their financial performance and disseminating this within the government. The latest report produced and thus circulated is for the second quarter of 2022.

Performance level and evidence for scoring the dimension

SOE financial reports for the last completed fiscal year (FY2021) were not ready at the time of writing this draft, at the end of January 2023. The performance does not meet the requirements for a higher score, including Score C, which is that the "government receives financial reports from most public corporations within nine months of the end of the fiscal year". Consequently, the score for this dimension is a **D**.

Table 10.1: Financial reports of public corporations

	Public corporations	Date of audited financial statements for FY ended	Total expenditure (GMD '000)	As a % of total expenditure of public corporations	Are contingent liabilities of the public corporation disclosed in the financial report? (Y/N)	Accounting Standard
1	Gambia International Airlines (GIA)	31-Dec-20	145,451.00	2.5%	Yes, some items that constitute contingent liability to the CG disclosed	GAAP
2	Gambia Telecommunication Cellular Company (GAMCEL)	31-Dec-20	128,469.00	2.2%	Yes, some items that constitute contingent liability to the CG disclosed	GAAP
3	Gambia Postal Services (GAMPOST)	31-Dec-20	22,944.56	0.4%	Yes, some items that constitute contingent liability to the CG disclosed	GAAP
4	Gambia Telecommunications (GAMTEL)	31-Dec-20	1,222,934.00	21.4%	Yes, some items that constitute contingent liability to the CG disclosed	GAAP
5	Gambia Civil Aviation Authority (GCAA)	31-Dec-20	933,208.00	16.3%	Yes, discloses several contingent liability to the CG, including external project loans negotiated by MoFEA and domestic loans to various public entities and commercial banks	GAAP
6	Gambia National Petroleum Company (GNPC)	31-Dec-20	146,101.00	2.6%	Yes, some items that constitute contingent liability to the CG disclosed	GAAP
7	Gambia Ports Authority (GPA)	31-Dec-20	771,121.00	13.5%	Yes, including guarantees for foreign loans provided by the CG (MoFEA)	GAAP
8	Gambia Radio & Television Service (GRTS)	31-Dec-20	127,205.57	2.2%	Yes, some items that constitute contingent liability to the CG disclosed	GAAP
9	National Food Security Processing and Marketing Corporation (NFSPMC)	31-Dec-20	195,409.17	3.4%	Yes, some items that constitute contingent liability to the CG disclosed	GAAP
10	Social Security Housing & Finance Corporation (SSHFC)	31-Dec-20	128,880.00	2.3%	No	GAAP
11	National Water & Electricity Corporation (NAWEC)*	31-Dec-19	1,847,025.00	32.3%	Yes, including NAWEC liability taken over by MoFEA or the GoTG under some arrangements, external loans contracted by the government on behalf of NAWEC, and NAWEC debt service obligations undertaken directly by the GoTG, etc.	GAAP
12	Assets Management & Recovery Corporation (AMRC)*	31-Dec-19	20,406.45	0.4%	No	GAAP
13	Gambia Public Printing Corporation (GPPC)*	31-Dec-19	35,712.15	0.6%	No.	GAAP
Total			**5,724,866.90**	**100.0%**		

Note: Latest financial statements found on MoFEA website are for FY2019 for these three SOEs. The others are for FY2020. The assessors reconfirmed this on January 24, 2023, before updating this draft, after the initial drafting in November 2022

*The evidence of the foregoing analysis does not meet the requirements for a higher score; consequently, the score is **D**.*

PI-10.2. Monitoring of subnational governments

This dimension assesses the extent of awareness of the CG of the financial performance of SNGs through their audited annual financial statements and the CG's exposure to fiscal risks posed by them, and of annual consolidation of SNGs' financial performance by the CG. Such consolidation may be in the CG's consolidated annual financial statements or in dedicated standalone reports on SNGs' financial performance.

The CG's exposure to SNG generated fiscal risks also comes from three potential sources, as is the case with public corporations. These are (i) debt service default on CG-guaranteed debt, (ii) debt service default on non-CG guaranteed debt, and (iii) operational losses from unfunded quasi-fiscal operations, expenditure payment arrears, and unfunded pension obligations. Effective management of these fiscal risks requires the CG to monitor SNGs with which it has direct fiscal relations, at least, annually. This includes SNGs that (i) grants receive CG grant transfers, (ii) have revenue sharing arrangements with the CG on joint revenues collected at the central or local level, or (ii) benefit from sovereign underwriting or guarantee of fiscal support, including loan guarantees, and pension obligations.

Performance level and evidence for scoring the dimension

The auditor general and the National Audit Office also audit local government councils, as they do central government offices. The statutory requirement is for each local government to prepare and submit its financial statements to the auditor general for audit, not later than six months from the end of the financial year. However, audit of local government financial statements has been in arrears of preparation and audit, as the preparation and audit of the CG's consolidated financial statements have also been. The assessors could not obtain corroborated evidence on how many years of outstanding audit arrears there are. The supervising Ministry of Regional Government explained that local governments do not submit their draft financial statements to it; the ministry only receives audited versions of the financial statements when completed. The ministry further confirmed that FY2021 financial statements were outstanding for all local governments; however, the ministry did not provide copies of the latest audited reports it received for perusal. Searches at the ministry's website and that of the National Audit Office that usually hosts official audit reports did not provide any information, at the time of the field mission for data collection. Subsequent searches of the NAO website on January 25, 2023, revealed the following notice on the "local government audit" page, "to be populated soon".

Interviews with officials of three local government areas showed that, while none of them was up to date with the preparation of their annual accounts, the extent of arrears differed amongst them. For example, the Banjul City Council and the Jangjangbureh LG said they were in arrears for only FY2021, Basse LG explained that its FY2020 statements were also in arrears of audit. The explanation provided by the supervising ministry and the local governments for not preparing FY2021 statements was the incomplete and ongoing state of their migration to the IFMIS. They explained that LGs executed their FY2021 budget on the IFMIS but were awaiting finalization of the process and the activation of the module by MoFEA to be able to use it to prepare the financial statements. However, MoFEA did not accept this explanation, because the rollout of any new software module usually involves a dual run (manual and electronic) in its first year, at least. Local governments should, therefore, be able to prepare their accounts from their manual records, notwithstanding the ongoing nature of the migration reform.

Local governments do not publish their unaudited financial statements. Both the Ministry of Lands and Regional Development and local governments explain that the requirement is to audit and submit the accounts to the National Assembly for review, before its publication for public access. The Ministry of Lands and Regional Development does not have access to the unpublished financial statements of local government. They only receive copies of the audited report.

Figure 0.1: Status of Audit of Local Governments' Financial Statements

Status of Audit of Local Governments' Financial Statements				
S/No	**Local Government**	**Type of Document**	**Year of FS**	**Date of Report**
1	Basse Area Council	Audited Financial Statement	2019 2018	12/20/2022
2	Brikama Area Council	Audited Financial Statement	2019 2017 - 2018	12/20/2022
3	Kanifing Municipal Council	Audited Financial Statement	2019	12/20/2022
4	Jangjangbureh Area Council	Audited Financial Statement	2018	12/20/2022
5	Banjul City Council	Audited Financial Statement	2018	12/19/2022
6	Kerewan Area Council	Audited Financial Statement	2018-2019	11/25/2022
7	Kuntaur Area Council	Audited Financial Statement	2018	11/25/2022
8	Mansakonko Area Council	Audited Financial Statement	2017 - 2018	11/25/2022

Source: National Audit Office Website, ww.nao.gm; Friday, May 19, 2023; 06.00 hrs

The assessors could not validate this comment by the government on the draft, "It is important to note that the Local Governments 2019 and 2020 Audited Financial statements have been produced and published at the National Assembly and NAO websites". A search of the website of the National Assembly (www.assembly.gm) on Friday, May 19, 2023, did not reveal any LG audit report. A similar search of the NAO website revealed the information summarized in the embedded figure above. The information the following critical information:

- None of the eight local governments has audited financial statements for FY2020.
- Only four of the eight LGs have audited financial statements for FY2019, i.e., Basse, Brikama, and Kerewan Area councils and Kanifing Municipal Council.
- The dates of the audit reports were November 25, 2022, for Kerewan Area Council; and December 20, 2022, for Basse and Brikama Area Councils, and Kanifing Municipal Council

The foregoing evidence and analysis do not meet the requirements for a higher score. Consequently, the applicable score for this dimension is D.

PI-10.3. Contingent liabilities and other fiscal risks

This dimension assesses the monitoring and reporting of the central government's explicit contingent liabilities from its own programs and projects, and those of extrabudgetary units. The term "explicit contingent liabilities" include the following categories of transactions

- Umbrella state guarantees for various types of loans, e.g., for example, mortgage loans, student loans, agriculture loans, and small business loans
- State insurance schemes, such as deposit insurance, private pension fund insurance, and crop insurance
- Financial implications of ongoing litigation and court case
- State guarantees for non-sovereign borrowing by private sector enterprises and guarantees on private investments of different types, including special financing instruments such as public-private partnerships (PPPs); governments enter PPPs to finance services to communities. Such arrangements almost always generate significant[1] and quantifiable financial for the sovereign in the form of contingent liabilities if the commercial terms of the contract fail to materialize, even if there are no explicit guarantees.

The assessment also includes significant risks posed by bailouts, the failure of nonguaranteed pension funds, natural disasters, armed conflicts, and such implicit contingent liabilities, which are not legally binding and are difficult to quantify. However, the dimension does not assess explicit contingent liabilities arising from public corporations or subnational governments, which were the subjects of Dimensions 10.1 and 10.2 respectively.

However, the "reporting of contingent liabilities by MoFEA is not timely, comprehensive and accurate as required by the PFA 2014" as the 2019 PIMA assessment reports also found out. the consolidated annual financial statements

[1] i.e., with a potential cost more than 0.5 percent of total BCG expenditure and requiring an additional appropriation by the legislature

prepared by the Accountant General's Department always includes this clause under the heading of "Commentary on the Financial Statements by the Accountant General"[1]

> "Statement of Contingent Liabilities
>
> "The statement provides information on the outstanding amounts guaranteed by the Government in respect of bank overdrafts, loans, public loan issues and other contingent liabilities such as outstanding litigation cases at the end of the year. The consolidated statement, summarised by class of votes, is derived from statements prepared and submitted by Vote Controllers and is further supported by detailed statements for each vote.
>
> "The contingent liabilities at the end of the financial year largely relate to litigation cases and loan guarantees for public enterprises by government."

Notwithstanding this, the financial statements do include explicit and unambiguous reporting on the categories of contingent liabilities. For instance, the 2021 draft financial statements report the following 'near' items,

- "DOMESTIC DEBT AS AT 31 DECEMBER 2021", showing balances for the current and preceding years, i.e., GMD 37,186,015,186.38 (FY2021) and GMD 34,550,896,404.44 (FY2020)
- "Statement of Public Debt Balances as at 31 December 2021 (In Dalasi)", which lists the creditors (almost entirely foreign creditors), the instrument title (describing the project/activity financed under the instrument), the instrument code, and the debt balances for the current and preceding years. The balances total GMD 49,008,180,116.59 in FY2021 and GMD 44,803,963,460.76 in FY2020
- "Statement of Government loans contracted and onlended to State Owned Enterprises as at 31 December 2021", showing amounts borrowed and on-lent to four SOEs (GCCA, GAMTEL, NAWEC, and GPA), and indicating the principals amounts in foreign and local currencies, and the repayment periods.
- "STATEMENT OF EXTERNAL ASSISSTANCE AS AT 31ST DECEMBER 2021", showing the foreign donor, the purpose, amounts, i.e., GMD2,023,200,048.58 (FY2021) and GMD4,002,058,904.00 (FY2020)
- "Detailed Statement of Contingent Liabilities of Legal Proceedings by Department of States as at 31 December 2021", listing 16 outstanding legal proceedings worth GMD 2,342,912,784.00 (note: the approved budget always provides for the item under the contingency vote, which payment sometimes exceeds. Budget contingency vote also makes provision for 'verified contractor debts").

Aside from these, there are no government guarantees, SOE contingent liabilities[2], other fiscal and contingent liabilities (FACLs), including those associated with PPPs. However, in December 2020, the Directorate of Internal Audit (DIA) completed a commissioned study to authenticate expenditure payment arrears (EPAs) owing by government departments, following numerous claims by vendors and suppliers. The report of the study showed that substantiated EPAs to domestic creditors and vendors was GMD 322,645,649.41 in 2020. The confirmed amounts owing to three external vendors were US $9,582,464.00, $273,845, and €56,030.01, respectively*; see the two Tables below*.

Table 0.3: Table 1 Summary Table Domestic Arrears 2019 to 30th September, 2020

Entity	Substantiated Outstanding Arrears Not Paid	Presented arrears for review 2020 (GMD)	Arrears substantiated for payment (GMD)	Arrears not substantiated for payment (GMD)
National Records Services	0	592,500.00	572,500.00	20,000.00
Personnel Management Office	0	0	0	0
Ministry of Tourism		0	0	0
Ministry of Youths and Sports		0	0	0
Ministry of Trade, Employment and Regional Integration		8,936,430.56	1,667,644.76	6,873,369.00
Ministry of Information, Communication and Infrastructure		7,110,143.00	7,065,661.00	44,482.00
Ministry of Environment		287,445.75	101,182.00	186,263.75
Department of Lands		453,715.00	327,015.00	126,700.00
Ministry of Higher Education Research Science and Technology		94,475,360.00	93,342,645.00	1,132,715.00
Ministry of Youths and Sport		2,068,504.00	1,548,717.00	519,787.00
Ministry of Agriculture		25,177,123.20	20,359,956.20	4,817,167.00
Office of the President GNPC	143,181,837.11	102,481,425.29	102,481,425.29	
Ministry of Fisheries and Water Resources	0	1,514,654.21	1,514,654.21	0

[1] See the Draft Consolidated Financial Statements, 2021; see also the 2019 Audited Financial Statements
[2] This has already been assessed under Dimension 10.1 above

Ministry of Basic and Secondary Education	25,924,750.00		54,655,253.65	0
Gambia Armed Forces	5,038,611.66		24,916,734.30	
Gambia Police Force			13,037,351	
MoFEA	0		1,054,910.00	0
Grand Total	**174,145,198.77**	**241,582,646.80**	**322,645,649.41**	**14,115,900.55**
Source: Directorate of Internal Audit -Final Consolidated Audit Report on MDAs Arrears as At Sept 2020_vF 7.12.2020 Revised, see Memo JD10/21/01 PART 11 (19) 7th December 2020, pp. 8 – 10				

This emerging outcome of this analysis is consistent with the conclusions of the Public Investment Assessment (PIMA) 2019, which found, inter alia, that there was "Limited reporting of contingent liabilities by MoFEA"[1].

Table 0.4: Arrears Relating International Contribution

Entity	Supplier	Amount
Ministry of Basic and Secondary Education	West Africa Examination Council	USD 9,582,464.00
Ministry of Agriculture	Africa Rice	USD 273,845
Ministry of Agriculture	WOAH/OIE	EUR 56,030.01
Source: Directorate of Internal Audit-Final Consolidated Audit Report on MDAs Arrears as At Sept 2020_vF 7.12.2020 Revised, see Memo JD10/21/01 PART 11 (19) 7th December 2020, p. 10		

Performance level and evidence for scoring the dimension

The foregoing shows that the government did not systematically record and report on its explicit significant contingent liabilities emanating from its own programs and projects and those of its extrabudgetary units in the last completed fiscal year, FY2021. The performance does not meet the requirements for a higher score. Consequently, the applicable score is D.

Recent or ongoing reform activities

Reforms are ongoing in this area. The National Assembly approved the State-Owned Enterprises (SOEs) Bill in March 2023. MoFEA first drafted the SOE bill in 2019, with assistance from development partners, especially the WB. The president approved the bill in September 2020 and submitted it to the National Assembly for review and enactment into law. However, MoFEA withdrew the bill to review some of its contents that conflicted with the constitutional provisions, following the National Assembly's rejection of the proposed new constitution. MoFEA completed the review and resubmitted the bill to the NA in April 2022. Notwithstanding the review of the bill, its contents are an improvement over existing legislation and practices. the IMF describes the new law in this way.

> "The Bill aims at strengthening the corporate governance of SOEs by addressing the weaknesses identified in the 2019-20 Ernst & Young SOEs' audits including executive interference, unsuitable accounting practices, and inefficient service delivery. The bill creates a new commission in charge of the oversight of SOEs, requires all SOEs to operate under IFRS, improves the selection process and introduces term limits for Board directors and CEO, strengthens the reporting and audit framework, and requires that any ad-hoc public services delivery requested by the executive be properly documented and fully compensated. It also recommends the use of performance contracts. However, despite these improvements, the bill has some provisions that could render SOEs vulnerable to executive interferences. These shortcomings could be addressed under the revised constitution.[2]"

In addition, in February 2023, the government signed performance contracts with three major SOEs for enhanced remuneration or sanctions upon the occurrence of certain conditions. The contracts specify qualitative and quantitative key performance indicators (KPIs) upon which the SOEs will earn bonuses. They also specify levels of poor performance that would attract sanctions, including board dissolution or dismissal of the CEO. The SOEs are the Gambia Port Authority (GPA), Gambia National Petroleum Company (GNPC), and Social Security and Housing Finance Corporation (SSHFC)[3].

[1] See: Richard Allen, David Gentry, Graham Smith, Michelle Stone, Mehwish Ashraf and Luis Camacho, **The Gambia Public Investment Management Assessment**, Draft Technical Report, International Monetary Fund (IMF), May 2019, *p. 11*
[2] IMF (2023), The Gambia: Sixth Review Under the Extended Credit Facility Arrangement, Request for A Waiver of Nonobservance of a Performance Criterion, and Financing Assurances Review - Press Release; Staff Report; and Statement by the Executive Director for the Gambia, IMF Country Report No. 23/216, *p. 38*
[3] ibidem

Reforms supported by an IDA grant facility (Sustainable Development Finance Policy, SDPF) are also underway in debt reporting, with built-in prior actions and other incentives that would enable the country expand debt reporting to include government guarantees in 2022 and SOEs' debt in 2024.

PI-11. Public investment management

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-11. Public investment management (M2/AV)	**D**	**Work on instituting a functional policy and national guidelines for the economic appraisal, selection, costing, and monitoring of major investment projects is at an early stage.**
11.1 Economic analysis of investment projects	**C**	National or centralized guidelines for project appraisals are not currently in place, as there are also no mechanisms for independent third-party review of projects' economic analyses, MoFEA's evaluation of projects' affordability and FACL potential, or publication of the results of the analysis. External donors fund most of the 8 identified major public-investment projects, and they use their own project appraisal techniques with no centralized oversight.
11.2 Investment project selection	**D**	The admittance of major projects into the budget does not follow a process of prioritization by a central government agency, neither are the bases of prioritization, defined standard criteria for project selection, published or unpublished.
11.3 Investment project costing	**D**	The budget includes the total capital cost projections for major investment projects for the budget year; however, they do not also include projections of the *total (life cycle) costs of the project or their medium-term breakdown*, which is the minimum requirement for a higher score.
11.4 Investment project monitoring	**D**	Implementing entities do not prepare annual progress reports on the total cost and physical progress of major investment projects.

General description of the characteristics of the indicator within the scope covered

This indicator assesses the government's economic appraisal, selection, costing, and monitoring of public investment projects, with emphasis on the largest and most significant projects. The assessment methodology defines these projects as those meeting two criteria simultaneously, i.e., the "total investment cost of the project amounts to 1 percent or more of total annual budget expenditure" and the "project is among the largest 10 projects (by total investment cost) for each of the 5 largest central government units, measured by the units' investment project expenditure". Public investments generally, including such large investments, can catalyze economic growth and support the government's social development goals; however, the investment must be run effectively and efficiently to realize and maximize their potential. Primarily, careful analysis and prioritization is necessary to ensure the ability to sustain selected projects within the government's fiscal limits, and to implement them as planned. Hence, public investments require "rigorous economic analysis, meticulous project selection, effective management of investment expenditure, and monitoring of timely completion".[1]

The indicator has four dimensions and uses the **M2 (AV)** method for aggregating dimension scores. The dimensions are

- Dimension 11.1. Economic analysis of investment projects
- Dimension 11.2. Investment project selection
- Dimension 11.3. Investment project costing
- Dimension 11.4. Investment project monitoring

There is not yet a finalized and properly functioning institutional and centralized system for managing the economic appraisal, selection, costing, and monitoring processes of major investment projects in The Gambia. There are no national guidelines or standard methodology for conducting economic analyses, including project selection, costing,

[1] See PEFA Handbook Volume II: PEFA Assessment Fieldguide, 2/e, 2018; *p. 74*; the quotes in this paragraph are from this book.

and monitoring for major projects; and there is no requirement to publish the results of such analysis. There is also no requirement for oversight of the appraisal (and public investment) process by an entity external to the project sponsoring entity to enhance transparency and objectivity. Moreover, there is no requirement for the Ministry of Finance and Economic Affairs to review the appraisal and selection of major investments projects to check the robustness of the economic analysis, affordability of the projects, and fiscal risk potentials. None of the directorates of Loans and Debt Management, Aid Coordination, Public and Private, Partnerships, and State-Owned Enterprises of MoFEA currently performs that function.

The evidence supports and confirms the finding of the 2019 IMF PIMA report on inadequate capacity, especially in the Directorate of Aid Coordination (DAC) to perform these functions. Discussions at the Directorate of Public, Private, Partnerships shows that it is in the process of developing policy to assess large PPP projects, rather than a generic and economywide policy on major investment projects. (This is an update on the PPP Operational Guidelines of 2016, which the 2019 PIMA reported as containing "elements of a good practice framework for PPP management"[1].) Discussions at the DAC yielded that its mandate was mostly with the management and coordination of development partner assistance– bilateral and multilateral – on which it supports policy design on aid delivery, monitors all aspects of the aid delivery process, and maintains a comprehensive database on aid-supported projects on Excel sheets. However, the directorate explained that it did not have an overall mandate that includes GLF projects, neither does it have the capacity to execute such mandate, with only seven technical personnel. Discussions at the Loans and Debt Management Directorate also explained that its mandate did not extend to the management of public investment, notwithstanding that "The Gambia is dependent on donor funding for more that 80 percent of its development budget"[2], much of it borrowed. The mandate of the SOEs directorate also does not extend to the management of public investments. These findings are consistent with those of the IMF in 2019, i.e.,

> *"The capacity to participate in, review or undertake appraisals within government is limited. Some foundational capacity to review appraisals at the central ministry level exists in the Directorate of PPPs and Public Enterprises (DPPP-PE) and the DAC within MoFEA, the latter of which has some staff available to review proposals. However, these resources are few and cannot provide a robust review of appraisals conducted, support MDAs in conducting or reviewing appraisals, nor consider the wider and longer-term implications of development projects."*[3]

Thus, the evidence is that respective government agencies are currently responsible for developing criteria for the economic appraisal, selection, costing, and monitoring of their investment projects. However, there are no established "national guidelines" to guide them and there are no centrally developed methodologies for them to follow, as explained above. Besides, there is no evidence that MoFEA or any other independent and external party formally plays any role in oversighting the process, as also explained above. The public investment management process is, therefore, fragmentary.

Donor partners develop their own procedures for managing the economic appraisal, selection, costing, and monitoring of the investment projects they are funding. Some of these "donor processes require a robust appraisal of projects"[4], e.g., the World Bank and the African Development Bank (AfDB). However, WB and AfDB projects constitute under one-third of donor-funded projects in the Gambia, according to the PIMA report under reference. This assessment could not verify the robustness and transparency of the process adopted by the numerous other donors. However, as the PIMA report noted,

> *"Where they exist, donor-driven appraisals are useful inputs to decision making, but they do not systematically capture the investment decision from the government's perspective. The government's decision should also consider the long-run financial, economic and social consequences of projects, including ongoing operating and maintenance costs and the impacts on other priorities, particularly when fiscal space is limited"*[5].

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[1] See IMF PIMA Technical Report, *Box 3.2, p. 27*
[2] See 2019 PIMA Report, *p. 22*
[3] See 2019 PIMA Report, *p. 28*
[4] Ibid.
[5] Ibid.

This fragmented approach to the management of the economic appraisal, selection, costing, and monitoring of major investment projects has not allowed the government to adopt its own definition of "major investment projects"; consequently, the assessment adopts the definition provided in the PEFA 2016 Framework. Review of the FY2022 approved revenue and expenditure estimates identifies, at least, eight projects that meet that definition, as listed in *Table 11* below. The FY2022 investment estimates for each of the projects amount to, at least, 1 percent of the approved aggregate government expenditure estimates for the year and they are also among the largest 10 projects (by total investment cost) for each of the 5 largest central government units, measured by the units' investment project expenditure. The projects are all externally funded, e.g., by the Kuwait Fund, Saudi Fund for Development (SFD), Arab Development Bank (ADB), European Union, International Development Association (IDA), etc. Five central government entities play host to these projects, i.e., the ministries of (i) Basic and Secondary Education, (ii) Fisheries and Water Resources, (iii) Petroleum and Energy, (iv) Transport, Works, and Infrastructure, and (v) Health.

Table 0.5: Table 11: List of major investment project]

Table 0.6: List of major investment project]

#	Project description	Ministry in charge	Project cost (2022 Estimates Exp) – GM Dalasi	% 2022 Estimates
1	Kuwait 0575 - Secondary Education Management	Basic & Secondary Education	846,000,000	2.4%
2	ADB 0717 - Climate Smart Rural WASH Development Project [CRSWASHDEP]	Fisheries & Water Resources	765,000,000	2.2%
3	SFD 0753 - OIC Water Project	Petroleum & Energy	747,232,500	2.1%
4	EU 0679 - Investment Support for Sustainable Energy Project	Petroleum & Energy	747,132,634	2.1%
5	IDA 0662 - Gambia Electric Restoration & Modernization Project	Petroleum & Energy	515,865,000	1.5%
6	SFD 0747 - OIC Urban Roads	Transport, Works, & Infrastructure	500,080,732	1.4%
7	SFD 0754 - OIC Electricity Project	Petroleum & Energy	392,985,600	1.1%
8	GF 0552 - Malaria Control Services	Health	372,629,050	1.1%

Source: Approved Budget Estimates for FY2022

Note: Scope of coverage

The assessments in dimensions 1 to 4 below cover the status quo in the entire CG - budgetary agencies, subvented agencies, and self accounting agencies, including extrabudgetary agencies. Subvented, self accounting, and extrabudgetary agencies do not have the power to initiate, negotiate, and implement projects in The Gambia. The process is that the government initiates and negotiates capital projects with external donors (through the relevant operational/host ministry and MoFEA) and may establish special purpose vehicles (SPVs) to execute them. Often, these SPVs are donor-funded projects (which belong to the category of self-accounting projects, SAPs). Many of such SAPs are also sometimes, loosely but wrongly referred to as extrabudgetary agencies (EBAs/EBUs) in local parlance; however, they are merely executing donor-funded projects handed over to them by their parent ministries. The annual budget estimates includes the spending estimates of these and other agencies (e.g., subvented agencies) under their parent ministries. Most of the projects in *Table 0.5* above are these types of projects, listed under their parent ministries.

The Gambia is a tiny country, whose small economy can ill-afford to undertake major capital projects from its domestic (GLF) resources. Consequently, all major capital projects have, for long, been externally financed, as *Table 0.5* further shows; the Gambia is only just beginning to seek ways to address this issue. *Table 0.5* is comprehensive because no EBU, SOE/public corporation may initiate or negotiate external borrowing on its own, as explained in *PI-10* under the general heading, **"Borrowing powers of local governments and public enterprises"**. Consequently, the prospect of any EBU having a project that meets the criteria but that is missing from the list above ranges from very remote to zero, notwithstanding that the list of EBUs is not available.

The are no EBUs of significant investment capabilities in The Gambia. Following the PEFA Secretariat's PEFACheck review comments, the assessors we again renewed requests for information on EBUs through the PFMD. Analysis of the scant additional information received confirm this; see: "Special Note on Subvented Agencies, Extrabudgetary Agencies/Extrabudgetary Units, and Public Enterprises" under paragraph 1.4 above.

PI-11.1. Economic analysis of investment projects

This dimension assesses the robustness of economic appraisal methods for 'major public investment'. It examines the extent to which the economic analysis or feasibility or prefeasibility studies incorporate economic, financial, social, and other analyses; an external body to the sponsoring entity reviews the analysis for objectivity; and the publication of the results of the analysis of major investment projects for transparency. The economic analysis may apply any of several available techniques or tools – cost-benefit analysis1, cost-effectiveness analysis2, and multicriteria analysis, etc. Whatever the tool used, the conduct of economic analysis has both 'internality and externality' considerations. The 'internality' value is that economic analysis provides the scrutiny needed to ensure that the project is affordable, can fit into available fiscal space, and provide value for money. The externality benefits review several consequential aspects of the project, including, its socioeconomic costs and benefits, policy benefits, and health and environmental impacts. The socioeconomic costs entail the total costs of an economic activity to a society, quantifiable or otherwise, while the socioeconomic benefits are the sum of the advantages that accrue to the society, including increase in the society's welfare, also whether quantifiable or otherwise. The environmental aspect of economic analysis reviews the project's long-term potential for impacting on air and water quality, deforestation, erosion, etc., as may be relevant. The health analysis reviews how major projects will affect such matters as workplace, housing conditions, etc.

In the case of the Gambia, the government has not yet put in place robust public investments' appraisal processes that cover the financial, economic, and technical aspects of public investment. As explained in the foregoing section, the current approach to project appraisal is fragmentary, with MDAs responsible for appraising their GLF-funded projects and donors using their respective approaches to appraise their individual projects. There are no centralized national guidelines to help project sponsors in the project appraisal and selection process. There is no independent third-party involvement in reviewing project appraisals, and the Ministry of Finance does not formally and routinely review appraised projects for affordability and their fiscal and contingent liabilities (FACLs) potentials prior to admitting them into the budget. Besides, the government does not publish appraisal reports on major investments for public information. The assessors could not obtain copies of the appraisal report of any investment project for review; however, the 2019 IMF PIMA report explains that the quality of analysis differs significantly among the projects, with the World Bank and AfDB sponsored projects having a high standard of appraisal, while GLF sponsored projects appraised by MDAs are of relatively low quality[3].

Thus, "projects are not systematically being chosen to ensure that they are well prepared and will bring strong economic and social returns for The Gambia"[4], as the 2019 IMF PIMA also found. The summary of the PIMA finding on this subject is as follows,

> **"Project appraisal**
> **"Low:** Project appraisal is not required by government for all projects; no standard methodology
> **"Medium:** Many donor projects follow good appraisal methodologies but take various approaches"[5]

[1] Cost-benefit analysis quantifies as many of the costs and benefits of a project proposal as feasible in monetary terms; this includes items for which the market does not provide a satisfactory measure of economic value*; see: PEFA Fieldguide, Vol. II,2/e, 2018, p. 76*

[2] Cost-effectiveness analysis compares alternative approaches that have different impacts and calculates cost-effectiveness ratios*; see: PEFA Fieldguide, Vol. II,2/e, 2018, p. 76*

[3] See IMF PIMA Technical Report, *pp. 27 - 28*

[4] See IMF PIMA Technical Report, *p. 27*

[5] See IMF PIMA Technical Report, *p. 11*

Equally relevant to the appraisal process is the discussion in PI-11.2 below on the Gambia Strategic Review Board (GSRB) and the planned Project Appraisal Guideline (PAG) mentioned in the 2022 budget speech. Both organs are still work in progress; see PI-11.2 for details.

Performance level and evidence for scoring the dimension

The government has not developed a policy on public investment management that would make ex-ante project appraisals compulsory, using nationally set guidelines for appraisal, selection, costing, and monitoring. The indication is that work on the development of such national guidelines is still at an early stage. Currently, individual sponsoring entities conduct their own analyses and appraisals, with no nationally established standards to guide them. The implication of this is that standards cannot be uniform - some entities will be more rigorous in doing this than others, depending on the capacity available to them and other issues. There is also no process for systematic review of the analyses done by an independent entity other than the sponsoring entity. Besides, the Ministry of Finance and Economic Affairs does not review the appraisals for cost affordability and assessment of their FACLs.

In summary,

- External donors fund, at least, seven of the eight (8) projects identified as "major public-investment projects" in Table 11
- National guidelines for regulating project appraisals are not currently in place
- Donors use their own project appraisal techniques to appraise projects
- No independent third party reviews the economic analysis currently takes place
- MoFEA does not review the appraisals for affordability and assessment of FACLs
- The government does not publish the results of the analysis.

This evidence supports a score of **"C"** for this dimension.

PI-11.2. Investment project selection

This dimension assesses the extent of institutionalization of the project selection process and the use of standard, formal criteria (clearly defined, rigorous, transparent, etc.) to prioritize and admit projects into the budget. This process requires a centralized review of investment projects (e.g., by the Ministry of Finance[1]) that would ensure that selected projects align with predefined national priorities and are fiscally affordable, thereby helping to strengthen the efficiency and productivity of public investments. The selection criteria should be publicly available. The dimension also the extent of adherence to the selection guidelines.

The evidence also demonstrates, at best, a fragmentary process for admitting projects into the budget, with GLF and donor process following different approaches. The National Development Plan (NDP) 2018 – 2021[2] has been the key instrument for aligning investment projects since its inception. The plan defines priority development areas but does not identify investment projects or outline formal project identification and selection of criteria for admitting projects into the budget. Evidence from key ministries (e.g., education and health) confirms that MoFEA screens their investment proposals for alignment with the NDP; this applies to mostly GLF funded projects. However, the ministry has not developed an objective set of criteria for such screening exercise, which introduces subjectivity into the selection process[3] and enabled the substitution of "political priorities" for national priorities in the NDP.

Major investment projects funded by SOEs through their internal resources do not require central approval, as the 2019 PIMA also conforms[4]. However, such projects are scant because of the precarious financial position of SOEs. External donor finances provided through the parent line ministries is the source for most SOE major investment projects, as explained in PI-10 above and confirmed by the 2019 PIMA. These projects follow the donor project selection process explained below.

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[1] Alone or in conjunction with some other centralized entities
[2] Extended to 2022 due to disruptions caused by the COVID-19 pandemic
[3] See: IMF 2019 PIMA report, *pp. 37 - 40*
[4] See: IMF 2019 PIMA report, *pp. 37 - 40*

The government also did not provide evidence on the selection of donor funded projects, but the evidence of the 2019 PIMA suggests that donor-funded projects observed a more structured selection process at the time of conduct the PIMA. The process involved the establishment of the Gambia Strategic Review Board (GSRB), chaired by the permanent secretary of MoFEA. The Board had the mandate to appraise and review all aid-funded programs and projects, ensuring their alignment with "national and sectoral development strategies and priority action plans". According to the PIMA, the GRSB held its first meeting in April 2019 to adopt its terms of reference. It was not possible to ascertain the status of the committee and its activities during the PEFA field mission in Oct – Nov. 2022.

The 2022 budget speech delivered by the minister to the NA on behalf of president explained that the creation of the GSRB was "to enhance efficiency of public investments". The minister also stated that,

> "The Board is responsible for the appraisal and approval of all programs and projects, and to ensure their compliance and alignment to national development strategies and priority action plans. During the course of the year, the Board, with the use of a Project Appraisal Guideline (PAG) was able to appraise numerous projects in areas of health and education"[1].

However, the assessors were not able to obtain the project appraisal guideline (PAG) for review; they could also not obtain evidence of the work of the GRSB, including how it applied the PAG and to what projects. Further, it was not possible to confirm commencement of the implementation of the Public Investment Program (PIP) in 2022, as the budget speech further stated. The implementation of the PIP, intended to translate macroeconomic sector policies into programs and projects is, "one of the policy actions under Sustainable Development Finance Policy (SDFP)"[2] Nevertheless, the mission confirmed that MoFEA maintains a database of approved donor financed projects in its DAC; of the 129 projects on the database in November 2022, 124 are donor projects; only four are GLF projects. The mission could not confirm the selection process for these projects. Nonetheless, the evidence of a cross section of stakeholders confirms that the prevalence of donor funded projects complicates the alignment of projects with the NDP, since donors have their own interest, agenda, and priorities.

Successfully negotiated donor-funded projects easily get admitted into the budget, without much additional centralized scrutiny. This lack of centralized scrutiny creates important alignment difficulties, acknowledged by a recent government document. Only about one-third of external aid flows align with government priorities, as the excerpt below from the document shows.

> "Over the past years the alignment of development partners' programmes and projects was reported to have been inadequate. Only 33% of external aid flows have been assessed as aligned to national priorities. There seem to be no procedures or methods to measure and influence alignment by the government, other than consultations on the development partners' assistance strategies from the outset. The GOTG recognizes that further improvement of the National Development Plan (NDP) in terms of better prioritization is necessary. In consideration of the limited resources available for financing, the current broad coverage of the country's needs in the NDP weakens the focus of development partners to high impact programmes thus making NDP vulnerable to development partners (not always) well informed decisions on allocations. Consequently, alignment to national priorities, although formally adhered to, may not lead to desired results regarding growth and development."[3]

Performance level and evidence for scoring the dimension

The process of admitting major investment projects into the budget in the last completed fiscal year (FY2022) followed different approaches, depending on the source of funding for the project, whether external, domestic, or SOE self-raised revenue. Whatever the source, all projects should, in principle, align with the priorities outlined in the NDP. However, there was no objective, institutionalized, or centralized process based on published standard criteria for achieving this. Under the current approach, ministries, departments, and agencies prepare their budget proposals and negotiate them individually with the Ministry of Finance and Economic Affairs, which also screens

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[1] "2022 Budget Speech: Improving Domestic Productive Capacity and Resilience for Inclusive and Sustainable Economic Growth, delivered on Thursday 28th October 2021, at the National Assembly, by the Honourable Minister of Finance and Economic Affairs", www.mofea.gm, *p. 26*

[2] Ibid.

[3] The Gambia Aid Policy 2023-2027, Draft Report prepared by Dr. Julien BANDIAKY, *p. 5*.

the projects for conformity with NDP objectives. The criteria for the screening are not clear, not standardized, and not published. Successfully negotiated projects get admitted into the budget. The fact that funding for major investments comes mostly from external sources eases the process of these projects getting into the budget without facing stringent selection rigour from a central oversighting agency.

The score for this dimension is, therefore, **D**.

PI-11.3. Investment project costing

Dimension 11-3 reviews whether the annual budget includes medium-term projections of the full (life cycle) costs of major investment projects and the extent of integration of capital and recurrent spending in the budget. "Capital costs refer to expenditure incurred for the acquisition of land and other physical assets, intangible assets, government stocks, and non-military, non-financial assets, of more than a minimum value, with an expected lifetime of more than one year."[1] Major investment projects here include projects implemented and/or budgeted for over several phases, and projects involving a single program over time but that have different groups of activities at different times. The requirement of the dimension includes the full life-cycle costs of both types of projects. Included in the "life cycle", "total costs", or "full costs" of major investment projects are design, development, implementation, operation, maintenance, and disposal costs of the investment over its full life cycle. Good practice breaks the total of these costs down into their annual components for the project's entire life. Medium-term reflection of these costs in the budget is sound practice that aids cost-benefit analysis, cash flow management, and other aspects of financial management.

The annual budget does not reflect the total life-cycle costs, or, at least, the total capital costs of major investment projects, as defined above, and does not have a medium-term presentation of capital and recurrent costs. Annual budgets reflect only the capital/development costs and recurrent costs estimates for the budget year. Budget entities prepare and submit their budget proposals in three-year medium-term formats, as requested by MoFEA; however, the ministry casts revenue and expenditure estimate only in one-year terms for presentation to the National Assembly and eventual release to the public. This observation accords with the findings of the IMF 2019 PIMA, i.e., that, "the total cost of a project is not provided in budget documentation for new or ongoing projects"[2]. "Multi-year projections of capital spending and total project cost not in the budget … Multiyear project information is available for donor projects but not made public"[3].

The PIMA report also made the following finding regarding costing of strategies cum investment projects, which suggests the failure to make total life-cycle cost projections of major investment projects.

> "The NDP contains data on the aggregate costs of priority projects but sector strategies do not detail capital investments in their programs. While information on the costs of major capital investments is provided in the NDP and some sector strategies, they are not aligned to the fiscal constraints facing the government or the overall resource envelope available for capital investment. Plans are mainly perceived as a mechanism to attract donor funding, particularly for multi-year capital investment projects. This is reflected in the NDP financing strategy that was presented at the International Conference on The Gambia in Brussels in May 2018. The strategy costed 21 priority projects with a value of US$2.4 billion of which US$750 million is committed leaving a US$1.6 billion shortfall. Many sector strategies are broadly defined, overly ambitious and aspirational in nature, with actual investment ultimately being defined by the (unstated) availability of resources and prevailing political priorities. Sector strategies would be more useful if they elaborated the sector's profiling of priority projects, with estimates of the cost of these projects in total and by year, and their expected outputs and outcomes"[4] (emphasis added)

Performance level and evidence for scoring the dimension

[1] The PEFA Fieldguide, *p. 78*
[2] IMF 2019 PIMA Report, *p. 34*
[3] IMF 2019 PIMA Report, *p. 11*
[4] IMF 2019 PIMA Report, *pp. 25 - 26*

The FY2021 and FY2022 budgets reflected capital cost projections for major investment projects for only the budget year. They do not reflect the total (life cycle) costs of the project or their medium-term breakdown. This level performance does not meet the requirements for a higher score. Consequently, the score is **D**.

PI-11.4. Investment project monitoring

Dimension 11-4 assesses the soundness of the project monitoring and report mechanism in place for major investment projects to assure their fiducial integrity and value for money. Such a monitoring mechanism should have several attributes: it should be an active, rather than a passive, system, i.e., it should maintain adequate and contemporaneous records and report timeous information on all aspects of the project – physical and financial progress[1], and work in progress. This requires that monitoring should commence from the time of project approval and continue through all stages of implementation. The system should also produce and disseminate periodic project monitoring reports. Monitoring should follow a standard procedure approved by a central authority and adopted universally throughout the government or applied selectively to projects that meet certain characteristics and thresholds.

The Gambia does not have an institutionalized, systematic, and comprehensive monitoring mechanism for investment projects; current monitoring efforts are fragmentary and afford limited monitoring. No centralized agency within MoFEA or the wider government has the mandate to oversee the public investment portfolio of the CG. The Budget Directorate of MoFEA monitors and reports on budget expenditure monthly; however, this covers only GLF expenditures does not include donor funded expenditures or the physical aspects of a project.

Explanations provided by ministries (Education and health) indicate that they monitor the physical and financial aspects of their projects, but not according to any standard guidelines issued by a central agency. It is not clear that the entities prepare annual monitoring reports; copies are not publicly available on the websites of the entities or otherwise made available for perusal. It is therefore not possible to confirm the extent and quality of the monitoring.

The DAC maintains an Excel database of 'aid-supported" projects under the following headings: project title, project start date; project end date, donor agency, type of facility (grant or loan), national sector classification, status (e.g., ongoing), project cost in US $/Euro. The database does not track information on disbursement or physical implementation progress. However, it is conceivable that the directorate performs some kind of disbursements monitoring, otherwise, it would not be able to facilitate slow disbursing projects, which it explained that it does. Such disbursement information is not publicly available and did not avail the assessors.

These observations are in line with the findings of the 2019 PIMA. Here is a sample: "flawed monitoring and evaluation systems"[2] and recommended, "expanding the aid management monitoring system to cover all projects, however financed, through all stages of the public investment cycle", and[3], "Develop an action plan to strengthen capacity in MoFEA to provide integrated PIM advice and incorporate monitoring through the entire project cycle"[4].

Performance level and evidence for scoring the dimension

The government has not yet established standard procedures and rules for project implementation; the indications from the 2019 PIMA report is that plans have been on since, at least, 2019 to do so, but they have not yet materialized. Implementing government units undertake some monitoring of major investment projects during implementation; however, it is not possible to assess the extent of and the quality of monitoring that takes place because they do not prepare annual or periodic monitoring reports. Neither the budget documents nor any other annual report publishes information on the implementation of major investment projects. There is no indication of

[1] "Physical progress relates to the production and implementation steps and milestones in the project plan, for example, the length of road laid, components of assembly for products and machinery, stage of building construction", PEFA Fieldguide, *op. cit., p. 79*

[2] IMF 2019 PIMA Report, *p. 9*

[3] ibid

[4] IMF 2019 PIMA Report, *p. 12*

the preparation of any annual information report on the implementation of major investments projects by the central government or project implementing entities.

This performance does not meet the requirements for a higher score; therefore, the score for this dimension is **D**.

Recent or ongoing reform activities

The 2019 PIMA report indicated major ongoing reforms in public investments management at the time of that assessment, the status of which the current assessment could not confirm. These reforms include the establishment of the Ministerial Investment Implementation Taskforce (MIIT), Gambia Strategic Review Board (GSRB), and the Aid Management Platform (AMP). The MIIT would provide the scrutiny needed to ensure that the selection of new projects is in the best interest of the country and would not undermine debt sustainability. The committee's composition, terms of reference, and operational guidelines were still under "still in the design stage" during the PIMA mission in 2019[1]. The GSRB is a high-level board chaired by the permanent secretary of MoFEA and has the mandate to oversee project selection[2]; the committee held its first meeting in April 2019, "when its terms of reference were discussed"[3]. The MIIT and the GRSB would review all major infrastructure projects, bringing greater coordination and robustness to the project selection and implementation process, "which are fragmented and not always implemented as planned"[4]. The AMP "tracks donor funded projects and programs of both a capital and recurrent nature" and "can capture both projects that are under implementation and those that are planned"[5]. MoFEA's DAC manages the platform.

The assessors cannot confirm the status of these reforms highly extolled in the PIMA report. The team did not learn anything new about the MIIT and the GSRB during the field mission to the Gambia. However, the team gathered that the DAC "ceased operation since 2015", making it difficult to have information needed to execute the government aid policy. Consequently, the aid policy suffered from lack of diligent execution. However, the government approving a revised aid policy, developed with the assistance of a consultant. The policy was awaiting cabinet approval, as at the end of May 2023.

PI-12. Public asset management

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-12. Public asset management (M2/AV)	**D**	**The government does not maintain comprehensive records of financial and nonfinancial assets. The Procurement Act regulates procedures for the transfer and disposal of public assets; however, the process does not include disclosure of ex post information on transfer and disposal to the legislature or the public, or inclusion of the information in budget documents or financial or other reports.**
12.1 Financial asset monitoring	**D**	The government does not maintain systematic records of its holdings in financial assets.
12.2 Nonfinancial asset monitoring	**D**	The government does not currently maintain a comprehensive register of fixed assets' holdings, including information on historical cost, age, usage, expected life, etc. Some departments keep fixed asset registers on Excel spreadsheets, but do not include updated information on historical cost, age, usage, expected life, etc.
12.3 Transparency of asset disposal	**D**	The GPPA Act 2014 established procedures and rules for the transfer or disposal of nonfinancial assets in *ss. 58 – 63*. The approved budget and draft yearend financial report for the year do not include information on assets disposal in the last completed FY, 2021, although there appears to have been assets' disposal during the year; in FYs 2018 and 2019, the audited yearend financial report included such information.

[1] IMF 2019 PIMA Report, *p. 38*
[2] IMF 2019 PIMA Report, *p. 27*
[3] IMF 2019 PIMA Report, *p. 37*
[4] IMF 2019 PIMA Report, *p. 39; Box 3.6*
[5] IMF 2019 PIMA Report, *p. 38*

General description of the characteristics of the indicator within the scope covered

This indicator assesses the management and monitoring of government assets and the transparency of asset disposal. It contains three dimensions and uses the **M2 (AV)** method for aggregating dimension scores. The dimensions are

- Dimension 12.1. Financial asset monitoring
- Dimension 12.2. Nonfinancial asset monitoring
- Dimension 12.3. Transparency of asset disposal

The effective management of assets can have an impact on budgetary outcomes in two vital ways. First, it will help promote the efficient and effective use of government assets for policy implementation and service delivery, which will then enhance aggregate fiscal discipline; insufficient knowledge of the existence and use of assets implicates and promotes their misuse for improper and unintended proposes. In addition, complete awareness of the non-utilization or underutilization of certain assets will enhance decision making on the alternative use of those assets, either by transferring them to alternative uses for greater service delivery value or disposing and exchanging them for appropriate economic value.

A quick note to clarify some key terms that client officials frequently asked the assessors about during the field mission is necessary. Government assets are resources generated from past events and held for their promise of future economic benefits, and they can be financial or nonfinancial in nature, as classified below *(see also Figure 3. below)*. Financial assets can be very diverse; they include

- cash, securities, loans, and receivables owned by the government
- foreign reserves and long-term funds such as sovereign wealth funds
- equity in state-owned and private sector institutions
- financial claims[1] and gold bullion held by monetary authorities as a reserve asset

It is imperative to institute effective systems, robust risk management frameworks, and appropriate governance and transparency arrangements for managing, monitoring, and reporting on financial assets.

Nonfinancial assets comprise all other economic assets outside financial assets, including subsoil mineral resources, e.g., oil, gas, diamonds, or precious or industrial metals. Broadly, nonfinancial assets are of two categories:

- Produced assets - fixed assets, inventories, and valuables
- Non-produced assets - land, mineral and energy resources, other naturally occurring assets, and intangible non produced assets

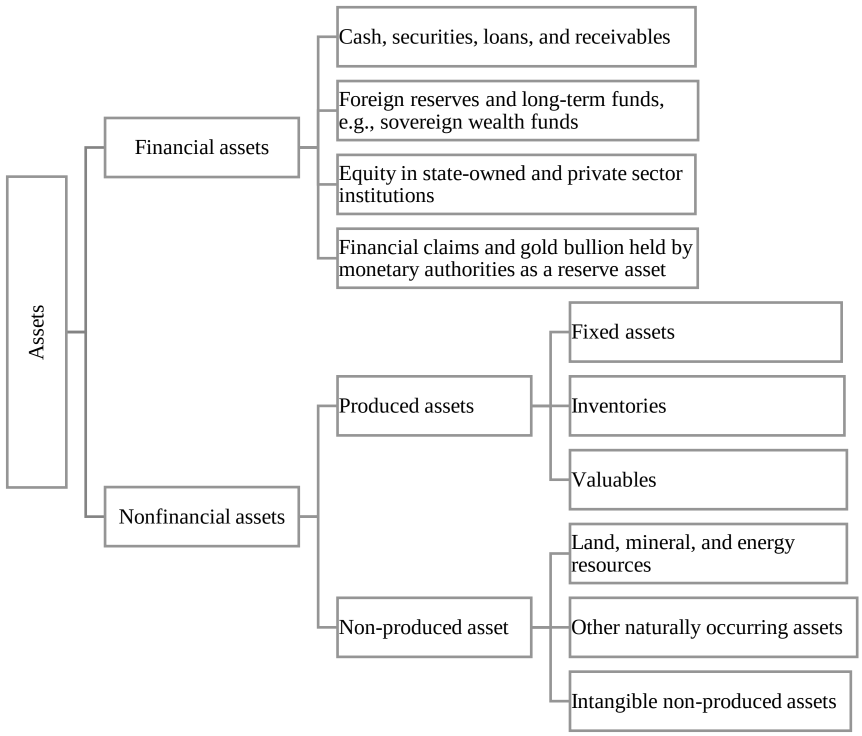
Robust systems for managing the different classes of nonfinancial assets are also imperative to ensure their use for intended purposes, check abuses, and misuse, and ensure they provide the greatest possible value for money.

The legal and regulatory framework around public assets managements include the PFA 2014, the Gambia Public Procurement Act (GPPA) 2014, and the Financial Regulations 2016. *Section 65* of the PFA enjoins MoFEA to issue the appropriate statutory instruments to budget agencies to regulate and govern liability for losses, the writing-off of losses of public money and other public assets, and the improvement, maintenance, and disposal of immovable public assets, among other. The FR and the AM are two of these statutory instruments of the ministry embodying regulatory and governance rules for fixed assets. For instance, *para. 7* of the FR requires the departmental head, chief executive officer, or vote controller to "compile and maintain assets register of the department as determined by the Accountant General". The paragraph requires the departmental head to "maintain all documents and records prescribed in the" FR and the AM "particularly … the asset registers", etc. The asset register should also record "all items of vehicles and heavy plant owned, operated or maintained" by the department as "specified by the Accountant General" *(para. 11)*. "Heavy plant" means "items of a specialized nature usually associated with motor vehicles and includes compressors, stationary engines, heavy pumps, drillers, excavators, dumpers, cranes, rollers, trailers, dozers,

[1] "A financial claim is an asset that typically entitles the owner of the asset (the creditor) to receive funds or other resources from another unit, under the terms of a liability", *see the Fieldguide, p. 81, citing the GFS Manual 2014, page 403.*

road sweepers, graders, tar sprayers, fire service tenders and forklift trucks" *(para. 12)*. However, none of the PFA, FR, and the AM require the recording of nonfinancial assets in the annual financial statements.

Figure 0.2: Types of Assets



On financial assets, the title of s. 20 of the PFA 2014 suggests that it deals with "government shares"; the title is, "Issuance of statutory instruments governing acquisition, etc. of Government shares". However, the body of the section is not that clear; it provides that the minister "may cause or directly issue the appropriate statutory instruments to govern the acquisition, custody, operation and disposal of Government stores and other public assets". *Para. 34(12)a of FR* is less ambiguous when *it* requires that the public accounts of the state include "a statement of the **financial assets** and liabilities of the Consolidated Revenue Fund at the close of the financial year, annotated with such qualifying information as may affect the significance of the figures shown in the statement". The assessors could not find any other complementary or subsequent regulation that provides guidance on what constitutes financial assets or that specifies the manner of recording and accounting required for financial assets, or that otherwise elaborates on these provisions. Repeated enquires at MoFEA, the Accountant General's Department, and the Central Bank of the Gambia (CBG) did not yield additional insight on the legislation, convention, or practice around the subject.

On the disposal of assets, several provisions of the PFA are relevant, as sampled below,

- *Section 20 of the Act* charges the minister with making regulations on the acquisition and ***disposal*** of government shares and other assets, as seen above.
- *Section 65* enjoins the ministry to issue appropriate statutory instruments to all budget agencies regulating and governing, among others … disposal of immovable public assets
- *Section 75* requires the minister to issue financial regulations for, among others, "the purchase, safe custody, issue, sale or other disposal or write off of public stores, and other property Government of The Gambia, and the proper accounting for, and stock-taking of, the stores and property"
- *The schedule to the Act* listing the items that the accountant general should submit with the financial statements, includes, "a statement of disposal of stores and other assets, being a consolidated statement in respect of physical assets/stores disposed during the year"

The FR also includes important provisions relating to the management and accounting for obsolete assets, intended for disposal in para 38, titled, "Government stores". Subparagraphs 22 and 23 of the paragraphs are especially relevant in this regard. They require the accounting officer of a department to cause the preparation in quadruplicate. "a list of the stores and other assets that have become redundant, obsolete or unserviceable through normal wear and tear", including the following seven details

a) a description of each of the items
b) the original cost of each of the items
c) the reason for writing-off each of the items
d) the value of each of the items according to the store's ledger, appropriate assets register or inventory
e) the current estimated value of each of the items
f) the proposed method of disposal of each of the items; and
g) the reference number of the write-off register of each of the items.

The GPPA Act 2014 was the extant law that governed procedures for the actual disposal of assets in the last completed fiscal year, FY2021. Part XI of the Act deals with "Disposal of Stores, Plant, and Equipment", which covers the following six topics, (i) disposal of obsolete and surplus items, (ii) disposal methods, (iii) disposal committee, (iv) disposal procedures, (v) disposal by public auction, and (vi) disposal to employees or Board members. The following summarizes the provisions on the procedure for disposing assets.

- Section 58: Disposal of obsolete and surplus items (s. 58)
  - For unserviceable, obsolete, or surplus stores, plant, and equipment, etc., departments or units with hose items submit a Board of Survey form to the head of the entity, who convenes a meeting of the board of survey, involving representatives of those departments. The board prepares a technical report on the items and recommends the best method for their disposal. The approval of the head of the entity is necessary for disposal to take place accordingly.
  - For other items that became unserviceable other than through fair wear and tear (e.g., through accident or expiry), "the regulations for handling losses shall be followed before the items are boarded and disposed of".
- Section 59: Disposal methods – the four recommended methods for disposing of obsolete and surplus items are
  - transfer to government departments or other public entities, with or without financial adjustment
  - sale by public tender to the highest tenderer, subject to reserve price
  - sale by public auction, subject to a reserve price; or
  - destruction, dumping, or burying as appropriate
- Section 60: disposal committee – procurement entities shall establish disposal committees according to the regulations for the purpose of recommending the best method of disposing of unserviceable, obsolete, or surplus stores or equipment
- Section 61: Disposal Procedures
  - The employee responsible for unserviceable, obsolete, or surplus stores informs the disposal committee of the unserviceability of the item within 30 days of the situation occurring
  - The disposal committee recommends to the head of the procuring entity, a method of disposing of the stores and equipment which may include any of the following-
    - transfer to another procuring entity or part thereof, with or without financial adjustment
    - sale by public tender.
    - sale by public auction; and
    - destruction, dumping or burying
  - The head shall notify the committee in writing of acceptance or rejection of the committee's recommendations within the prescribed time
  - If accepted, disposal of the items will take place according to the recommendations
  - If rejected, the head shall
    - Inform the committee in writing, as part of the notification for rejection, of the reasons for rejecting its recommendations
    - Give a copy of the notice and the written reasons for rejection to the GPPA
    - Refer the matter back to the committee for further consideration
- Section 62: Disposal by public auction – the following conditions apply to sale, lease, or disposal by public auction
  - The sale shall be by tendering with sealed bids or other appropriate method designated by regulation
  - No employee of the owning or disposing agency may purchase any such supplies

- Section 63: Disposal to employees or board members
    - This is possible if two simultaneous conditions apply
        - The time and cost of disposing of the asset otherwise would be disproportionate to its value
        - The employee is in possession of the item, and therefore, may be given the right of first refusal to purchase the same
    - The accounting officer or head of the procuring entity shall report all such disposals to the GPPA within 14 days of it taking place

The IMF-conducted PIMA 2019 identified weaknesses in the existing institutional arrangements for public investment management and made key reform recommendations. The government accepted these recommendations and included an action plan with timeline to address them in the draft MTEFF 2020-2024, produced in June 2019; see *Box 0.1* below. The evidence does not confirm successful implementation of reforms.

Box 0.1: The Gambia Public Investment Management Assessment - Follow-Up Commitments on Public Investment Management

The recent PIMA conducted by the IMF revealed important weaknesses throughout the … public investment cycle and given the importance of this issue for a sound implementation of our development policy, we commit to address the following priorities:

1. Operationalize the Ministerial Investment Implementation Committee (MIIC) and the Gambia Strategic Review Board (GSRB)

- Prepare TORs for the two committees (by September 2019)
- Issue a government decree establishing the two committees and defining their role and responsibilities (by December 2019)
- Prepare a set of criteria for project selection to be approved by the GSRB (by June 2020)

2. Expand the coverage and functionality of the Aid Management Platform (AMP) to include grant-funded projects and domestically financed (GLF) and loan-financed projects, and monitor projects during the whole cycle from inception to completion

- Prepare an action plan for developing the expanded AMP and rolling it out (by December 2019)
- Obtain technical support from development partners, as necessary (by March 2019)
- Complete the roll out of the expanded AMP (by June 2020)
- Publish information from the AMP each quarter (by June 2020)

3. Improve the classification and reporting of maintenance and capital spending through an updated Chart of Accounts (COA) in the new program-based budgeting framework

- Complete work on updating the COA and issue guidance to MDAs on how it should be applied in preparing their budgets and financial reports (by December 2019)
- Ensure the consistent application of the COA across the budget and financial statements (by June 2020)
- Fully implement the revised COA in the 2021 budget (by June 2020)

4. Prepare and publish a register of the government's physical assets

- Issue guidelines to MDAs on preparing and maintaining a register of the stock and value of their physical assets (by June 2020)
- Identify one or two pilot MDAs to develop the new register and complete the pilots (by December 2020)

Source: Culled from Government of The Gambia: Medium Term Economic Fiscal Framework, 2020–2024, Draft, Ministry of Finance and Economic Affairs, June 2019, www.mofea.gm

PI-12.1. Financial asset monitoring

This dimension assesses the nature of monitoring of financial assets in the central government. Effective monitoring of financial assets is critical to the identification and proper management of key financial exposures and risks to overall fiscal management. The foregoing section has discussed the nature of financial assets and the reasons for monitoring them.

The government does not systematically maintain a record of its holdings in all or the major categories of financial assets, recognized at fair or market value, according to international accounting standards, or at their acquisition or historical cost. Consequently, the government does not publish annual information on the performance of its portfolio of financial assets.

The audited 2019 annual financial statements reported a summary of government holdings of domestic treasury bills for that year as D7,979,071 and the preceding year as D7,771,329[1]. The audited financial statements include two statements on "Net-worth of State-Owned Enterprises as at 31 December 2019" and "Investment Held by Government for the year ended 31 December 2019"[2]. However, these statements appear to relate only to investments in the government owned companies, including the Central Bank of the Gambia (CBG), stated at cost and without valuation. The financial statements report these investments as "held for trading", i.e., as public corporations delivering services to the citizens. It reported the value of "investments held for sale: and "investments held to maturity" as zero, respectively.

However, indications during the fieldwork are to the effect that the government does have holdings of equities and other financial assets but fails to monitor and record and monitor their performance systematically. This failure to record and monitor financial assets inhibits their effective management, and sometimes causes the government significant losses. An example is the case of government equity holdings in NAWEC, which turned into negative equity in 2017 and 2018, with total liabilities significantly exceeding total assets[3].

Performance level and evidence for scoring the dimension

The government is working on developing an asset management policy, a draft of which it has produced. This policy will be the prelude to proper organizing of asset management responsibility. Currently, the government does not maintain a record of its holdings in financial assets. Thus, it is not clear what categories of financial assets the government owns, whether recognized at fair or market value, according to international accounting standards, or at their acquisition or historical costs. Disclosures on Financial Assets in the consolidated financial statements comprise of cash balances held in banks at home and abroad, especially balances in embassy bank accounts, e.g., see "Note: 15 Cash and Cash Equivalent as at 31 Dec. 2021" in the Draft 2021 Financial Statements.

In summary, the government does not maintain a record of its holdings in major categories of financial assets. The score for this dimension is D.

PI-12.2. Nonfinancial asset monitoring

This dimension assesses the features of monitoring of nonfinancial assets for the budgetary central government (BCG). The basic requirement of this dimension is the maintenance of a register of fixed assets; up-to-date registers allow the government to utilize the assets effectively. This is critical especially critical for effective utilization of infrastructure and similar assets, including in planning their investments and maintenance programs. Nonfinancial assets include the category of fixed assets sketched above.

The maintenance of asset registers is not comprehensive or systematic across the government, although required by law as discussed above. There are no centralized guidelines on the performance of this task. The Financial Regulations 2016 require departments to compile and maintain an asset register of the department as determined by the Accountant General, as discussed above. Enquiries at the AGD indicate that it is yet to finalize its policy on public asset management, including compilation of asset registers to guide MDAs in the matter. Consequently, government departments use their initiatives in this matter, leading to differing practices and procedures. Some government departments keep a list of their fixed asset registers on Excel spreadsheets, e.g., the Ministry of Basic and Secondary Education (MoBSE) and the National Assembly. Discussions at the Ministry of Health also indicate that the ministry maintains asset registers but, perhaps, not as comprehensive as the MoBSE. These asset registers were not available for the assessors' review; however, interviews at the three agencies showed that the records kept

[1] See Note 19A of the Audited Government of The Gambia Consolidated Financial Statements 31 December

[2] The Audited Government of The Gambia Consolidated Financial Statements 31 December 2019; *page 322 of 393*

[3] See: World Bank. 2022. *p. 30*

do not include systematic collection and updating of historical information about the assets, e.g., their historical costs, date of acquisition, age, use, expected life, estimated depreciation, current valuation, etc.; nether were the records comprehensive enough to cover all fixed assets. This observation agrees with the 2019 IMF PIMA, which reported varying practices of MDAs in collecting information on their non-financial assets in the absence of a government-wide policy on the subject. The report cited the case of the MoBSE that "developed its own asset management policy, which provides a good conceptual framework and undertakes periodic asset verification processes of its asset register"[1].

Performance level and evidence for scoring the dimension

A comprehensive register of holdings of fixed assets with information on their usage and age does not currently exist. The nearest to this is a statement included in the annual financial reports on new acquisition of certain categories of fixed assets during the year. For instance, the draft 2021 Annual Financial Statements has section titled, "Summary Statement of Stores and Other Physical Assets Purchased by Ministries & Agencies for the Year Ended 31 Dec 2021 as Submitted by Vote Controllers". The reporting under this section is according to the following headings

- "Property Land, Buildings, Highways"
- "Plant, Machinery, Trucks"
- "Equipment, Computer, Furniture"
- "Current Year Total of Property, Plant & Machinery and Equipment Purchased"
- "Accumulated Years from 2013 - Total of Property, Plant & Machinery and Equipment Purchased"

Some government departments keep a list of their fixed asset registers on Excel spreadsheets. The record does not include systematic collection and updating of historical information about them, including their age, use, expected life, etc. This scenario does not meet the basic requirement; consequently, the appropriate score is D.

Information to complete *Table 12.1* is unavailable.

Table 12.1. Categories of nonfinancial assets *[Recommended table]*

Categories	Subcategories	Where captured	Comments
Fixed assets	Buildings and structures		
	Machinery and equipment		
	Other fixed assets		
Inventories	—		
Valuables	—		
Non-produced assets	Land		
	Mineral and energy resources		
	Other naturally occurring assets		
	Intangible non-produced assets		

Note: The categories in the table are based on the GFS Manual 2014, but different categories applied by the government may be used.

PI-12.3. Transparency of asset disposal

This dimension examines whether legislation, regulation, or approved procedures establish the basis and procedures for transfer and disposal of assets and the extent of provision of information on transfers and disposals to the legislature or the public. Transfer of assets includes where the government retains ownership usage rights.

The AGD of MoFEA provided oral evidence that the government centralizes the asset disposals function through a BCG-wide asset disposal committee headed by the permanent secretary. The committee handles and coordinates the disposal of assets statewide. However, it was not possible to obtain documentary evidence showing the

[1] See: IMF 2019 PIMA, *p. 47*

composition, terms of reference, and modus operandi of the committee to enable comparison with the provisions of *s. 58 – 63* of the GPPA that regulate asset disposal, as stated above. The assessors could also not obtain the minutes of the last board of survey meetings and a formal record of the disposal transaction to check for compliance with legal provision. However, a review of available fiscal and financial reports (budget documents, financial reports, or other reports) showed that they do not include disclosure of information on transfers and disposals. Checks also confirm that the disposal process does not include formal reporting to the legislature or the public disclosure.

Performance level and evidence for scoring the dimension

Sections 58 – 63 of the GPPA Act 2014 established applicable procedures and rules for the transfer or disposal of nonfinancial assets in the last completed fiscal year, FY2021, as outlined above. However, it was not possible to obtain documentary evidence to assess the degree of compliance with the rules and procedures. A search of the budget document for the year did not reveal any information on asset disposal, nor was there a statement indicating the non-anticipation of asset disposal. A similar review of the draft consolidated financial statement for the year did not disclose information on the disposal of assets during the year or a statement to the effect that there was no asset disposal. The only reference to asset disposal in the statements was in the *para (o)* of the section titled, “Commentary on the Financial Statements by the Accountant General” to this effect:

> “Statement of Disposal of Stores and Other Assets
>
> “The statement provides a summary of physical assets disposed during the year. The consolidated statement, summarised by class of votes, is derived from detailed statements for each vote.”

The FY2021 financial statements are still in draft, awaiting audit; the situation may change after audit.

Verbal evidence from the AGD and MoFEA suggests that there had, indeed, been assets’ disposal transactions in the recent past. However, it was not possible to obtain a copy of the record of the transactions as promised, despite repeated requests.

The assessors reviewed the approved budget and financial statements for FY2019, which was the last year of completed financial audit, to seek to understand practice. The approved budget for the year includes the revenue item, “Disposal of Government Asset”, with a provision of GMD 100,000,0000 and (GMD 216,000,000 in FY2018), shown under the sections of “Detailed Revenue Estimates by Collecting Agency” and “Receipts by Economic Classification”. The collecting agency shown is the “Ministry of Finance and Economic Affairs”. A review of the audited consolidated financial statements for the year reveals similar reporting, as the extract below (rearranged for ease) shows

> **Statement of Details of Revenue in Line with Appropriation Structure as at 31.12.2019**
> Account Description - Disposal of Government Asset
> Approved Budget - 100,000,000.00
> Revised Budget - 100,000,000.00
> Current Year Actual Revenue - 54,841,000.00

The report confirms the approved budget figure of GMD 100,000,000 for the year. However, neither the approved budget for the year nor the year-end financial statements include details of the disposed assets. A comment by the accountant general on the financial statements appears to suggest that the relevant vote controllers had not yet made the details available; see below (emphasis added)

> “**Commentary on the Financial Statements by the Accountant General”**
>
> “Statement of Disposal of Stores and Other Assets
> “The statement provides a summary of physical assets disposed during the year. The consolidated statement, summarized by class of votes, is derived from statements prepared for each Vote, and is further <u>supported by detailed statements for each Vote</u>. <u>This statement is to be provided once the necessary information is made available</u>”.

The “Consolidated Trial Balance as at 31 December 2019 for Budget Entities …” in the audited financial statements a “closing debit” of 0.00 and “closing credit” 85,052,180.93 on the “Disposal of Government Asset” *account.* The assessors did not investigate these entries for accuracy and consistency; however, the entries further confirm that the financial statements for year report on asset disposal.

The reporting of summary asset disposal figures in FY2019 but not in FY2021 approved budget and yearend financial statements appears to suggest there was no asset disposal in FY2021. Even if this were to be so, good practice requires explicit disclosure of that fact in financial/fiscal reports.

In addition, the assessors could not obtain documents on asset disposal submitted to the legislature for information or approval during the year. The MoFEA confirmed that the government does not report information on asset disposal to the legislature.

Finally, it was also not possible to obtain reports containing details of transfers and disposal of assets for the last completed fiscal year. There may have been no asset disposal in the year, since the approved budget did not reflect information, as it did for FY, 2018 and FY 2019. However, the government did not confirm this.

The foregoing analysis and supporting evidence do not meet the requirements for a higher score. Consequently, the score for this dimension is **D**.

Recent or ongoing reform activities

The MoFEA (and its AGD) and development partners are developing an asset management policy, to provide the basis for more robust management of assets. Work has started to this effect, with the constitution of an Asset Management Steering Committee comprising of stakeholders owning assets of a technical nature. The committee has produced an initial draft report, assisted by an IMF-contracted consultant, which is undergoing review currently. The approved report will form the basis for the preparation of an asset management policy and a manual. The IMF is assisting with the review of the draft policy. The assessors obtained and reviewed a copy of the draft asset management policy for this assessment. Going by the contents draft policy, it appears the government is focusing more on reforming the management of fixed and physical assets and paying less attention to such areas as financial and subsoil assets. Perhaps, those will be subjects of future reform efforts.

Notwithstanding the production of a draft asset management policy, available information suggests that asset management reforms have remained long in contemplation. The process has been on, at least, since 2019, when the IMF stated thus, in its 2019 PIMA technical report

> **"The government plans reforms that would strengthen the reporting of fixed assets.** The rollout of the new version of The Gambia's financial management information system (Epicor 10) from 2020, under the responsibility of the Accountant General, will include a module that will require assets to be registered and valued. … The MoTWI is also developing a National Public Buildings and Facilities Policy that would require better recording of assets and their condition, and could complement the reforms of the AGD. Implementation of these policies and guidelines is likely to be a long-term reform. In the near term, better information on the value and condition of public assets should reduce wastage of assets and enable improved estimates of required maintenance spending to be made …"[1] (emphasis inclusive).

PI-13. Debt management

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-13. Debt management (M2/AV)	**D**	**MTDS 2021 - 2025 has scenario mapping and is publicly available, but it has limited ability to influence annual borrowing; however, the process for approving and monitoring guarantees is unclear, and debt recording and reporting excludes guarantees.**
13.1 Recording and reporting of debt and guarantees	**D**	Debt reporting covers domestic and foreign debt, but excludes guaranteed debt, which is the minimum requirement for a higher score.
13.2 Approval of debt and	**D**	There are no documented policies and procedures issued by a single authority

[1] IMF 2019 PIMA Report, p. 47

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
guarantees		providing guidance on borrowing, issuance of new debt and undertaking debt-related transactions, issuance of loan guarantees, and monitoring of debt management transactions.
13.3 Debt management strategy	**D**	The MTDS 2021 – 2025, dated September 2021, covers existing and projected government debt, has a horizon of five years, and is publicly available on MoFEA website. The strategy includes target ranges for interest rates, refinancing, and foreign currency risks. However, it is not clear that the cabinet approves the strategy as required by law. Besides, although the strategy influences the preparation of the ABP, the government does not view the ABP as a binding document.

General description of the characteristics of the indicator within the scope covered

P-13 assesses management policies and practices on the management of debt – domestic, foreign¸ and guarantees, i.e., whether debt practices, records, and controls are sufficient to secure efficient and effective arrangements. The imperative of efficient and effective debt management is that the size of debt and guarantees, and management practices around them seriously affects capacity to maintain fiscal discipline. Good debt management minimizes long-term debt service costs and safeguards the ability to meet maturing debt obligations timeously. To the contrary, inefficient debt management needlessly raises debt service costs and impedes ability to deliver planned services. The indicator has three dimensions and uses the M2 (AV) method for aggregating scores. The dimensions are

- Dimension 13.1. Recording and reporting of debt and guarantees
- Dimension 13.2. Approval of debt and guarantees
- Dimension 13.3. Debt management strategy

The PFA 2014 and the FR 2016 provide the current legal framework on debt management, including debt management strategy, debt recording and reporting, and debt guarantees. The PFA provides the primary legislation, which the Regulations amplify and operationalize. *Sections 50 – 52* of the Act guide debt recording and reporting. In summary, the requirements are for MoFEA to

- Keep timely, comprehensive, and accurate records of outstanding debt, including derivative transactions, guarantees, etc., in an appropriate database
- Frequently prepare and publish statistical bulletins that provide accurate and timely information on
    - debt stocks. debt service cost, and risk measures of the debt portfolio of the state
    - derivative transactions entered by the state
    - guarantees issued by the state and the purposes and beneficiaries of these guarantees
    - lending provided by the state and the borrowers of these fund'
    - supplier's credit agreements entered into by the state and the purposes of these agreements; and
    - finance lease agreements entered into by the State and the purposes and counterparts of these agreements
- Prepare and submit an annual debt report to the National Assembly (and the cabinet) on debt management operations, guarantee and lending activities, and other finance arrangements entered over the previous financial year, including
    - information on the debt management strategy and its rationale
    - information on the contribution of the debt management strategy and debt management operations in achieving stated debt management objectives
    - a list of all outstanding state debt
    - a list of all outstanding state guarantees, including amount and beneficiaries of these guarantees, and an assessment of the fiscal risk embedded in those guarantees
    - a list of all lending operations, including outstanding amounts and borrowers of these loans, and an assessment of the credit risk of these loans, and
    - a list of all outstanding supplier's credit agreements and finance lease agreements, including the financial terms of those contracts

The Act also requires MoFEA to formulate and update a debt management strategy, approved by the cabinet, once a year on a rolling basis (s. 38). The strategy's states that the overarching purpose will be to promote the development of the Gambian debt market by providing "guidelines or ranges" for acceptable market risks in the debt portfolio, planned borrowings, and other debt management activities. Consequently, the strategy will factor in the following four issues, among others, (i) the cost and risk embedded in the current debt portfolio, (ii) future borrowing requirements, (iii) the macroeconomic framework, and (iv) market conditions. The strategy will guide all borrowing and other debt management operations of the state shall, once approved by the cabinet.

The PFA 2014 makes the minister of finance the sole authority for contracting domestic and external loans, signing loan agreements, and signing agreements governing the sale of government debt securities (s. 34). Section 36 specifies the purpose of government borrowing as follows

- To finance budget deficits as approved by the National Assembly
- To maintain a credit balance on the Treasury Main Account at a level or range determined by the minister
- For on-lending to local government authorities, public enterprises, and any other entity as approved by the National Assembly
- To honor obligations under outstanding government guarantees
- To refinance outstanding debt, including repayment of a loan prior to its maturity date, and repurchase of debt securities
- To respond immediately to the effects caused by a natural environmental disaster or any other natural emergency in The Gambia
- To issue government debt securities for the sole purpose of supporting monetary policy objectives
- For any other purpose as may be approved by the National Assembly

On debt or loans guarantees, s. 155 of the 1997 Constitution on "Loans" generally allows the government to raise loans on its behalf or on behalf of any other person or authority, subject to the approval of the legislature. The section provides for the payment of loan proceeds into the Consolidated Revenue Fund or some other public fund *(s. 155(4)b)*. However, the section allows the NA to provide (through an Act) for the application of the provisions of *s. 155* (with necessary modifications) to government guarantees. The PFA 2014 is such an Act providing for loan guarantees. The Act is, therefore, the primary legislation for the approval and control of debt guarantees, which it defines rather narrowly. *Section 34* defines guarantee as, "an explicit undertaking … to guarantee fulfilment of financial obligations for which the guarantee is issued". The section includes this disclaimer, "for the avoidance of doubt, under no circumstances shall letters of intent, letters of comfort or similar letters, or approval of any borrowing to be undertaken by another entity, be considered a guarantee or any other form of legal undertaking". The extent to which this disclaimer can help the government escape the financial consequences of a default in those circumstances is, as best, doubtful. In addition to the PFA, the FR 2016 allows the ministry to provide debt guarantees only in "exceptional circumstances", *(para. 4(28))*. Even in those circumstances, the ministry must first obtain the opinions of the auditor general and the governor of the CBG on their assessments of the potential impact of such a guarantee on the country's fiscal health.

Section 46 of the PFA regulates the issuance of guarantees, making the minister the sole authority for the issuance of guarantees. The section also stipulates the conditions attaching to the exercise of the function, including the conduct of a prior financial risk assessment by the ministry, specifying the results, methods used, and recommended level of guaranteed fee that the beneficiary should pay to government to cover the credit risk to the state of issuing the guarantee. The beneficiary shall pay the fee as approved by the minister, unless waived by the cabinet. In addition, the beneficiary shall also indemnify the government against expenses incurred by it on the guarantee by refunding all sums of moneys expended, including expenses incurred and interest paid by the state on the guarantee, unless waived by the cabinet. However, the Act does not stipulate specific criteria, overall ceilings, or fiscal targets for the issuing of debt and debt guarantees; the Regulations do not, either.

The MoFEA oversees the CG's debt management through its Directorate of Loans and Debt Management (DLMD), headed by a director. The directorate's mandate encompasses all government debt - foreign, domestic, and guaranteed. The directorate comprises a front, a middle, and a back office. The front office deals with investor relations, market liaison, and implementation of the debt management strategy. The primary role of the middle office includes developing the debt management strategy for the ministry, which the front office implements, once approved by the cabinet. The back-office handles and coordinates debt repayment, debt recording, and compilation of debt statistics and reporting.

Debt recording is currently on the Commonwealth Meridian software, the new debt recording, and management system (DRMS) designed by the Commonwealth Secretariat and released in 2019 to replace used Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). The Meridian is more robust and cloud-based, unlike the CS-DRMS that stores information on servers. According to the promoters, "Meridian is vastly superior to CS-DRMS both from functional and technological viewpoints", with "advanced and improved functions and features "[1]. Its functionality includes ability to

- Ability to record, manage, and analyze public and publicly guaranteed debt, lending portfolios, and private sector external debt
- Ability to model any workflow arrangement/institutional structure for debt management
- Flexibility in adding and maintaining a wide range of financing products, including any future financing products using instrument templates
- Organization around a central repository of data from which key stakeholders can access information, ensuring available real time data is always even to remote offices
- Driven by alerts and notifications, integrated with mail exchange systems to support the business workflow process
- SWIFT payments as an optional payment mechanism and caters for messages in the SWIFT format
- Accountability and transparency through data driven workflow
- Integrating with external systems to provide straight through processing and accurate data to stakeholders
- Web-based, making installations and access to it will be much easier than it was on CS-DRMS[2]

Structure of Government Debt, Debt Amortization, and Debt Service Payments

The Gambia's public debt comprises of two typical classes – domestic and foreign. Domestic debt consists mostly of short-term treasury bills and other government securities largely subscribed to by local commercial banks. The existing securities at the time of this assessment are the following five, *(i) 2004 Long-Term Bond to CBG-D250 Million (5% Interest), (ii) 2005 Treasury Bills, (iii) 2014 3 Year Government Bond 12%, (iv) 2015 30 Year Government Bond 5%, and (v) 2018 NAWEC Bond*. Using data reported in the annual approved budget documents and analyzed by the assessors, actual (not budgeted) debt service on these domestic debts (i.e., interest and other charges, excluding amortization) were GMD 2.32 billion, 1.66 billion, and 2.35 billion respectively in FY2019, FY2020, and FY2021 *(Table 0.5)*. These are the equivalent of 15.9 percent, 9.6 percent, and 11.4 percent of the respective aggregate expenditures for the years.

On the other hand, foreign debt is owing to foreign governments and multilateral organizations. Classified under foreign governments are such governments and bilateral institutions as Abu Dhabi, Austria, Kuwait Fund for Arab Economic Development (KFAED), Kuwait, Libya, Republic of China, Saudi Fund for Development (SFD), Venezuela, India, Export – Import Bank (EXIM), etc. Included under multilateral organizations are ADB/Nigerian Trust Fund, African Development Fund (ADF), Arab Bank for Economic Development in Africa (BADEA), ECOWAS Bank for Investment and Development (EBID), International Development Association (IDA), Islamic Development Bank (IDB), International Fund for Agricultural Development (IFAD), and Organization of Petroleum Exporting countries (OPEC). Actual debt service on foreign debt in FYs 2019, 2020, and 2021, respectively, was GMD 345.97 million, 622.65 million, and 409.80 million, as figures in budget documents also indicate *(Table 0.5)*. These are the equivalents of 2.4 percent, 3.6 percent, and 2.0 percent of actual aggregate expenditures respectively. Together, actual domestic and foreign debt service obligations amounted to 18.3 percent, 13.2 percent, and 13.2 percent of expenditures, respectively in FY2019, FY2020, and FY2021.

However, it is important to note annual budget documents are not the most reliable sources of actual debt expenditure figures because of their unaudited and unreconciled nature. Such figures reported in budget documents do differ (often, significantly) from their audited and reconciled equivalents reported in audited financial statements. To illustrate, while total actual debt service expenditure reported in budget documents (for domestic and foreign debt) amounts to only GMD 2.67 billion in FY2019, the audited equivalent reported in the 2019 financial statements

[1]https://www.development-finance.org/en/topics-of-work/debt-recording-and-management/commonwealth-meridian?format=pdf

[2] ibid

was GMD 3.07 billion. This is a difference of about GMD 400 million or 13 percent underreporting of actual debt service payments. A comparison of the budget document figures and the figures in the unaudited 2020 and 2021 financial statements revealed similar wide discrepancies. This notwithstanding, the decision to use approved budget document figures for this analysis despite their obvious unreliability is because of the relatively better consistency and completeness of their presentation of debt breakdown figures. The presentation in the financial statements, audited and unaudited, is far less consistent and far more difficult to decipher. The purpose here, therefore, is to paint a picture of the debt situation; it is not to report exact figures.

Budget documents report actual total amortization of debt as GMD 2.27 billion in FY2021 (Table 0.5). This comprises domestic debt amortization of GMD 1.20 billion and foreign debt amortization of GMD 2.35 billion. The amortized domestic debts are the following three (i) 2014 3 Year Government Bond 12%, GMD 611.01million, (ii) 2015 30 Years Government Bond, GMD 350.30 million, and (iii) 2018 NAWEC Bond, GMD 240.92 million. The amortized foreign debts by the major categories are foreign governments GMD 165.78 million and multilateral organizations, GMD 892.20 million. A small amount of GMD 9.02 was also owing to unclassified sources, which appears to also be multilateral in nature, i.e., “2728 Assistance for Global Maritime Disaster and Safety System, GMD 1.70 million West Africa Regional Fisheries Program Phase 2 (WARFP), GMD 7.33.

Table 0.7: Actual Debt Amortization and Debt Service Payments, 2017 - 2021 (Nominal GMD)

	2017	2018	2019	2020	2021
Actual Debt Amortization Payments, 2017 - 2021 (Nominal GMD)					
Total Debt Amortization	**1,117,297,098**	**1,562,086,071**	**1,757,683,324**	**2,558,399,251**	**2,269,236,802**
Domestic Debt Amortization (Short Term Treasury Bills & Other Government Securities), comprising	**0**	**259,813,977**	**471,590,168**	**1,419,645,898**	**1,202,235,602**
2014 3 Year Government Bond 12%	0	0	0	895,120,055	611,012,731
2015 30 Years Government Bond	0	259,813,977	244,278,368	290,230,456	350,302,194
2018 NAWEC Bond	0	0	227,311,800	234,295,387	240,920,677
Foreign Debt Amortization, comprising	**1,117,297,098**	**1,302,272,094**	**1,286,093,156**	**1,138,753,353**	**1,067,001,200**
Foreign Government	305,320,552	480,059,311	409,719,476	238,155,646	165,779,050
Multilateral Organizations	811,976,546	822,212,783	876,373,680	891,486,589	892,198,064
Unclassified	0	0	0	9,111,118	9,024,086
Actual Debt Service Expenditure, 2017 - 2021 (Nominal GMD)					
Debt Interest (Total)	**4,140,919,951**	**2,747,786,413**	**2,670,623,616**	**1,657,771,539**	**2,350,759,398**
Domestic Debt Interest (Short Term Treasury Bills & Other Government Securities), comprising	**3,836,051,962**	**2,414,925,918**	**2,324,657,828**	**1,035,126,001**	**1,940,682,815**
2004 Long-Term Bond to CBG- D250 Million (5% Interest)	582,368,785				
2005 Treasury Bills	3,253,683,177	2,144,120,193	1,663,601,345	448,064,998	1,422,954,747
2014 3 Year Government Bond 12%		0	254,964,648	139,449,919	161,165,823
2015 30 Year Government Bond 5%		270,805,725	269,586,165	447,611,084	283,200,040
2018 NAWEC Bond		0	136,505,670	0	73,362,205
Foreign Debt Interest, comprising	**304,867,990**	**332,860,495**	**345,965,789**	**622,645,539**	**409,798,417**
Foreign Governments	134,429,666	158,837,404	159,023,149	175,350,051	111,800,472
INDIA Bilateral	172,490			124,567	
Multilateral Organizations	170,265,834	174,023,091	186,942,640	447,170,921	257,543,435
UNCLASSIFIED Loan Group†					40,454,510

Source of Data for Analysis: 'Debt Service Budget Detailed Estimates of Expenditure' in the Approved FY19 - FY2023 Budgets

PI-13.1. Recording and reporting of debt and guarantees

Dimension 13.1 assesses the comprehensiveness and integrity of recording and reporting on domestic and foreign debt, and debt guarantees. The assessment reviews the regularity of monitoring and reporting on the main features of the debt portfolio, and how that secures data integrity and effective management, e.g., through accurate budgeting for debt service, timely payments for debt service, and well-planned debt rollovers. It also reviews how debt recording facilitates the monitoring of the implementation of debt management strategy and how it addresses any deviations that arise.

The Gambia is a highly geared country, with a large stock of both domestic and foreign debt; the IMF estimates the country's debt to GDP ratio at 83.78 in 2021[1]. Of total debt stock, domestic debt constitutes roughly half, and comprises mostly of monies owed to local banks, according to the DLMD. The foreign debt component consists

[1] https://www.imf.org/external/datamapper/CG_DEBT_GDP@GDD/SWE/GAB/GHA/GMB

of both bilateral and multilateral debts, and spreads among a long list of international creditors. The largest of these foreign creditors is the Islamic Development Bank (IDB), owed a total US $172 million (17.5 percent of total external debt or 30 percent of total multilateral debt) at the end of 2021, also according to the DLDM. However, it does not appear that debt recording is comprehensive and accurate, despite positive assertions by the DLMD, as explained in a few paragraphs further down below.

Debt records are not up to date, caused primarily by delays in receiving credit advice and other confirmations from creditors, according to DLMD assertions. The time lapse between a disbursement transaction and its recording varies and depends on the client. Some clients delay in sending transaction advice and transcripts; others do not. For example, the recording of the AfDB, WB and International Fund for Agricultural Development (IFAD) transactions is fast because loan disbursement transactions take place on their secure online client connection platforms, which avail debtors and facilitates recording. However, the modes of communication used by some other creditors occasion delays. Some other clients send their advice by post, which can lead to up to three months' delay, according to the DLMD. These creditors include the IDB, Kuwaiti Fund, Saudi Fund, Arab Bank for Economic Development in Africa (BADEA), Saudi Abu Dhabi Fund for Development, and the Export-Import (EXIM) Bank of India, among others. These delays also have the potential to impact on the comprehensiveness and completeness of debt reporting.

In addition, some on-lend loans to State Owned Enterprises (SOEs) are either missing from the debt management database (Meridian), or their recording involves a misclassification, as the 2019 audit report identified. An example is the €8,088,035 (GMD 461,665,037.80) loan contracted in 2016 by the government on behalf of the Gambia Port Authority for the Banjul Ports Expansion Project. Audit finding indicates that this item is missing from the "on-lending" section of the Meridian database, because of its misclassification. The audit report notes as follows regarding the item, "Instrument indicated as guarantee in the Meridian system instead of on lending"[1].

Discussions at the DLDM explained that it uses multiple layers and methods of debt reconciliation. For example, some institutional creditors like the WB, AfDB, and the IFAD have online client connection platforms that instantaneously reflect debt transactions and facilitate debt reconciliation. The IDB also had an online platform, which it disconnected about three years ago. Reconciliation with non-online creditors happens, sometimes in person and, at other times, through correspondence. Usually, MoFEA requests and receives quarterly statements from creditors for the purpose of reconciliation, although some creditors prefer to send biannual balance statements. Another layer of reconciliation happens through audit processes that happen at the instance of the creditors that commissioned them. Further, DLMD and/or some creditors undertake debt reconciliation missions. Notwithstanding these reconciliation measures, issues of accuracy remain with reported public debt. For instance, the 2019 audited financial statements indicate "an understatement of D3,013,513,494.71 during the reconciliation between statement of public debt disclosed in the financial statements and debt balances recorded in the debt management system (Meridian)", indicating understatement of public debt disclosed in the financial statements[2].

First, the details of contingent liabilities, including guaranteed debt is fussy, with the DLDM explaining that the government does not have any more guaranteed debt, the last loan guaranteed by the state being that to the Gambia Ports Authority, which the company had already liquidated. Nevertheless, a recent assessment report by the WB contradicts this position. The report indicates that SOEs are a continuing source of contingent liabilities, with three major SOEs being financially nonviable (i.e., NAWEC, GAMTEL/GAMCEL and GCAA) and totally dependent on state prompts for survival. According to the report, *"most of the SOEs depend entirely on borrowing to finance their capital investment expenditures because their own resources are insufficient. As their creditworthiness is limited, any borrowing that they incur entails <u>loans either directly contracted or guaranteed by the Government</u>"* (emphasis added). If this assessment report (accepted by the government) is correct, then, DLMD assertion above on the completeness and comprehensiveness of debt records, including guaranteed debt, cannot also be.

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp. 235 of 512*
[2] 2019 Audited Financial Statements, *p. 26 of 393*

Besides, WB and AfDB incentive-supported reforms are ongoing to improve debt recording and reporting in the Gambia, i.e., to secure the reporting of all contingent liabilities by 2024. The AfDB is also currently providing direct support and capacity building on both public and SOE/LG debt and has included same as part of it reform oriented budget support program. The reforms are under the Sustainable Development Financial Policy (SDFP) of the Bank from IDA 19 that continued into IDA 20 and identified the Gambia as a fragile state. The reforms seek to help countries achieve prudent financial management, so that they do not fall back into debt distress. Countries classified under the fragile status need to achieve two prior policy actions (PPA) per year, while countries that have emerged out of fragility will achieve three PPAs within a given timeframe. The Gambia has achieved a non-fragile status and, therefore, needs to achieve three PPAs (milestones), or it might miss the attaching grant disbursement. Two of these PPAs relate to the recording and reporting of contingent liabilities, i.e., (i) inclusion of debt guarantees in the 2022 annual debt report and (ii) inclusion of SOEs' debt in the 2024 annual debt report. These PPAs are indicative of the incompleteness of debt reporting, especially with the exclusion of debt contingent liabilities.

The AfDB also has a similar package from its sustainable borrowing policy (SBP). The package provides guidance and policy to African Development Fund (ADF)[1] countries and countries in fragility with Agreed Policy Actions (APAs) for a three-year period. The Bank recently has engaged with DLDM on a couple of APAs for the government to achieve within three years.

In addition, the latest World Bank "Debt Reporting Heat Map: 2022"2 confirms the incompleteness of reporting on debt statistics. The Map monitors how transparent IDA countries are in their debt reporting practices. "This heat map presents an assessment based on the availability, completeness, and timeliness of public debt statistics and debt management documents posted on national authorities' websites. The assessment will be updated annually"[3]. The summary of the latest assessment for the Gambia is as presented in the *Table* below. The *Table* further confirms that recording and reporting is deficient regarding contingent liabilities.

Table 0.8: Debt Reporting Heat Map: 2022: The Gambia; Date of Assessment: October 1, 2022

Item	Level of Transparency, Completeness
Data accessibility	Single website/ single doc: Debt Statistical Bulletin, 2022-Q2
Instrument coverage	Partial coverage: Coverage includes external, domestic and guaranteed debt, but fails to report on trade credits from ITFC, which have been guaranteed by the government
Sectoral Coverage	Partial coverage: CG debt is reported. Direct LG debt is not expected. Non-guaranteed SOE debt is not reported (Note: An AfDB project has plans to cover LG debt reporting, even though small.)
Information on recently contracted loans	Partial information: The Debt Statistical Bulletin (2022-Q1) discloses the lenders, purposes, and amounts, but fails to provide the terms of the loans (page vi)
Periodicity	< 1 year; Quarterly
Time lag	< = 3 months; While no publication date is indicated, the bulletin for 2022 Q2 with end-June 2022 debt was available by end- September 2022
Debt Management Strategy	A published DMS for current FY with targets for domestic & external debt; S4 is the selected strategy (page 28) with related-debt management indicators (pages 28-29)
Annual borrowing plan	No ABP published; The Annual Borrowing Plan for 2022, which covers domestic resource mobilization, does not break down issuances by main instrument. (Note: The AfDB project is also providing capacity building for comprehensive preparation of the ABP and monthly issuing calendar.)
Other debt statistics / contingent liabilities (CLs)	Insufficient reporting: Reporting on loan (by beneficiary)- and PPP-related guarantees and the stock of arrears is a minimum requirement. The debt statistical bulletin does not report on guaranteed debt by beneficiary and outstanding arrears

Source extracted and rearranged from: https://www.mofea.gm/directorates/loans-and-debt-management?p=directorates&c=loans-and-debt-management

Finally, the latest two audited financial statements report errors in debt recording, which formed part of the basis for issuing adverse audit opinions on those years' financial reports. The latest reports are for FYs 2018 and 2019, see Table below; it is not clear whether situation changed in subsequent years. However, the errors were more in FY2019 than FY2018. The errors include understatement of debt balances, use of inaccurate balances in performing

[1] The ADF is the concession arm of the AfDB.
[2] See: https://www.worldbank.org/en/topic/debt/brief/debt-transparency-report/2022; Date of assessment: October 1, 2022; Date of Brief" December 9, 2022
[3] Ibid.

yearend bank reconciliation, overpayment of loan interest, difference between the cashbook and general ledger balances), non-disclosure of penalty and commitment fee, and differences between the prior year closing balance

Table 0.9: Sample of Errors in Debt Recording and Reporting, Contributing to Adverse Audit Opinions

		2018 (Dalasi)	2019 (Dalasi)	Impact on Financial Statements (FS)
1	Understatement between the debt balances disclosed in the financial statements and amount recorded in debt management system	245,018,298.84	3,013,513,494.71	Misstatement of public debt disclosed
2	Use of inaccurate balances in performing yearend bank reconciliation for - Sukuk Al Salam Special Project and Special Deposit bank accounts totaling	48,904,474.40	465,157,414.23	Indicates non review of reconciliations by senior personnel to administer necessary actions to correct the error
3	Overpayment of loan interest on Islamic Development Bank loan agreement 071 and 074	58,106,160.72	244,227.57	The government might be losing huge amounts of funds as a result
4	Difference between translated Cashbook and General Ledger balances for the Special project dollar USD account due to failure to use the official USD rate as at 31.12.2019 (Note 15)		3,462,118.29	Risk of understating the special project USD cash balance in the FS due to misstatements in general ledger and cashbook
5	Nondisclosure of penalty and commitment fee on Export-Import Bank of India and ECOWAS Bank for International Development loan agreement		277,911.19	Misleading information of users of the financial statement
6	Differences between the prior year closing balance and current year opening balance for loans and current year opening balance for loans	15,688,641,938.00		Misstatement of closing balances and exchange differences reported under the statement of external assistance
Total		**352,028,933.96**	**3,482,655,165.99**	

Source: Audited Financial Statements of the Gambia, 2018 (pp. 1 - 4) and 2019, pp. 3 - 5

Performance level and evidence for scoring the dimension

In summary, MoFEA updates domestic and foreign debt records quarterly. Records of guaranteed debt are insufficient and may be non-existent. The DLMD's suggestion that it reports debt guarantees under the heading of "Public and Publicly Guaranteed Debt" contradicts its stance that the state does not currently have debt guarantees (see above). Besides, "Public and Publicly Guaranteed Debt" is a summary heading in Commonwealth Meridian software used by the country for debt recording. The heading is expandable to show summary, including domestic, foreign, and guaranteed debt. The failure to report debt guarantees is due to deficiencies on the recording. The evidence from various WB reports discussed above corroborates this.

Capacity-related issues may be contributing to the current state of performance in the DLMD. For instance, the 2019 audit report observed "lack of knowledge … with the IT staff deployed at the Ministry of Finance and Economic Affairs … to manage the meridian application software", who were "yet to be technically trained and assigned with the necessary user access rights". The government acknowledged this deficiency and pledged to "take necessary measures to improve the capacity of MoFEA ICT staff to be able to fully manage the Meridian"[1].

Based on the foregoing analysis and supporting evidence, the score for the present dimension is D.

PI-13.2. Approval of debt and guarantees

Dimension 13.2 assesses the arrangements for the approval and control of contracting loans and the issuance of guarantees, which is vital to debt management. Effective management requires that documented policies and procedures guide debt-related transactions. Below is a brief evaluation of the prevailing system for approving debt and guarantees against the criteria stipulated in the PEFA assessment methodology.

- Authorization to borrow - the PFA 2014 grants sole authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to the minister of finance, as explained above *(ss. 34, 35 of the PFA 2014)*. The Act forbids public enterprises from borrowing, raising overdrafts and extending guarantees without the approval of the

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp. 248 of 512*

ministry *(s. 56, see also PI-10 above)*. Similarly, local governments cannot externally but may borrow domestically subject to conditions prescribed by the Ministry of Finance and Economic Affairs *(s. 54, see also PI-10 above)*.

- Documented policies and procedures for borrowing, issuing new debt, and undertaking debt-related transactions, issuing loan guarantees, and monitoring debt management transactions – the FR (para 28) requires the ministry to obtain assessments opinions from the auditor general and the central bank governor on the fiscal risks of guarantees before issuing them. Aside from this, the assessors are unaware, and could not confirm the existence, of documentary policies that amplify legal provisions and outline the procedures for undertaking borrowing and other debt-related transactions and issuing loan guarantees.
- Annual borrowing must be approved by the government or legislature – the DLMD asserted that it commenced preparation of an annual borrowing plan (ABP) on behalf of MoFEA (as provided in *s. 39 of the PFA 2014*) in 2021; the AfDB Institutional Support Project is supporting this activity. The plan aggregates the country's borrowing requirements for the year, based on the medium-term debt management strategy (MTDS), the state annual cash flow forecast, and planned borrowing operations for the year. According to the DLMD, the ABP specifies the planned borrowing instruments for use and the indicative timing of the borrowings, as provided under the section. The DLMD also explained that it reviews and updates the borrowing plan monthly, instead of half yearly as required under the section. The review and updating process involves interaction with the Liquidity Forecast Committee (LFC), and the higher-level Cash Management Committee (CMC) headed by the permanent secretary of MoFEA; the LFC is a technical subcommittee of the CMC. These meetings are to review the revenue and expenditure forecast for the month and establish when a borrowing need arises. However, the DLMD did not provide a sample of recent minutes of these meetings for review as requested by the assessors, even though the directorate asserted that the minutes exist.

The assessors did not find the 2022 APB on the ministry's website and could not obtain a full copy of the document for review, despite repeated requests. Instead, the DLMD availed the assessors with two one-page documents titled, "EXCERPT FROM THE 2022 ANNUAL BORROWING PLAN" and "2022 ANNUAL BORROWING PLAN ANNOUNCEMENT", as evidence of existence of the borrowing plan. The "EXCERPT" provided deals only with domestic treasury bills of 91-day, 182-day, and 364-day durations; it did not show external borrowings. This observation agrees with the comment of the WB reported above, i.e., "No ABP published; The Annual Borrowing Plan for 2022, which covers domestic resource mobilization, does not break down issuances by main instrument" *(see Table in Dimension 13.1 above)*. Without obtaining a copy of the plan, the assessors could neither confirm its contents nor verify adherence to them. Documentary confirmation of the evidence is vital to ascertain whether the observed in the 2019 PIMA has ceased, i.e., that, "these borrowing limits are not adhered to, contravening the intent of those implicit targets"[1].

Finally, the ministry releases a monthly debt issuance calendar. However, it does not appear that either the cabinet or the NA approves the ABP, or that borrowing is according to the borrowing plan; the plan appears to be merely advisory. As the DLMD explained, "the permanent secretary and his team (CMC) decide whether to follow the plan or to adjust it". The CMC reflects its decision on the borrowing calendar and sends it to the central bank for implementation.

Comments returned by development partners on the initial draft of this report indicate that capacity shortages at the DLMD lie behind the issues around the ABP and the issuance of monthly debt calendar, as outlined above. For instance, the AfDB commented that "preparation of the ABP needs capacity and hand holding for DLDM to get hold of the process". This capacity gap led to the Bank's intervention through its Institutional Support Project (ISP) to assist with the development of the ABP and the issuance of monthly borrowing calendar. This ongoing support includes the hiring of a consultant to provide technical support to DLMD in these areas. The Bank was reviewing the terms of reference (ToRs) at the time of finalizing these comments in May 2023.

Performance level and evidence for scoring the dimension

The summary of the performance described above is as follows: the PFA 2014 provides the primary legislation on debt management, and it grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity, i.e., the minister of finance. However, work in this area is still in process and not yet fully developed. There are no documented policies and procedures issued

[1] See 2019 IMF PIMA Report, *p. 24*

by a single authority providing guidance on borrowing, issuance of new debt and undertaking debt-related transactions, issuance of loan guarantees, and monitoring debt management transactions. Neither the cabinet nor the legislature approves the ABP; currently, the ABP appears to be merely advisory and nonbinding.

This performance does not meet the requirements for a higher score; therefore, the score is D.

PI-13.3. Debt management strategy

This dimension assesses the preparation of a medium term (three to five years) debt management strategy (DMS) with the long-term focus of ensuring that the debt contracting robustly balances cost-risk considerations. A good DMS should, among others

- Reflect the current debt situation and describe the composition and evolution of the existing debt portfolio's
- Consider the market risks it seeks to manage, especially the interest rate, exchange rate, and refinancing/rollover risks
- Reflect the future environment for debt management, i.e., the fiscal and debt projection, e.g., based on the fiscal strategy *(see PI-15)*, assumptions made, and constraints related to portfolio choice
- Indicate strategic objectives relating to the intended direction of or quantitative targets for the major indicators of risk
- Be subject to be periodic review, preferably annually, as part of the budget preparation process
- Be publicly available

-Section 38 of the PFA 2014 requires the Ministry of Finance and Economic Affairs to formulate a medium-term debt management strategy (MTDS) on a rolling basis, updated at least once annually. Pursuant to this, MoFEA's DLMD leads the preparation of the MTDS annually, in collaboration with relevant "stakeholders such as the Directorate of Economic Policy and Research (DEPR-MoFEA), Aid Coordination Directorate (ACD- MoFEA), Central Bank of The Gambia (CBG), and the Gambia Revenue Authority (GRA)"[1]. The MTDS is for five-years, reviewed and rolled over annually. The assessors can confirm three annual editions of the MTDS: MTDS 2020 – 2024, MTDS 2021 – 2025, and MTDS 2022 – 2026. The latter two editions bear September dates of their respective years of preparation, i.e., 2021 and 2022. The directorate explained that review and roll-over is at the time of the annual budget preparation. The MTDS 2022 – 2026 aptly captures the overarching purpose of the MTDS, i.e., to "achieve the desired debt portfolio consistent with the debt management objectives … [and ensure] that the Government's funding needs are met with due consideration of its cost and risk objectives … [and] among other considerations, highlight(s) a preferred strategy that can be used over the medium-term"[2]. The MTDS 2021 – 2025 is the edition relevant to this assessment.

In the introduction, the MTDS 2021 – 2025 restated the country's primary objective and objective debt management objectives and reviewed the performance of MTDS 2020-2024. The primary objective "to ensure that Government's financing needs are met at the least possible cost, consistent with a prudent degree of risk", and the "secondary objective is to promote domestic debt market development expected to spur economic growth and to provide efficient, transparent and accountable debt management processes to mitigate operational and portfolio risks". Aside from the introduction, the MTDS 2021 – 2025 comprises eight sections, i.e.,

i. Overview of macroeconomic developments - global economic outlook and impact on domestic economy, domestic economy, GDP growth, fiscal sector, monetary sector (inflation, money market yields, exchange rates, monetary aggregates), external sector
ii. Public debt portfolio analysis
    a. external debt portfolio analysis (external debt stock, external debt stock by creditor category, currency composition of external debt)
    b. domestic debt portfolio analysis (domestic debt stock, domestic debt by holder), cost and risk of the existing debt portfolio (cost of debt, refinancing risk, interest rate risk, foreign exchange risk, redemption profile of the public debt portfolio
iii. Performance review of the 2020-2024 MTDS
iv. Medium-Term Macroeconomic Outlook
    a. Domestic economy - fiscal sector, monetary sector

[1] Medium-Term Debt Management Strategy (2021-2025), September 2021, *p. 3*
[2] Medium-Term Debt Management Strategy (2022-2026), September 2022, *p. iv*

   b. Medium-term policy reforms and priorities

v. G20 DSSI debt relief impact

vi. 2021 debt sustainability analysis (DSA) - external DSA, public DSA

vii. Description and analysis of strategies

   a. Baseline pricing assumption and description of shock scenarios - exchange rate shock, interest rate shock, combined exchange and interest rate shock
   b. Description and analysis of alternative strategies, involving four strategies, i.e.,
      - Strategy one (S1) - baseline (retain the existing debt structure)
      - Strategy two (S2) – T-bills issuance for domestic financing at the end of the strategic period (Extreme Case Scenario 1)
      - Strategy three (S3) – medium to long-term bond issuance for domestic financing at the end of the strategic period (Extreme Case Scenario 2)
      - Strategy Four (S4) - increase the proportion of concessional foreign currency debt: lengthen the maturity of domestic currency debt
   c. Analysis of results - cost and risk of alternative debt management strategies
   d. Chosen strategy - financing strategy
   e. Risk benchmarks/target - interest rate risk benchmark, refinancing risk benchmark

viii. Conclusion

The MTDS is publicly available, published on MoFEA's website. Presumably, the selected strategy informed the development of the 2021 Annual Borrowing Plan, a copy of the announcement of which is on MoFEA website, www.mofea.gm, and reads as follows:

> 2021 Annual Borrowing Plan Announcement
>
> The Loans and Debt Management Department is publishing the Annual Borrowing Plan for the Year 2021 as per Section VI Sub-Section 39 of the Public Finance Act (2014) which emphasizes the preparation of an Annual Borrowing Plan to meet the aggregate borrowing requirement of the State.

The MTDS follows a good procedure and has good coverage, at least, notionally. However, critical, unresolved questions may be undermining its practicality and applicability as a policy document. First, as indicated above, the publication of the 2021 edition was too late to influence debt operations for the 2021 budget year. Second, and related, the date and process of approval of this document by the cabinet is unclear; as stated above, *s. 38* of the PFA 2014 requires that the cabinet approves the document. Third, it is critical to note that what is publicly available and published on the website is the announcement of the ABP, and not the plan itself; the assessors could not obtain a copy of the plan for review and thus, cannot attest to its consistency with the MTDS. The methodology for this assessment requires assessors "to obtain evidence that the annual borrowing plan is consistent with the approved DMS". Fourth, the DLMD explained to the assessors that the microframework for the MTDS was "developed as part of the MTEFF"; however, the MTEFF process has been facing headwinds, and is currently not doing well. Integrating MTEFF parameters and indices into the MTDS (as should rightly be the case in an integrated economic framework) imports the failings of the MTEFF into the MTDS, thereby undermining its quality and practicality as a useful policy guide. For instance, the discussion of the monetary indices of inflation and exchange rates was not forward-looking, i.e., they did not involve forecasts and projections of the indices into the future. Rather, the discussion involved a historical review of their past performances, as the MTEFF also does.

Finally, there is no indication of ex-post reporting on the implementation of the MTDS, as good practice requires. The "Performance review of the 2020-2024 MTDS" in the MTDS 2021 – 2025 does not meet the reporting threshold by any stretch, being too brief, too casual, and too cursory. It is critical to report a comparison of the results of implementation of the strategy against its objectives to the cabinet and the legislature annually. Public reporting of such outcomes is not necessary.

Performance level and evidence for scoring the dimension

Performance on this dimension is as follows.

The MTDS 2021 - 2025 covers existing and projected government debt, and includes target ranges for interest rates, refinancing, and foreign currency risks. The strategy has a time horizon of five years, and MoFEA published it on its website. However, its completion and publication were out of time – in September, nine months into the implementation of the budget it was to influence. Moreover, it claims to rely on the MTEFF projections and process, which have been experiencing adversities. These adversities can undermine the strategy's usefulness as a policy document. Ostensibly, the strategy influences the preparation of the ABP; however, the government does not view the ABP as a binding document, as shown in Dimension 13.2 above. Finally, there is no annual ex-post reporting on the to the cabinet and the legislature on the strategy's implementation.

This level of performance does not meet the requirement for a higher score. Consequently, the applicable score is **D**.

Recent or ongoing reform activities

The AfDB has an ongoing reform-oriented budget support program through which it is providing direct support and capacity building to the Directorate of Loans and Debt Management (DLMD) on both public and SOE/LG debt. A capacity building activity for the comprehensive preparation of annual borrowing plans (ABP) and monthly issuing calendar is also ongoing, supported by the AfDB through its Institutional Support Project (ISP)

PILLAR FOUR: Policy based fiscal strategy and budgeting

Pillar IV deals with the preparation of fiscal policy and the budget according to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections. Effective policy-based fiscal strategy and budgeting facilitates attainment of the tripartite goals of aggregate fiscal discipline, strategic allocation of resource, and efficient service delivery in several critical ways, including through

- Macroeconomic forecasting and fiscal policy formulation, which provides the basis for determining the feasible limits of revenues and expenditures and the setting of affordability constraints and boundaries through
- Defining fiscal constraints to anchor realistic fiscal projections of revenue and expenditure for budgeting and determine the level of government revenues and expenditures needed to achieve the fiscal objectives
- Strategy planning and budgeting, with the aim of determining the revenue and expenditure composition and trade-offs that optimize the achievement of the complex and often conflicting sets of policy objectives
- Promoting waste minimization by optimizing the composition of revenue and expenditure in budget allocation

Pillar IV has four indicators, viz

- PI-14. Macroeconomic and fiscal forecasting
- PI-15. Fiscal strategy
- PI-16. Medium term perspective in expenditure budgeting
- PI-17. Budget preparation process
- PI-18. Legislative scrutiny of budgets

PI-14. Macroeconomic and fiscal forecasting

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-14. Macroeconomic and fiscal forecasting (M2/AV)	**D**	**The government did not update the macroeconomic forecasts underlying the budget in the latter two of the three years covered by this indicator. Production of the Medium-Term Economic Fiscal Framework, which discontinued after 2019 and restarted in 2022, against 2023 – 2026. Revenue and expenditure projections are only for the budget year, and do not include outer years.**
14.1 Macroeconomic forecasts	**D**	There was no update of the Medium-Term Economic Fiscal Framework in the latter two of the last three completed fiscal years, FYs 2021 and 2022.
14.2 Fiscal forecasts	**D**	There were no forecasts of revenue, expenditure, and the budget balance for the budget year and the two following fiscal years as part of the 2021 and 2022 budget processes. The executive budget submitted to the legislature for approval and the approved budget do not include outer year projections of revenues and expenditures.
14.3 Macrofiscal sensitivity analysis	**D**	The government did not prepare macrofiscal forecasts for the latter two of the three years under consideration, i.e., for FY 2021 and FY 2022. The macrofiscal forecasts prepared for the FY 2020 (i.e., MTEFF 2020 – 2024) did not include a qualitative assessment of the impact of alternative macroeconomic assumptions.

General description of the characteristics of the indicator within the scope covered

PI-14 measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It also assesses the government's capacity to estimate the fiscal impact of potential changes in economic circumstances. The importance of this is that robust macroeconomic forecasts and fiscal projections support the development of a predictable and sustainable fiscal strategy, which itself promotes aggregate fiscal discipline. Macroeconomic forecast and projections will be robust when they follow a verifiable, transparent, and formalized process, and have underlying assumptions that are clear, explained, and demonstrable.

The indicator has three dimensions and uses **M2 (AV)** for aggregating dimension scores. The dimensions are

- Dimension 14.1. Macroeconomic forecasts
- Dimension 14.2. Fiscal forecasts

- Dimension 14.3. Macrofiscal sensitivity analysis

The PFA 2014 makes provisions for multiyear perspective in fiscal planning but casts them in nonbinding language. *Section 3(1)* of the Act requires MoFEA to "develop the Government macro-fiscal policy and medium-term revenue and expenditure framework for budget preparation". The Act lists the appropriation bill documents that the National Assembly should include, i.e., "preliminary projections in broad categories, for revenues, expenditures, and possible deficit of two years after the budget year". The Act, however, makes the preparation of this policy document "subject to the Ministry finalizing the medium-term expenditure framework for the Government" *(s 24(e)iv); see PI-5 on budget documentation above*. The assessors believe that these are the only references in the law to multiyear budgeting and fiscal forecasting, and they clearly do not compel the "finalization" of multiyear fiscal plans. The assessors are unaware of any other law or regulations with provisions on the subject.

Conclusive multiyear fiscal programming is a not currently a feature of budgeting in the Gambia. Efforts at preparing a medium-term economic and fiscal framework (MTEFF), revised annually have been sporadically on and off since 2018, with no annual edition concluded timeously to provide meaningful guidance to budget preparations. Preparation of the current 2023 – 2026 edition was still in process as at the end of November 2022, when the NA had completed deliberations on and approved the 2023 revenue and expenditure estimates (the budget). The preceding edition to that was in 2019, covering the period 2020 – 2024; there was no 2020 edition. There was also a draft in 2018, "but it [was] not approved … The authorities formulated an MTFF primarily to help them prepare for the International Conference of May 2018 in support of the National Development Plan (NDP)"[1]. The MoFEA does not present the MTEFF to the National Assembly as part of the budget process; neither does it also present it to the cabinet for approval. Consequently, MoFEA does not cast budget estimates in a multiyear perspective, as *s 24(e)iv)* of the PFA requires it to do if it concludes the preparation of the MTEFF. The single year casting of budget estimates confirms the inconclusive nature of the MTEFF and multiyear fiscal programing; MoFEA is not yet fulfilling the requirements of *(s 24(e)iv)* that would enable it to cast the budget otherwise.

The current situation represents a rollback of reforms from a decade earlier. The Gambia introduced fiscal forecasting and the preparation of fiscal aggregates around 2011/2012, when it first developed the Budget Framework Paper (BFP), approved by the cabinet. The BFP included expenditure ceilings and formed the basis for the issuing of the budget call circular (BCC). It is not clear when this process stopped. However, an IMF technical assessment reports that the authorities drafted "A Medium-Term Fiscal Framework (MTFF) … in 2018 but not approved.

The period covered by this indicator is the last three completed fiscal year, i.e., FY2019, FY2020, and FY2021. The corresponding MTEFF would be as follows: FY2019 - MTEFF 2020 – 2024; FY2020 - MTEFF 2021 – 2025, and FY2021 - MTEFF 2022-2026. However, the MTEFF did not have a 2020 edition, as already indicated above, and the 2021 edition was only in draft form at the time of the assessment.

PI-14.1. Macroeconomic forecasts

This dimension reviews the extent to which the annual budget process involves preparing and annually updating comprehensive medium-term macroeconomic forecasts and underlying assumptions to guide fiscal and budget planning, submitting them to the legislature. The assessment methodology requires that the macroeconomic forecasts include, at a minimum, estimates of *GDP growth*, *inflation*, *interest rates*, and the *exchange rate*. It also requires that an independent entity from the entity preparing the forecasts (e.g., a fiscal council) reviews the forecasts and the underlying assumptions to confirm their robustness. For effectiveness, the budget documentation submitted to the legislature should include forecasts of key macroeconomic indicators and the underlying assumptions.

The Economic Policy and Research Directorate (EPRD) of the Ministry of Finance and Economic Affairs prepares a document titled, Medium-Term Economic Fiscal Framework (MTEFF). In concept, the MTEFF is a "four-year rolling government spending plan … a mechanism for establishing multiyear objectives for budgetary policy and

[1] See; 2019 IMF PIMA report, *p. 25*

budgetary expenditure …”.[1] However, the document does not live up this expectation, as explained above. The preparation of the 2018 edition was to support solicitation for international funds. Neither the cabinet nor the legislature approved it. The edition published on MoFEA's website at the time of the field mission for this assessment in October – November 2022, was the 2019 edition version, which covered the period, 2020 – 2024. Both the EPRD and the National Assembly confirmed that this document was not part of the budget documentation submitted to the legislature for review and approval. There was no confirmation of the review and of the document by an independent party, and the cabinet did also review it.

The EPRD and MoFEA did not produce any edition of the MTEFF in 2020 and 2021, i.e., the government did not update the policy document until November 2022, when it produced a draft of the 2023 – 2026 edition. In effect, the government did not update the macroeconomic forecast for two of the last three completed fiscal years, covered by this dimension, i.e., FYs 2021 – 2022.

Performance level and evidence for scoring the dimension

In summary, MoFEA did not prepare forecasts of key macroeconomic indicators for two of the last three last completed fiscal years, i.e., FYs 2021 – 2022. In addition, MoFEA has not been submitting the MTEFF to the legislature for review as part of the budgeting process, until now. The MoFEA explained that it could commence such submission with this current version. Were MoFEA to finalize and submit the 2023 – 2026 version to the legislature, it would be doing so after the National Assembly would have completed the review of the 2023 detailed estimates submitted to it on November 14, 2022. The National Assembly has 14 days to complete the detailed review of the estimates and to adopt the budget *(s. 152 (1A) of the Constitution)*. Effective review of fiscal projections requires their prior submission to allow adequate time for the process.

Besides, a review of the new MTEFF draft shows that the document projects macroeconomic indices in a Table titled, "Macro Fiscal Projections as of November 1st, 2022" on page 7. The *Table* includes projections of "GDP Real Growth Rate" and "Inflation" for the period 2023 – 2026. However, it does not include projections of interest rate and exchange rate. Projections of "interest" in the document are of "Interest Payments (% of GDP)" and "Interest Payments (% Revenue)". Thus, the government prepares forecasts of key macroeconomic indicators for the budget year and the three following fiscal years, but some key elements are missing.

These performances do not meet the requirements for a higher score; consequently, the score for this dimension is D.

PI-14.2. Fiscal forecast

This dimension assesses the preparation of a fiscal forecast for the budget year and the two outer fiscal years based on updated macroeconomic projections that reflect approved expenditure and revenue policy settings. The updated revenue projections should be by revenue type and should clearly identify underlying assumptions (including rates, coverage, and projected growth).

The medium-term fiscal forecasting in The Gambia is still evolving, at best, as explained above. Medium-term projections of revenue, expenditure, and the budget balance for the budget year and two outer years were not a part of the budget process in at least two of the last three completed fiscal years, i.e., FYs 2020, 2021, and 2022. The MTEFF (including fiscal forecasts) produced in June 2019 was for the period, 2020 – 2024. There were no updates in 2020 to guide the 2021 budget process, and in 2021 for the 2022 budget process. MoFEA recently produced a currently a draft MTEFF, dated November 2022, covering the period 2023 – 2026.

The draft MTEFF 2023 – 2026, produced in November 2022, includes a section in fiscal forecast[2]. The forecast shows the current year and medium-term projections of revenue, expenditure, and the budget balance. The revenue forecast includes the main revenue heads of domestic (tax and nontax) and grants (program and project). The

[1] The Government of the Gambia, Medium Term Economic Fiscal Framework 2023 – 2026, Ministry of finance and Economic Affairs, November 2022

[2] See pages 22 - 24

classification of expenditure includes personnel emoluments, interest (domestic and external), other charges (goods and services, and subsidies and transfers), and investment (GLF and externally financed – loan and grants). However, the document was still in only in draft form as at mid November 2022, when the 2023 budget was well under consideration by the National Assembly, as already explained above. It is not clear that the fiscal forecast, therefore, could have been the basis for preparing the 2023 budget estimates, especially since had received the approval of neither the cabinet nor legislature.

The evidence shows that MoFEA has sufficient information to cast a medium-term outlook for the budget; however, it does not do so. Every year, the budget call circular (BCC) requests budget entities to cast their budget (revenue and expenditure) proposals in the medium-term, i.e., the current year and two outer years; budget entities comply. Using this information, the ministry prepares detailed revenue and expenditure estimates for submission to the National Assembly. The estimates cover aggregates and details of revenue and expenditure, and the budget balance for the current year only, and excludes the two outer years.

Performance level and evidence for scoring the dimension

In summary, performance on this dimension is that the government did not prepare forecasts of revenue, expenditure, and the budget balance for the budget year and the two following fiscal years as part of the 2021 and 2022 budget processes. Forecasts of revenue, expenditure, and budget balance are only for the budget year, and do not include the two following fiscal years. The executive budget submitted to the legislature for approval and the approved budget do not include outer year projections of revenues and expenditures. There is no information to complete *Table 14.1*.

This performance does not meet the requirements for a higher score; consequently, the score for this present dimension is D.

PI-14.3. Macrofiscal sensitivity analysis

This dimension assesses the extent of preparing and publishing alternative fiscal scenarios based on plausible unexpected changes in macroeconomic conditions or other external risk factors that can potentially impact on revenue, expenditure, and debt. Usually, such scenario mapping involves a debt sustainability analysis. The scenario mapping should analyze potential changes to macroeconomic forecasts due to uncontrollable external risk and other factors, e.g., impact of changes in global growth, commodity prices, exchange rates, etc., and based on this develop alternative fiscal outlooks, e.g., pessimistic, optimistic, etc., scenarios. Both the scenario mapping and preparation of the baseline scenario used for the approved fiscal forecasts (i.e., the fiscal and budget policy processes and reporting) should happen concomitantly, and the presentation of their fiscal projections and underlying assumptions should use the same format.

The analysis in Dimension 14.1 above demonstrates the current nonviability of macroeconomic forecasting in The Gambia. There can be no macrofiscal sensitivity analysis in the absence of such viable forecasting. MoFEA articulates macroeconomic and fiscal forecasts in the Medium-Term Economic Fiscal Framework; the government did not produce any against the fiscal years 2021 and 2022, as already shown. The MTEFF 2020 – 2024, produced in June 2019 against FY2020, includes a section on "Fiscal Shock (Risk Scenarios)", which analyzed two scenarios – a baseline and shock scenarios. The shock scenario relates to the "insolvent positions of SOEs[which] makes them vulnerable to shocks that migrate directly to the government's balance sheet. External shocks that affect one SOE would also likely affect other SOEs not only directly but also through the extensive network of cross (inter) SOE exposures further compounding the adverse fiscal and debt impact on the government"[1]. However, the failure to produce versions of the MTEFF for the 2021 and 2022 fiscal and budget processes prevented MoFEA from upgrading this analysis. The draft MTEFF 2023 – 2026, produced in November 2022, does not include an analysis of alternative fiscal scenarios. Note, however, that that version relates to the 2023 fiscal year, which is outside the time coverage for this indicator.

[1] MoFEA: MTEFF 2020 – 2026, June 2019, *p. 45*; see: www.mofea.gm

Performance level and evidence for scoring the dimension

The government did not prepare macrofiscal forecasts for two of the three years under consideration, i.e., for FY 2021 and FY 2022. The macrofiscal forecasts prepared for the FY 2020 (i.e., MTEFF 2020 – 2024) did not include a qualitative assessment of the impact of alternative macroeconomic assumptions. This performance does not meet the requirements for a higher score; therefore, the score for this dimension is **D**.

Recent or ongoing reform activities

Reforms on multiyear fiscal forecasting and programming have been ongoing, but sluggishly for several years. The MoFEA recently revived the reforms with the preparation of a draft of the Medium-Term Economic Fiscal Framework, 2023 – 2026, in November 2022. Development partners, especially the IMF are adding impetus to the reforms with technical support to MoFEA to develop capacity for the preparing of MTEFF, including macroeconomic and fiscal forecast, and the preparation of fiscal strategy. The plans also include submitting the draft MTEFF to the cabinet for approval.

PI-15. Fiscal strategy

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-15. Fiscal strategy (M2/AV)	**D**	**The government did not analyze and document the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year in the last three completed fiscal years and it did not prepare a fiscal strategy in the last fiscal year.**
15.1 Fiscal impact of policy proposals	**D**	MoFEA did not provide evidence of analyzing and documenting the fiscal impact of policy proposals in FY2021 and FY2022 budgets, as good practice requires, neither did it provide evidence of consolidating such analysis, where budgetary entities analyze the impacts as it affects them.
15.2 Fiscal strategy adoption	**D**	The Gambia did not prepare any fiscal strategy for the last completed fiscal year (FY 2021), which is the period covered by the dimension.
15.3 Reporting on fiscal outcomes	**NA**	The government did not prepare any fiscal strategy in the last completed fiscal year, which is the period covered by this dimension. There was, therefore, nothing to report on.

General description of the characteristics of the indicator within the scope covered

This indicator measures the capacity to develop and implement a clear fiscal strategy, and to assess the fiscal impact of revenue and expenditure policy proposals supporting the achievement of government's fiscal goals. The role of fiscal strategy is in its potential for clear articulation of fiscal policy objectives, including specific quantitative and qualitative fiscal targets and constraints, to central government units, the legislature, and the public. A fiscal strategy provides a framework for assessing the fiscal impact of revenue and expenditure policy proposals during the annual budget preparation process. Thus, a fiscal strategy helps to secure the alignment of budget policy decisions with fiscal targets, thereby supporting aggregate fiscal discipline and the strategic allocation of resources to policy priorities.

This indicator has three dimensions and uses the **M2 (AV)** method for aggregating dimension scores. The dimensions are

- Dimension 15.1. Fiscal impact of policy proposals
- Dimension 15.2. Fiscal strategy adoption
- Dimension 15.3. Reporting on fiscal outcomes

For the legal and institutional setting for fiscal strategy, refer to the discussion in PI-14 above.

PI-15.1. Fiscal impact of policy proposals

PI-15.1 measures capacity to estimate the fiscal impact of revenue and expenditure policy proposals developed during budget preparation. Evaluation of fiscal implications of policy changes is critical for several reasons, including to ensure the affordability and sustainability of proposed policies; avoid revenue shortfalls, prevent deficits and debt buildup due to inaccurate estimation of the fiscal implications of policies, and avert undermining ability to deliver services to citizens. The responsibility for analyzing and documenting the fiscal impact of policy proposals belongs to the Ministry of Finance or equivalent central government entity. At the least, the ministry should consolidate the analysis, where budgetary entities analyze the impact as it affects them. For effectiveness, such estimates of the fiscal impact of policy proposals should meet, at least, three basic criteria, including that

- It should be comprehensive and complete, covering all anticipated changes in revenue and expenditure policy
- The estimates should include the budget year and the following two outer years
- The legislature should have the analysis of the impact of the changes for review, probably as part of budget documentation.

The assessors reviewed budget documentation to the legislature for FY2021 and FY2022. It was not possible to obtain budget documentation for FYs 2019 and 2020, either from MoFEA website or directly from MoFEA or the national assembly. The two items that constitute relevant budget documentation in the case of the Gambia are the executive budget proposals (i.e., detailed estimates of revenue and expenditure) submitted to the legislature and the statement of the Minister of Finance and Economic Affairs on the laying estimates, aka, explanatory note. The detailed revenue and expenditure estimates incorporate many of the items specified under *s. 24* of the PFA 2014 as constituting the Appropriation Bill Documents[1]. The explanatory note is the government's fiscal policy statement, albeit, in summary form. The more detailed fiscal policy statement to the National Assembly is the president's budget speech, delivered after the National Assembly has concluded review of and has approved the detailed revenue and expenditure estimates. The president's budget speech accompanies the laying of the appropriation bill that authorizes withdrawal of moneys from government coffers, when approved, to implement the earlier approved estimates. The assessors also reviewed the FY2022 budget speech, delivered on October 28, 2021.

It is evident that the government made some major revenue and expenditure policy changes with fiscal implications in FYs 2019 – 2021. For instance, the fiscal challenges of coping with the COVID-19 pandemic forced the reordering of priorities to focus on it, "practically" suspending implementation of the agenda of the National Development Plan (NDP) 2018 – 2021 and extending its life span to FY2022. This was a major expenditure policy change that entailed a reordering of priorities, affecting FY2020 and FY2021 budgets. "The pandemic and measures imposed to curb its spread diminished revenues and income, increased expenditures on already pressured social sectors like health and education and reduced or halted economic activities in many productive sectors.[2]" However, there is no evidence of analysis and documentation of the fiscal impact of the potential changes in revenue and expenditure policy occasioned by refocusing spending on combatting the impacts of COVID-19 during the FY2020 and FY2021 budgeting seasons. The assessors could not obtain documentary evidence of such analysis, if any, for review. The regular budget document presented revenue and expenditures in the usual way, but there was no analysis of the fiscal implications of this major policy change.

There are also revenue policy changes. The Gambia benefitted from the G20 Debt Service Suspension Initiative (DSSI), which offered relief to eligible low-income countries on official bilateral debt-service payments (principal and interest) due between May and December 2020. The initiative suspended the payments covered, "with a one-year grace period followed by a repayment period of three years, and a neutral net present value structure"[3]. The DSSI "provided a relief of D287.24million (USD 5.5 million) in debt service payments for the 2020 fiscal year" and "will yield a savings of D4.7 billion (USD 90.9 million) in debt service deferral over the next five years (2020

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[1] See: *"The Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year 2022"*, aka, "explanatory notes", available at MoFEA website, www.mofea.gm. Paragraph 4 of this state includes the following, Section 24 of this Act specifies the content of the Appropriation Bill Documents. The relevant documents are now incorporated in the documents on the Estimates of Revenue and Expenditure being presented to this National Assembly". See also *PI-5* above for the list of these items.

[2] 2022 explanatory notes, *p. 3*

[3] See the 2021 explanatory notes, *p. 6*

–2024)"[1]. However, there is no evidence of medium-term analysis of the fiscal impact of the policy change that this occasioned.

The explanatory notes also reveal new expenditure policy proposals in FYs 2021 and 2022, although, sometimes, couched in a language that does not suggest so. The *Table* below presents a sample of these new policy proposals. However, it was not possible to obtain estimates of the fiscal impact of these proposals developed during budget preparation, beyond the information included in the *Table*. Neither the executive budget proposals nor the approved version shows further details of these expenditure proposals. For example, the FY2022 approved and executive budget plans on the proposed Health Insurance Scheme showed only the following entries

	2020 Actual	Approved 2021	2022 Estimates
25 Subsidies			
251 Transfers Public Corp /Inst			
…			
…			
251110 NAO Health Insurance Scheme	0	2,000,000	5,000,000

It was not possible to obtain details on background budget papers and working documents from MoFEA that would show details on these and other new policy proposals.

Table 0.10: Some New Expenditure Policy Initiatives in FY2021 and FY2022 Budget Documentations

New Policy Initiative	Details
FY2021 New Policies	
(i) Programme for Accelerated Community Development (PACD) and sustainable infrastructural development, implemented through local councils	"PACD aims to improve access to basic social services for rural populations through the establishment of socio-economic infrastructures, while also promoting the involvement of local actors in the economic and social development of their localities"
(ii) "Primarily financing of road projects through the GLF, instead of through DPs, unlike in previous periods"	
FY2022 New Policies	
(i) Programme for Accelerated Community Development (PACD) – continued from FY2021	Contributes to reducing disparities in development between Rural and Urban Gambia
(ii) Health Insurance Scheme	Proposal on Health Insurance Scheme, to "target civil servants and other vulnerable groups that have limited access to quality health care. Through this scheme, there will be guarantees that these vulnerable people will have medical attention as and when the need arise"[2]
(iii) New "Expenditures & Financing" reform proposals	Planned recruitment of additional teachers by MoBSE, allowances to election officers, increased allowances for nurses and midwives (MoH), yearly promotion increments[3]
(iv) Substantial curtailment of Other Current (Non-Interest Expenditure) Expenditure by 41 per cent, from D19.1 billion in 2021 to D11.3 billion in 2022	Projected increase in personnel emoluments by D300,000, i.e., "from D4.8 billion in 2021 to D5.1 billion in 2022"[4] - planned recruitment of additional teachers by MoBSE, allowances to election officers, increased allowances for nurses and midwives (MoH), yearly promotion increments, etc.
(v) D1 billion under the MoH to cover Covid 19 related expenses	Vaccination logistics, medical supplies, and the operationalization of treatment centres
(vi) Required to upgrade vital roads, energy, and water infrastructure across the country due to the planned hosting the OIC Heads of State and Governments Summit in 2022	Increase in capital expenditure by 159 percent to D12.16 billion in 2022, from D4.69 billion in 2021

Performance level and evidence for scoring the dimension

In summary, the evidence suggests that the government did not prepare or provide evidence of estimates of the fiscal impact of its new revenue and expenditure policy proposals between FYs 2019 and 2021. Despite repeated requests, MoFEA did not provide evidence of analyzing and documenting the fiscal impact of policy proposals in FY2021 and FY2022 budgets, as good practice requires, neither did it provide evidence of consolidating such analysis, where budgetary entities analyze the impacts as it affects them. The government, consequently, did not present any such estimates to the legislature.

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[1] Ibid.
[2] 2022 Explanatory Notes, *p. 8*
[3] 2022 Explanatory Notes, *p. 8*
[4] 2022 Explanatory Notes, *p. 8*

This level of performance is not consistent with the requirements for a higher score. Consequently, the score for this dimension is a **D**.

<table>
<tr><th colspan="9">Table 15.1. Scoring Guide for PI-15.1</th></tr>
<tr><th colspan="4" rowspan="2">Proposed changes with estimates submitted to the legislature during budget preparation</th><th colspan="5">Proposed changes with estimates not submitted to the legislature during budget preparation</th></tr>
<tr><th colspan="4">Estimates prepared by the government but not submitted</th><th>Estimates not prepared</th></tr>
<tr><td colspan="3">All</td><td>Not all</td><td colspan="3">All</td><td>Not all</td><td rowspan="2"></td></tr>
<tr><td>For T, T+1 and T+2 for all three FY under review</td><td>At least T for all three FY under review</td><td>If two FY only</td><td></td><td>For T, T+1 and T+2 for all three FY under review</td><td>At least T for all three FY under review</td><td>If two FY only</td><td></td></tr>
<tr><td>A</td><td>C</td><td>D</td><td>D</td><td>B</td><td>C</td><td>D</td><td>D</td><td>D</td></tr>
<tr><td colspan="9">Source: PEFA Fieldguide, Vol. II, 2/e, 2018, p. 97</td></tr>
</table>

Data is not available to complete the recommended Table 15.2 in the Fieldguide.

Table 15.2: Fiscal impact of policy proposals submitted during budget preparation *[Recommended table]*

Ministry	Name of	Fiscal	Revenue/Cost information
Revenue policy proposals			**Do the proposals present total revenues to be collected for all budget years**
Sub-total			
Expenditure policy proposals			**Do the proposals present full costs (including current costs of capital projects) for all budget years**
Sub-total			
TOTAL			

PI-15.2. Fiscal strategy adoption

This dimension assesses the extent of preparation of fiscal strategy, outlining fiscal objectives for the budget year and the next two outer fiscal years, at least. A fiscal strategy that is current will include qualitative objectives of fiscal policy to guide the government, at a minimum; however, a good strategy includes more than qualitative objectives. It also defines quantitative objectives, targets, or policy parameters, e.g., the level of fiscal balance, aggregate CG expenditures or revenues, and changes in the stock of financial assets and liabilities.

Governments express fiscal strategies in various ways, e.g., as statutory fiscal rules, formal statement or plan, targets the annual budget documentation, etc. The assessment methodology regards statutory fiscal rules as being current if actively considered setting and reviewing fiscal policy and budgets. They will not be current, if otherwise ignored and not reflected in fiscal policy and budgets.

The Gambia has not inaugurated formal rules to guide the formulation of fiscal policy and budget, institute fiscal discipline, safeguarding debt sustainability. The Public Finance Act (PFA) 2014 governs public financial management, budgeting, and debt management, but does not have rules on fiscal strategy and fiscal responsibility. The formal process for the preparation and adoption of fiscal strategy is still evolving and currently underdeveloped, as explained in PI-14 and Dimension 15.1 above. The government did not prepare any MTEFF to guide the 2021 fiscal policy and budget period, as explained above.

Performance level and evidence for scoring the dimension

The Gambia did not prepare any fiscal strategy for the last completed fiscal year (FY 2021), which is the period covered by the dimension. This performance does not meet the requirements for a higher score. Consequently, the score for this dimension is **D**.

PI-15.3. Reporting on fiscal outcomes

This dimension assesses the extent to which the government makes available - as part of the annual budget documentation submitted to the legislature - an assessment of its achievements against its stated fiscal objectives and targets. The assessment should also include an explanation of any deviations from the approved objectives and targets as well as proposed corrective actions. Actions should refer to specific initiatives that directly link to improvements in fiscal outcomes.

Performance level and evidence for scoring the dimension

The government did not prepare any fiscal strategy in the last completed fiscal year, which is the period covered by this dimension. There is therefore nothing to report on. Consequently, this dimension is not applicable. The score is NA.

Recent or ongoing reform activities

See PI-14 above.

PI-16. Medium-term perspective in expenditure budgeting

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-16. Medium-term perspective in expenditure budgeting (M2/AV)	**D**	**Migration to full multiyear perspectives in budgeting is in process; expenditure ceiling covers less than 60% of the budget.**
16.1. Medium-term expenditure estimates	**D**	The budget call circular requests for and receives three-year forward-looking MDA budget submissions; however, estimates of revenue and expenditure presented in the budget are for the budget year and the current year only; they do not include estimates for outer years.
16.2 Medium-term expenditure ceilings	**D**	Migration to multiyear perspectives in fiscal planning and budgeting is in process; the government does not approve expenditure ceilings for the budget year and the two following fiscal years before the issuing of the first budget circular. Multiyear ceilings in the budget call circular covers only goods and services, subvention, and development component of GLF origin; this excludes external funding, about 40% of spending, and personnel costs.
16.3 Alignment of strategic plans and medium-term budgets	**D**	Ministries do not have extant medium-term strategic plans that meet the definition; work is still evolving in this area, as it is also around the provision of hard budget constraints (through medium-term fiscal strategies) to guide budget entities to cost their strategic plans realistically to improve funding assurance for them. Expenditure policy proposals in the annual budget estimates do not always align with the priorities of the NDP due to complications introduced by donor preferences and "political prioritization".
16.4 Consistency of budgets with previous year's estimates	**NA**	The Gambia is yet to adopt the multiyear budgeting technique, as explained *PIs 14 and 15*, and *Dimensions 16.1-3*.

General description of the characteristics of the indicator within the scope covered

PI-16 examines the extent of development of medium-term expenditure budgets within explicit medium-term budget expenditure ceilings, the derivation of annual budgets from medium-term estimates, and alignment between medium-term budget estimates and strategic plans. A medium-term budgeting perspective has multiple advantages in fiscal and budget management. It provides a baseline for future budget allocations, which fosters aggregate fiscal discipline and enhances greater predictability in budget allocations, expenditure planning, and prioritization. It also facilitates the tracking of expenditure policy decisions by the government, parliament, and civil society. In addition, it helps to highlight the future implications of current fiscal policy decisions, thereby providing a useful framework for managing incremental changes in resource allocation.

The indicator consists of four dimensions and uses the **M2 (AV)** method for aggregating dimension scores. The dimensions are

- Dimension 16.1. Medium-term expenditure estimates
- Dimension 16.2. Medium-term expenditure ceilings
- Dimension 16.3. Alignment of strategic plans and medium-term budgets
- Dimension 16.4. Consistency of budgets with previous year's estimates

The PFA 2014 provides for a multiyear perspective in fiscal planning; however, there is no compulsion about this. The wording of the law clearly makes medium-term expenditure programming by MoFEA discretionary. See *PI-14* and *PI-15* above for detailed narrative on the legislative and institutional arrangements governing this topic.

16.1. Medium-term expenditure estimates

This dimension assesses whether the annual budget process includes the preparation and updating of medium-term expenditure estimates to strengthen fiscal discipline and improve predictability of budget allocations. The medium-term estimates should disaggregate expenditures high-level administrative, economic, and program or functional categories. The administrative disaggregation should use the relevant budget head of appropriation, i.e., the ministry or department, while the economic disaggregation should be according to the first two digits of the GFS or equivalent classification. This will give administrative and program leaders the necessary the flexibility to manage and respond to budgetary pressures within their expenditure ceilings

There is currently no culture of multiyear fiscal programming in The Gambia, as variously explained above. The tradition of preparing multiyear fiscal estimates with high-level administrative, economic, programmatic, or functional disaggregation of expenditures started around 2012 with the preparation of BFP but did not endure. Efforts to revive the tradition through the MTEFF have been off and on. Release of the latest edition of the MTEFF was in November 2022 and it relates to FYs 2023 – 2026. However, the document does not include estimates of aggregate (total) expenditure for the medium term, but does not disaggregate it administratively, economically, programmatically, or functionally. There is no evidence of cabinet approval of the document; neither was the document part of the 2023 budget documentation submitted to the legislature on November 14, 2022. Similarly, the earlier MTEFF 2020 - 2024 edition, dated in June 2019, did not include administrative disaggregation, although it includes a two-digit economic classification for the budget year (2020), two preceding years (2018, 2019) and four outer years (2021, 2022, 2023, 2024).

The budget presented to the National Assembly for approval does not have a multiyear perspective. It shows revenue and expenditure estimates for the budget, i.e., next fiscal year (T+1), the approved equivalent for the current year (T), and actual expenditure for the previous year (T-1). Budget entities assert and MoFEA confirms that expenditure proposals presented by budget entities to the ministry have a multiyear perspective, as the budget call circular (BCC) issued by MoFEA always demands. However, MoFEA chooses to present only one-year perspectives to the legislature. The PFA subjects the submission of multiyear macrofiscal projections to the legislature to the Ministry finalizing the medium-term expenditure framework for the Government" ***(s 24(e)iv)***. It should, therefore, be correct to infer that the continued presentation of only one-year budget perspective to the National Assembly is because of the non-finalization of the "medium-term expenditure framework".

Performance level and evidence for scoring the dimension

Gambia's budgeting does not yet follow a multiyear perspective. The annual budget does not present estimates of expenditure for the budget year and the two following fiscal years allocated by administrative or economic classification. Estimates of revenue and expenditure presented in the budget are for the budget year and the current year; they do not include estimates for outer years.

This performance does not meet the requirements for a higher score. Consequently, the score for this dimension is **D**.

16.2. Medium-term expenditure ceilings

This dimension assesses whether ministries apply medium-term expenditure ceilings to their medium-term expenditure estimates to ensure consistency of expenditure beyond the budget year with government fiscal policy and budgetary objectives. Ministries would need to receive such ceilings early in the planning process, i.e., before the distribution of the regular budget circular to herald the commencement of the annual budget preparation cycle, for this to happen. Note: this dimension deals only with medium-term budget ceilings, unlike PI-17.2, which allows for either annual or medium-term expenditure budget ceilings.

Migration to multiyear perspectives in fiscal planning and budgeting is in process in The Gambia and not complete, as already variously indicated above. The culture of the cabinet approving medium-term expenditure ceilings during the planning period, ahead of the commencement of the budgeting season is not yet a part of the landscape. The fiscal policy document that should contain medium-term expenditure ceilings is the MTEFF, which is currently undergoing reform; the reform has not yet advanced to level of the cabinet approving binding medium-term expenditure ceilings included in the MTEFF. In fact, the MTEFF does not include such ceilings. Correctly stated, the government did not produce any MTEFF for the "last budget submitted to the legislature"[1], on November 14, 2022, i.e., the FY2023 budget. The MTEFF 2023 – 2026 that should have served the purpose was still in the process of drafting when the ministry submitted the detailed expenditure estimates to the National Assembly for approval. Neither the cabinet nor the legislature reviewed and approved the document as part of the FY2023 budget formulation process.

However, the regular budget call circular includes multiyear ceilings for some items, not all. The FY2023 BCC[2] includes in its Appendix A, "Proposed Expenditure Ceilings by MDAs (Dalasi Million)" for the medium-term, FY 2023 – FY2025. The ceilings are for expenditures on goods and services, subvention, and development component covered by the GLF only. It does not include external funding, which is about 40 percent of the budget, and it does not cover personnel costs. Besides, MoFEA issued the ceilings in the regular BCC, as part, not ahead of, the budgeting process. In addition, there is no evidence of the cabinet approving the ceilings before their issuing.

The 2019 IMF PIMA report made the following comment on these ceilings.

> "**Indicative multiyear ceilings of development expenditures are provided in the BCC.** BCCs have included indicative development ceilings by MDA every year since 2014. These ceilings reflected similar guidance on budget allocations for development spending for each MDA in the BFP for the years 2012 through 2017. The BCC ceilings were still issued in 2018 and 2019 even though a BFP or its equivalent was not approved by cabinet. The ceilings, however, have had limited usefulness for public investment management. First, they have been based on GLF funds only. The purpose of ceilings – typically to place a maximum on the sum of funding that can be requested – is not applicable when donor project agreements provide funding to cover project expenditures on a project-by-project basis. Second, ceilings and out-turns have diverged significantly ..."[3] (underlining emphasis added).

Performance level and evidence for scoring the dimension

Migration to multiyear perspectives in fiscal planning and budgeting is in process; the government does not approve expenditure ceilings for the budget year and the two following fiscal years before the issuing of the first budget circular. The MoFEA issues medium-term aggregate expenditure ceilings and ministry-level ceilings for expenditures funded from local resources, excluding personnel emoluments, in the budget call circular. The ceilings also exclude external resources that account for about 40 percent of aggregate expenditures.

This performance is not consistent with the requirements for a higher score. Therefore, the score for this dimension is **D**.

[1] Which is the time coverage of this dimension.
[2] Ref.: EMC252/290/01 (MS), dated, 29th July 2022
[3] 2019 IMF PIMA Report, *p. 31*

16.3. Alignment of strategic plans and medium-term budgets

Dimension 16.3 assesses the alignment of approved expenditure policy proposals with costed ministry strategic plans or sector strategies. This requires strategic plans needs to do key five things: (i) identify resources required to achieve medium to long-term objectives and planned outputs and outcomes, (ii) identify the cost implications of current policy commitments, and any inherent funding gap, (iii) prioritize new expenditure policy proposals consistent with government policy objective, (iv) cost recurring expenditures, capital costs, and future recurrent cost implications of investment commitments, (v) identify every source of funding. The costing needs to be realistic, even if the sector plans are aspirational, as they often tend to be. Realistic costing considers the government's fiscal policy objectives and the fiscal constraints they impose on expenditure decision-making. Strategic plans and budget estimates will align when they cover the same or similar policy objectives, initiatives, activities, or programs.

The Gambia has a four-year medium-term development plan, called the National Development Plan, 2018 -2021. The life span of the plan should have expired in 2021, but for the COVID-19 pandemic, which interrupted its implementation and 'forced' its extension to FY2022. A successor plan, the New National Development Plan, is currently under preparation.

There is no evidence of the existence of ministry and/or sector strategic plans drawing from or feeding into the national plan, or of realistic costing of such strategies. Efforts to obtain copies of such sector or ministry strategies for perusal met with minimal success, despite assertions that ministries prepare strategies as the assessment in PI-8 above shows. The assessors could not access the documents for such key ministries as those relating to education, health, agriculture, and energy and petroleum. Additional efforts to obtain the documents from the ministries' websites was unsuccessful. For instance, there was no sector strategy on the website of the Ministry of Agriculture (MoA)[1], the website of the Ministry of Health (MoH) was not reachable[2], and repeated attempts to download a document titled, "The MoBSE Education Plan and Programme" from the Ministry of Basic and Secondary Education's website[3] was unsuccessful.

The assessors could obtain the strategic plans of only two ministries during this assessment exercise. These are those of the Ministry of Women, Children, and Social Welfare (Strategic Plan 2021 - 2025) and the Ministry of Transport, Works, and Infrastructure (Sector Strategic Plan 2022 - 2026). As is easily observable from the dates and quality of these documents, and as ***PI-8*** above also notes, the state of play is not uniform in the preparation of medium-term strategic plans, including with the timing and timeliness in the preparation and submission of these documents. For instance, one plan relates to the period "2021-2025", while the other relates to the period, 2022-2026. This fluidity suggests that the situation is still evolving, with enforcement, coordination, and monitoring by MoFEA still an evolving and yet-to-mature process. Besides, a perusal of the two strategic plans shows that while their projects and programs may have drawn on National Development Plan (NDP) 2018 – 2021 priorities, it is difficult to decipher a methodology to, rationale bases for, or assumptions underpinning their costing, or a reasonable assurance of their funding *(see below)*.

In addition, the lack of approved fiscal policy objectives and fiscal strategy to guide the costing of sector plans, as shown in the preceding dimensions and some indicators, would constitute important constraints to proper costing of such sector plans, were they to exist. A critical role of role approved fiscal policy objectives and fiscal strategy is to confront budget entities with hard budget constraints within which they would operate and must cast their budget to stand a reasonable chance of obtaining funding. The costing process would find it difficult to align 'expenditure policy proposals with costed ministry strategic plans or sector strategies' in the absence of such serious and meaningful hard budget constraints.

Since the practice of medium-term strategic planning is still evolving and since there are no ministry or sector-wide medium-term strategic plans meeting the definition, the question of alignment of expenditure policy proposals in the annual budget estimates with the strategic plans does not arise. Indeed, the non-alignment of expenditure

[1] www.moa.gov.gm
[2] https://www.moh.gov.gm/
[3] http://www.edugambia.gm/the-mobse-education-plan-and-programme/the-mobse-education-plan-and-programme

proposals with the priorities of the National Development Plan is a problem acknowledged by both the government and its development partners *(see the assessment of PI-11: Public Investment Management, above)*. Further, as 2019 IMF PIMA report puts it, "While MoFEA is taking steps to link the NDP and the budget process regarding priorities, there is not currently a close alignment regarding funding"[1].

Performance level and evidence for scoring the dimension

Ministries do not have extant medium-term strategic plans that meet the definition; work is still evolving in this area. The non-existence of approved fiscal policy objectives and fiscal strategy denies budget entities proper guidance and rational basis for costing their projects and program, and reasonable assurance of funding availability for their costed projects and program. In addition, expenditure policy proposals in the annual budget estimates do not always align with the priorities of the NDP due to complications introduced by donor preferences and "political prioritization", as explained in *PI-11 above*.

This level of performance does not meet the requirements for a higher score. The appropriate score for this dimension is D.

16.4. Consistency of budgets with previous year's estimates

Dimension 16.4 examines the interlink between medium-term budgets, i.e., whether expenditure estimates in the last medium-term budget are the basis for the current medium-term budget. Such interlink makes it possible to explain, quantify, and reconcile every expenditure variation between corresponding years in each medium-term budget. (Possible causes and explanations of the variations may include changes in macroeconomic conditions, revision of important variables and coefficients, and changes to government policy and expenditure priorities.) Interlink will also establish the dynamism of the medium-term budgeting process, e.g., with each subsequent budget building on its predecessor. It also shows the level of integration of medium-term planning in budget preparation and provides the means to strengthen fiscal discipline beyond a single year.

The Gambia does not cast its budget in a medium-term framework, as explained in the foregoing dimensions and indicators. It is, therefore, not possible to assess this dimension.

Performance level and evidence for scoring the dimension

The Gambia is yet to adopt the multiyear budgeting technique, as explained PIs 14 and 15, and dimensions 16.1 - 3 above. This dimension, then, does not apply.

Recent or ongoing reform activities

See PI-14 above.

PI-17. Budget preparation process

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-17. Budget preparation process (M2/AV)	**D+**	**A clear budget call circular with a fixed calendar of activities and expenditure ceilings exists; however, it allows budget entities only three weeks to prepare their medium-term estimates; the ceilings are mere proposals; and the cabinet reviews the estimates ex-post, after the entities have finalized their budget estimates. The legislature has only 14 days to complete review and approval of the budget.**
17.1Budget calendar	**C**	The FY2022 budget calendar includes a timetable of activities that culminate with the submission of the draft budget to the legislature; actual processes beat the calendar, leading to the submission of the draft budget to the legislature 10 days early. However, the calendar allowed budget entities only three weeks to prepare their estimates.
17.2 Guidance on budget preparation	**D**	Budget entities prepare their budget estimates in detail, before the cabinet reviews them; the budget call circular issued to them covers only domestic resources, which

[1] 2019 IMF PIMA report, *p. 30*

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
		constitutes about ⅔ of the total budgeted spending.
17.3 Budget submission to the legislature	**D**	Insufficient information to assess - dates of submission of estimates to house not available for FYs 2020 and 2021; however, the constitution allows it only 14 days (less than one month) to complete detailed scrutiny and approval.

General description of the characteristics of the indicator within the scope covered

PI-17 measures the quality, orderliness, and timeliness of participation by the political leadership and other relevant stakeholders in the budget preparation process. 'Orderly and timely participation' means the planning, structuring, and implementation of relevant stakeholders' participation with sufficient advance notice to allow for the performance of advance action within a realistic time frame, i.e., without occasioning delays that may affect budgetary units' preparation of their detailed estimates. An orderly budget process promotes fiscal discipline, efficient resource allocation, and efficient service delivery by allowing adequate time and information on procedures and assumptions to consider all key factors in developing budget proposals. Insufficient advance information for preparing budget proposals, or inadequate time to produce fully considered submissions, increases the chances of weak and ill-considered proposals, thereby undermining the potential results for budget outcomes.

This indicator comprises three dimensions and uses the M2 (AV) method for aggregating dimension scores. The three dimensions are

- Dimension 17.1. Budget calendar
- Dimension 17.2. Guidance on budget preparation
- Dimension 17.3. Budget submission to the legislature

The PFA 2014 and the FR 2016 provide the legal and regulatory framework for the budget, including budget preparation in the Gambia, as variously discussed above, e.g., in PIs 5, 6, 10, 14, 15, 16, etc. The Accounting Procedures Manual (APM), 2017 elaborates on this framework by detailing the tasks, roles, and organization of the budget preparation and management process. The highlights of the organization of the budget preparation process in the APM is as follows

- MoFEA has overall responsibility for budget preparation, publication, implementation, control, M & E
- Each ministry establishes a budget committee of the vote controller and budget centre heads
- Preparation of detailed budget timetable showing days and events of the entire budget functions, and its circulation among ministers before the last day of April each year
- Preparation and submission of a BFP, outlining the draft preliminary constraints and outlook for the next budget period, with background analysis of performance to date, to the president by the minister, latest, by eight (8) months to the year end
- Issuance of a BCC, latest, seven months to the end of the year
    - Outlining the government's macroeconomic policy
    - Detailing the timetable to guide budget entities in preparing and submitting the following year's budget
    - Specifying sectoral and departmental budget constraints, and the formats for the budget preparation
- Preparation and submission of revenue and expenditure estimates according to the BCC guidelines to MoFEA by ministries'' budget committees
- Review of ministries' budget proposals for alignment with the government's macro-economic policy framework, and amendment as necessary by MoFEA and ministries
- Submission of draft estimates to the president for review, not later than 60 days to the fiscal yearend, and subsequently, to the National Assembly after any necessary adjustments, not later than 30 days from the fiscal yearend

The Ministry of Finance and Economic Affairs is the fulcrum of the budget preparation process, as indicated above. The APM itemizes the following procedural steps for MoFEA to adopt in discharging this role

- Define the MTFF and determine the medium-term fiscal framework targets
- Allocate resource ceilings and prepare a draft call circular containing expenditure ceilings and revenue targets, and after review and agreement, finalize and circulate to vote holders

- The Budget Directorate conducts sensitization session for vote controllers on the call circular and facilitate their preparation and submission of estimates
- The Budget Directorate receives estimates on "other charges" and on "development charges" from MDAs, "personnel emolument charges" from the Personnel Management Office (PMO) and revenue figures from the DMPA (?)
- Bilateral meetings with vote controllers, amendment of estimates based on agreements reached, consultation with DPs and consolidation of national budget estimates
- Freeze the draft budget, print a cabinet copy of the budget book, prepare a cabinet paper and budget memorandum explaining the estimates for the financial year and the government's policy direction
- Present draft estimates and the policy paper to the cabinet for review and amendments
- Incorporate cabinet amendments and consolidate the budget estimates; print the National Assembly copy and prepare the budget speech.
- Present the appropriation bill to the National Assembly for approval; incorporate any amendment, and present for presidential assent
- Print approved copies of the budget books

In practice, the budget preparation observes most of these organizational phases and roles; however, it skips or nominally performs some key steps. For example, the BFP process has since discontinued, MTFF preparation is ineffectual, and the cabinet does not approve the macrofiscal framework.

PI-17.1. Budget calendar

This dimension assesses the existence of a fixed budget calendar, and the extent of adherence to it. it requires that budget entities have sufficient time to prepare their detailed budget estimates consistent with the guidance and expenditure ceilings given to them, notwithstanding that they may have commenced work on the estimates on their own before the issuance of the BCC. Insufficient time may cause delays in the process leading to, and including late passage of the budget, which could create uncertainty about key government activities, including major contracts.

The Government's APM requires MoFEA to issue a detailed budget calendar (timetable) by the end of April of each year, and the BCC seven months to the end of the year, i.e., by the beginning of June, at the latest (see the foregoing section). The evidence of recent years suggests that MoFEA strives to comply with the stipulation on BCC, but not that on the budget calendar. For instance, the date of issuing the FY2022 BCC was June 15, 2021, but there is no evidence of an earlier issuing of a budget calendar. Instead, the BCC incorporates the budget calendar in its Appendix F (Budget Calendar for 2022 – 2024 Budget Preparation)[1] and the schedule of bilateral budget negotiations with budget entities in Appendix G (Bilateral Schedule with MDAs). The calendar lists a detailed schedule of activities leading up to and including the delivery of the budget speech to the National Assembly on November 5, 2021; see *Table 17.1* below. A comparison of Appendix F (the calendar) and Appendix G (the bilateral schedule) reveals an important inconsistency – the calendar scheduled the commencement of budget bilateral meetings between MoFEA and MDAs for July 13, 2021, while the bilateral schedule indicates a commencement date of July 8 (five days early). However, this did not appear to have affected the budget process as MoFEA beat the calendar schedule and delivered the executive budget proposal to the legislature ahead of time (see below).

The BCC enjoined budget entities to submit their FY2022budget proposals to the Ministry of Finance and Economic Affairs "no later than 7th July 2021", i.e., three weeks from the date of the BCC. Documentary evidence confirms verbal submissions by MoFEA and key MDAs (e.g., MoBSE) that budget activities commence well in advance of the issuance of the BCC. Notwithstanding this early start, it remains important that budget entities receive "sufficient time to prepare their detailed budget proposals in compliance with the guidance, including budget expenditure ceilings, of the budget circular(s), if issued"[2].

The assessors could not obtain evidence to confirm the dates of performance of each individual activity of the budget calendar to ascertain the extent of delays, if any (Table 17.1 below shows the extent of information obtained in this

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[1] Note: the title of this appendix creates the impression of a budget process cast in the medium-term mode. However, as explained in foregoing PIs, MoFEA requests and receives three-year budget proposals from budget entities but articulates only one-year estimates at a time.

[2] The PEFA Fieldguide, Vol. II, 2/e, 2018, www.pefa.org, *p. 107*

regard). However, whatever delays there might have been in individual activities did not affect the achievement of the ultimate milestones of presenting of the executive budget proposal and the budget speech to the National Assembly, as stipulated in the BCC. Information obtained from the National Assembly's Votes and Proceedings (V & P) indicate that the date of official submission[1] of FY2022 executive budget proposal and delivery of the budget speech was Monday, 25th October 2021, earlier than scheduled. The relevant V & P extract states as follows,

> "On the invitation of the Hon. Speaker, the Hon. Minister for Finance and Economic Affairs handed to Clerk a copy of the Appropriation Bill, 2022, and delivered his budget speech."[2]

There was thus no delay in transmitting the appropriation bill to the legislature for consideration and approval; in fact, the transmittal was 10 days earlier than proposed in the budget calendar, i.e., 25 October 2021, instead of 5 November 2021. Notwithstanding this early transmittal, the three weeks granted budget entities to prepare their budget proposal does not meet the requirement for a higher than C score for this dimension.

Performance level and evidence for scoring the dimension

The FY2022 budget calendar includes a timetable of activities for the budget formulation process leading to the submission of the executive budget proposal to the legislature for review and approval. Available evidence shows adherence to the calendar was to the extent of beating the scheduled date of submission to the legislature by 10 days. This notwithstanding, the calendar did not allow budget entities, at least, four weeks from receipt of the budget circular to prepare their estimates, which is the minimum condition for a higher score. The circular bears the date of June 15, 2021, but requires budget entities to submit their estimates no later than 7th July 2021. This is only a three -week duration. The score for this dimension is **C**.

Table 17.1 Budget calendar for the last budget submitted to the legislature

	Activity	Planned date	Actual date
1	Release of the BCC	15 June 2021	15 June 2021
2	Budget Consultative workshop	24 June 2021	Not available
3	Deadline for submission of MDAs' budget proposals to both the PMO and MoFEA	12 July 2021	Not available
4	Commencement of Budget bilateral meetings	13 July 2021	Not available
5	Submission of draft budget to cabinet	15 August 2021	Not available
6	Submission of draft budget to the National Assembly	15 September 2021	Monday, 25 October 2021*
7	Budget speech - Appropriation Bill, 2022 (Budget Speech)*	5 November 2021	Monday, 25 October 2021*
*Source: The Gambia National Assembly, Votes and Proceedings, Monday, 25th October 2021			

PI-17.2. Guidance on budget preparation

This dimension assesses the clarity and comprehensiveness of top-down guidance on the preparation of budget submissions. It reviews whether the highest-level political leadership provides clear guidance to MDAs ahead of budget preparation, either in the BCC or equivalent document. Such guidance should include the setting of expenditure ceilings or allocation limits for spending units for the upcoming year and the medium-term, if applicable. The active involvement of political leadership in setting expenditure ceilings early in the budgeting process obviates the need for disruptive last-minute changes to budget proposal. Such involvement could be through approval of the BCC, or an earlier budget framework/outlook paper, medium-term fiscal outlook/framework, etc. Medium-term expenditure ceilings for medium-term budgets are not a requirement of this dimension; it assesses only the setting of annual *or* medium-term expenditure ceilings. This distinguishes this dimension from *PI-16.2*, concerned only with the setting of medium-term expenditure ceilings.

[1] Nominal (off the record) submission of the executive budget proposal to the NA happens earlier

[2] See: The Gambia National Assembly: Fifth Assembly of the Second Republic, 2021 Legislative Year, Fourth -Ordinary Session, Votes and Proceedings, Monday 25th October 2021

Ceilings play a critical role in the pursuit of the fiscal and budgetary agenda - achieving fiscal discipline, prioritization and strategic resource allocation, and efficient use of resources. They point spending entities early in the budget preparation process to the indicative maximum budget allocations, based on which they prepare their detailed budget proposals. Such "indicative maximum" must cover the total budget of the spending entity, capital and recurrent. The indicative nature of ceilings implies that it is usual for their amounts to move during the budget process, based on the quality and justification of the detailed proposals of budget entities. The final budget of a budget entity will reflect adjustments made to its ceilings. In this way, ceilings constitute an essential element in a disciplined budget preparation process.

MoFEA issues only one budget call circular during the budgeting season, which usually includes MDA expenditure ceilings for the budget year and two outer years in a section titled, "Proposed GLF Expenditure Ceilings by MDA (Dalasi Million)". The ministry does not issue any ceilings ahead of the BCC. The ceilings are "proposals, not approved by the cabinet in advance of their issuing. The cabinet considers the ceilings only when reviewing the draft budget estimates completed in every detail by budget entities and compiled by MoFEA. Besides, the coverage of the ceilings is narrow, covering only the proportion of expenditures funded from domestic resources and excluding, at least, the proportion funded from external sources, which accounts for about one-third of budget expenditures. The call circular also excludes self-raised revenues retained by authorized budget entities under *s. 150(2)b* of the Constitution and *s. 23 of PFA 2014*; see *PI-6* above.

Performance level and evidence for scoring the dimension

The budget circular issued to budgetary units includes ceilings for administrative units, but it does not cover the total FY budget expenditure; it excludes, at least, donor funded expenditure, which is about one-third of the budget. It also excludes self-raised revenues retained by budget entities to defray departmental expenses as authorized by the Constitution under conditions stipulated in the PFA 2014. The cabinet does not approve the ceilings in advance; rather, it reviews and approves budget estimates after budgetary units have completion them in every detail.

This level of performance does not meet the conditions for a higher score. Consequently, the score for the dimension is **D**.

PI-17.3. Budget submission to the legislature

This dimension assesses the timeliness of submission of the annual budget proposal to the legislature to allow it sufficient time for its review and approval before the start of the fiscal year.

Generally, the government submits the budget to the legislature more than one month before the end of the fiscal year, although documentary evidence to prove this is incomplete, as Table 17.3 below indicates. However, information on the dates of submission of the budget may not be necessary to establish that the legislature does not have adequate time to scrutinize the budget, which is the essence of the dimension. The Constitution and the PFA 2014 allow the legislature only 14 days after receipt to review and approve the detailed estimates of revenue and expenditures. *Section 152 (1A) of the 1997 Constitution* provides as follows, "The National Assembly shall, within fourteen days of the estimates being laid before it, give consideration to and approve the estimates".

Performance level and evidence for scoring the dimension

The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in two of the last three years (Table 17.3). Documentary evidence to establish the date of submission of the budget to the legislature is incomplete; however, the constitution allows it only 14 days to complete detailed scrutiny and review.

This level of performance does not meet the requirements for a higher score. The score for this dimension is D.

Table 17.3: Actual dates of budget submission for the last three completed fiscal years *[Recommended table]*

Fiscal year	
Fiscal Year 1: Jan 1 – December 31 2020	
Fiscal Year 2: Jan 1 – December 31 2021	
Fiscal Year 3: Jan 1 – December 31 2022	October 25, 2021; *see National Assembly Votes & Proceedings, October 28, 2021*

Recent or ongoing reform activities

No reforms indicated.

PI-18. Legislative scrutiny of budgets

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-18. Legislative scrutiny of budgets (M1/WL)	**C+**	**Well entrenched procedures enable the National Assembly to complete scrutiny of the detailed budget estimates timeously; however, budget scrutiny does not include fiscal policy; rules for administrative midyear reallocations exist and budget execution mostly adheres to them.**
18.1 Scope of budget scrutiny	**B**	The National Assembly reviews fiscal policies and details of expenditure and revenue estimate for the coming year only. The review does not include medium-term fiscal forecasts and medium-term priorities, as the government does not make these available to the legislature.
18.2 Legislative procedures for budget scrutiny	**C**	The Revised National Assembly Standing Orders 2019, as amended, governs procedures for legislative review of the budget. The procedures include the use of specialized review committees and interaction with MDAs and other budget entities; however, there are no established negotiation procedures, technical support, and public consultation.
18.3 Timing of budget approval	**A**	The National Assembly has approved the annual budget, and the president has duly accented to them before the start of the year in each of the last three fiscal years.
18.4 Rules for budget adjustments by the executive	**B**	Clear rules for administrative reallocation exist; the rules are loose and permit extensive reallocations without ex-ante approval. Available evidence shows that violations affect about 15.4 percent of spending.

General description of the characteristics of the indicator within the scope covered

PI-18 assesses the nature and extent of legislative scrutiny of the annual budget. It assesses the quality and depth of scrutiny and debates that precede legislative budget approval, the adoption of and extent of adherence to established procedures in the process, and the existence of rules for in-year amendments to the budget without ex-ante approval by the legislature. This indicator is significant because the spending authority exercised by the government is as awarded by the legislature. The legislature should exercise this power judiciously by ensuring rigorous and diligent examination and debate of the budget law, and aby so doing, help to hold the government accountable to citizens for its fiscal strategy and strategic budget allocation decisions. Consequently, tis assessment of legislative scrutiny considers several factors, including the scope of the scrutiny, the internal procedures for scrutiny and debate, and the time allowed for that process.

The indicator has four dimensions and uses the M1 (WL) method for aggregating dimension scores. The dimensions are

- Dimension 18.1. Scope of budget scrutiny
- Dimension 18.2. Legislative procedures for budget scrutiny
- Dimension 18.3. Timing of budget approval
- Dimension 18.4. Rules for budget adjustments by the executive

The Gambia has a legislature (national assembly), established under of the 1997 Constitution. The assembly comprises of 53 members, with 48 elected by universal suffrage, and the remaining five nominated by the president *(s. 87)*[1]. The assembly members elect a speaker and a deputy from the nominated members *(s. 93)* to preside over the affairs of assembly matters. One half of its members forms a quorum for sitting, and the speaker may adjourn

[1] This constitutional provision conflicts with this a publication of the NA, **The Gambia National Assembly in Brief: Bringing the National Assembly Closer to the People**, March 2020, https://www.assembly.gm/, which states on *p. 8* that, "Currently, the National Assembly comprises of fifty-eight Members – fifty-three (53) elected members and five nominated members".

sitting if at any time during its proceedings the number of sitting members falls below one-quarter of its membership.

The Constitution confers powers on the NA to make laws regulating various aspects of public finance, including taxation (s. 149), withdrawal of funds from the public Consolidated Revenue Fund (s. 151), and approval of annual revenue and expenditure estimates and appropriation (s. 152). The NA performs these functions according to its own rules and procedures stated in the Standing Orders (SO), made pursuant to powers granted under *s. 108* of the Constitution to regulate its own proceedings. These SO rules and procedures are paramount, and no court of law may enquire into NA proceedings that follow it; however, the SO is subject to the Constitution. The extant SO of the NA is the *Revised National Assembly Standing Orders 2019*, approved on September 12, 2019, and amended on June 25, 2020. The SO includes orders, rules, and procedures for debate, laying of papers, bills, budget, and financial issues, etc.

The SO proceedings for the consideration of bills include the use of committees. The SO defines three types - standing, select, and special select committee[1]. Currently, the NA has 14 standing committees, including the Finance and Public Accounts Committee (FPAC), which plays a critical role in the budget approval process. The FPAC coordinates the work of the select committees, which conduct detailed scrutiny of the estimates according to their sectors. Currently, the Assembly has 23 select committees, including on defence and security; health, refugees, etc., education, training, and ICT; regional government, lands, Ombudsman, etc.; agriculture and rural development; environment, sustainable development, etc.; tourism, arts, culture, youth, and sports; and gender, children, and social welfare. During the budget process, the standing and select committees convert to "budget committees"[2] to scrutinize the areas of the budget relevant to their committees, during which process they interface with relevant government institutions and MDAs under their respective purviews. The budget committees submit their reports to the FPAC for consolidation and presentation to a "Committee of the Whole Assembly", known as the Committee of Supply (CS)[3]. This procedure is consistent with the provisions of *s. 101(5) of the Constitution*, which provides that "when a Bill is introduced into the National Assembly, it may be allocated to an appropriate committee for examination, and a report made thereon to the National Assembly".

The CS plays the critical and ultimate role of approving the estimates and the appropriation bill. The SO defines this role as being, to

(a) "scrutinize, consider and, as the case may be, amend the Annual Estimates and any Supplementary Estimates; and
(b) "scrutinize, consider and, as the case may be, amend the Annual Appropriation Bill and any Supplementary Appropriation Bill"[4].

Para. 91 of the SO sets out the detailed procedure and routines that the CS should adopt in performing the foregoing function. In summary, the CS shall consider the findings and recommendations of the select committees and the FPAC's consolidated report on the committees' findings and consider proposals for amendment of the estimates from members. The NA may not raise the level of aggregate spending proposed by the executive. Therefore, the CS shall ensure that proposed amendments do not result in increase in aggregate spending, but that

(a) a proposal to increase expenditure in one estimate is against an offsetting proposal that reduces expenditure in the same or another estimate
(b) a proposal to reduce expenditure on its own goes to reduce a deficit in the budget[5]

[1] "A Standing Committee is a committee with continued existence. A Select Committee is a committee appointed to deal with a particular subject and exist at the convenience of the Assembly at each term. Lastly, an Ad-hoc Committee is a temporal Committee of the Assembly appointed to deal with a specific issue or task assigned and cease to exist once the issue is solved."; **The Gambia National Assembly in Brief**, *op. cit., p. 15*
[2] So, to say
[3] *Para. 90* of the SO
[4] *Para. 90* of the SO
[5] *Para. 90* of the SO

The Gambia's legislative scrutiny of the budget is effectively in two stages[1].

> **Stage 1: covering the detailed estimates of revenue and expenditure and the explanatory note laid alongside.** The explanatory note is a summary statement of the governments fiscal policy, officially titled, "The Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year …". Once laid before the NA, "those parts of the draft budget relating to the matters or Ministries for which they have responsibility shall stand committed respectively to the relevant Committees" *(para 84(1) of SO)*. Each committee "consider the relevant sections of the draft budget, making such inquiries and recommendations as each shall determine, and shall so submit such report to Finance and Public Accounts Committee" *(para 84(2)a)*. The enquiries referred to in the preceding sentence include hearings and consultations with relevant ministries and MoFEA. Upon receiving the report of the committees, the FPAC prepares and lays "a consolidated report on the Assembly Committees' consideration of the draft budget, together with a motion for its debate" *(para 84(2)b)*. The FPAC presents its report to the CS, which debates and approves according to the procedure in *para. "91. Procedure in Committee of Supply: Estimates"*. The MoFEA is to "have due regard to the reported findings and recommendations of the Assembly Committees and the Finance and Public Accounts Committee's consolidated report of the Assembly Committees' consideration of the draft budget" in revising the annual estimates and preparing the appropriation bill *(para 84(3))*.
>
> **Stage 2: review of the annual appropriation bill and the budget speech introducing it.** The SO defines the annual appropriation bill as, "Any bill containing the estimated financial requirements for expenditure on all the services of the government for the succeeding financial year" *(para 87(1))*. The SO requires the Assembly to consider and pass such a bill within seven days of its introduction *(para 87(3))*, as the constitution also provides. The Assembly does not commit this bill to its standing and select committees for debate; rather, the bill "shall, without further question being put, stand committed to the Committee of Supply", after its second reading *(para 87(7))*. Para. *"92. Procedure in Committee of Supply: Appropriation Bill"* outlines the procedure that the CS should adopt in debating and passing the bill. The presentation of the annual appropriation bill happens after the NA has scrutinized and passed the detailed estimates of revenue and expenditure, possibly with amendments. The bill reflects any such amendments made to the estimates *(para 84(4))*. The annual budget speech accompanies the presentation of the annual appropriation bill.

The SO also has provisions on the procedure for considering supplementary expenditure estimates (para 88) and supplementary appropriation bill (para 89). The rules require that if the supplementary estimates deal merely with expenditure reallocation, and does not require fresh appropriation of funds, committal to the CS will not be necessary; instead, the bill proceeds straight from the second to the third reading. However, if the supplementary proposals involve the appropriation of fresh funds or expenditure not included in the original Appropriation Act, committal to the CS for consideration is mandatory. The procedure that the CS will apply in this consideration are

[1] *The SO leaves the impression of a three-stage process - the draft budget, the annual estimates, and the appropriation bill stages.* The Parliamentary Calendar 2022 (available at www.assembly.gm) captures these three parts thus:

(i) Tabling of the draft budget for 2023 by the minister for committee consideration of parts of the draft budget relating to the matters or ministries for which they have responsibilities, and debate on the FPAC consolidated report of committees on the draft budget; the calendar provision for these activities was September 5 to 14, 2022, subject to agreement with MoFEA.
(ii) Laying of the 2023 Annual Estimates of Revenue and Expenditure by the minister and debate and Committee of Supply on the 2023 Annual Estimates – November 14 – 25, 2022
(iii) Appropriation Bill, 2023 (Budget Speech), on December 2, 2022

There MoFEA does not appear to have agreed to this arrangement, which would have been in breech of the constitution that clearly provides for a two-stage process. The three-stage process does not appear to have held; there is no evidence that it did.

The 2023 parliamentary calendar (also available at www.assembly.gm) appears to have notes this and provides for a two-stage budget scrutiny process, as follows

(i) Laying of the 2024 Annual Estimates of Revenue and Expenditure, debate, and Committee of Supply on the 2024 Annual Estimates – 13 – 25 November 2023
(ii) Appropriation Bill, 2024 (Budget Speech) - 01 December 2023

those for dealing with "government bills which are not concerned with appropriation" to the process, instead of the procedure for dealing with the original appropriation bill described above.

PI-18.1. Scope of budget scrutiny

This dimension assesses the scope of legislative scrutiny of the budget. This includes fiscal policies, medium-term fiscal forecasts, medium-term priorities, and detailed expenditure and revenue estimates. This dimension covers the last completed fiscal year (FY2021) of the budgetary central government (BCG), i.e., FY2022 budget scrutinized in 2021.

The Gambia legislature reviews revenue and expenditure estimates and fiscal policy. The fiscal policy element is in two parts - the explanatory note accompanying the laying of the estimates, and the budget speech accompanying the appropriation bill. The explanatory note is a summary fiscal policy statement, not the major policy document. The budget speech is the major fiscal policy document of the government available to the legislature, in the absence of any formal medium-term fiscal strategy, budget framework expenditure, or other policy document. However, the review of the budget speech happens after the legislature has completed scrutiny of the detailed revenue and expenditure estimates and the explanatory note, as variously explained above. The review is during the legislature's consideration of the appropriation bill that would authorize funding the already approved estimates.

The coverage of the 2022 budget speech[1] followed the usual pattern of the government's budget speeches. It began with a macroeconomic overview of global and domestic economic developments. The review of "developments in the global economy" fed into a discussion of the "impact of the global economy on the domestic economy". Then followed a detailed review of the "domestic economy developments" encompassing four key sectors - the real, fiscal, monetary, external. Following this brief historical review, the policy document turned to the government's fiscal policy for the coming fiscal year, covering all aspects of government economic, social, and crosscutting activities:

- Finance and economic affairs
- Productive sectors - fisheries and water resources, agriculture & natural resources, information & communication infrastructure, tourism and culture, trade, industry, regional integration & employment, works, construction & infrastructure, and petroleum & energy
- Social sectors - basic education, higher education, health and social welfare, women and children's affairs, and youth & sports'
- Crosscutting sectors - lands & regional government, foreign affairs, justice, interior, environment, climate change & wildlife, personnel management, office of the ombudsman, and revenue administration

FY2022 budget speech devotes its last section to "Medium Term Growth Outlook", which despite its title does not discuss any projection beyond 2022. Thus, notwithstanding this section on "medium-term growth outlook", the budget speech is not a medium-term fiscal policy document – it does not include medium-term fiscal forecasts and medium-term priorities. The speech is a one-year fiscal policy statement, for all practical purposes.

It was not possible to obtain a copy of the legislature's report on the scrutiny of the FY2022 budget to understand the extent of review of fiscal policy by the legislature for the FY2022 budget. A search of the legislature's website yielded information only for legislative reports on the scrutiny of FY2023[2] and FY2024[3] budgets. Notwithstanding this, a review of one or both reports should shed useful light on the extent of work that the legislature usually does in this regard, including for the FY2022 budget.

In the consolidated FY2023 budget report, the FPAC's stated overarching intention was to find ways to reduce the budget deficit of D4 billion. However, the consolidated reports on the recommendations of the 14 sector committees on the areas they respectively reviewed showed that the committees did not share the same vision. The committees'

[1] Available at the NA's website: www.assembly.gm, and MoFEA's website: www.mofea.gm
[2] "Consolidated Report of the Finance and Public Accounts Committee on the Estimates of Revenue and Expenditure 2023 of the Government of The Gambia, 23rd November 2023", www.assembly.gm
[3] "Consolidated Report of the Finance and Public Accounts Committee on the Committees' Consideration of the 2024 estimates of Revenue and Expenditure of the Republic of The Gambia", November 2023, www.assembly.gm

recommendations were a mixed bag of requests for reductions and increments in the specific expenditure estimates of heads and items. In concluding the report, FPAC showed frustration in its inability to find meaningful ways to reduce the deficit. It ended up suggesting to the committee of the Whole House, that "The budget deficit should be reduced regardless of any recommendation for increment".

Performance level and evidence for scoring the dimension

The National Assembly reviews fiscal policies and details of expenditure and revenue estimate for the coming year only. The review does not include medium-term fiscal forecasts and medium-term priorities, as the government does not make these available to the legislature.

This level of performance is consistent with the requirements for a **B** *score.*

PI-18.2. Legislative procedures for budget scrutiny

This dimension assesses whether the legislature has established procedures for budget scrutiny and the extent to which it adheres to them. Such procedures should include public consultation and internal organizational arrangements, e.g., legislature committees, technical support, and negotiation procedures. This dimension covers the last completed fiscal year (FY2021) of the budgetary central government (BCG), i.e., FY2022 budget scrutinized in 2021.

The legislative budget scrutiny follows procedures established in the SO, as explained above. The procedures include the use of specialized committees and interface with MDAs and other budget entities.

However, committees have limited time to exercise this function meaningfully, given the constitutional cap of 14 days for the legislature to "give consideration to and approve the estimates", once laid before it (see (s. 152(1A) of the 1997 Constitution). The legislature receives the estimates, at least one week before the date of its laying before it. *Para. 86(3)* of the SO provides as follows, "To enable Members to study the Annual Estimates, the Estimates shall be submitted to the Clerk at least five working days before they are to be laid before the Assembly by the Vice President or the Minister responsible thereto for approval". This notwithstanding, the time allotted to interface with budget entities, prepare committee report to FPAC, and for the FPAC to consolidate the report, is too short, i.e., usually no more than a few days with the 14 day-limit.

The SO does not outline procedures for such engagement with budget entities. Rather, it allows each committee to make such enquiries as it determines and submit its recommendations to the FPAC. Its provisions in this regard are follows *para. 84(2):*

> "(a) each such Committee shall consider the relevant sections of the draft budget, making such inquiries and recommendations as each shall determine, and shall so submit such report to Finance and Public Accounts Committee"; and
> "(b) in addition to the activities provided for in paragraph (a), the Finance and Public Accounts Committee shall lay a consolidated report on the Assembly Committees' consideration of the draft budget, together with a motion for its debate" (emphasis added).

The interaction between legislative committees and budget entities holds in committee rooms of the National Assembly and are open to the public. Other than this, there is no other public hearing on the budget or specific effort to engage with civil society on it. The time allowed to consider and approve the estimates is too short to allow for any such additional engagement.

There is no evidence that the legislative budget scrutiny process involves the use of technical support, i.e., experts, consultants, etc. Constitutional provisions or other rules may allow for such engagement, but there is no evidence of this happening in practice.

Performance level and evidence for scoring the dimension

The Revised National Assembly Standing Orders 2019, as amended governs procedures for legislative review of the budget. The procedures include the use of specialized review committees and interaction with MDAs and other budget entities. However, the rules do not establish negotiation procedures, neither do they include budget support and public consultation.

This performance is not fully consistent with the requirements for a B score. Consequently, the applicable score is **C**.

PI-18.3. Timing of budget approval

This dimension assesses the legislature's ability to approve the budget before the start of the new fiscal year to enable budgetary units to know what resources they will have at their disposal for service delivery at the beginning of the fiscal year. The time available for scrutiny depends on when the executive submits its budget proposals to the legislature, as assessed in PI-17. Budget preparation process. The coverage of this dimension is the BCG in the last three completed fiscal years.

The budget approval process in The Gambia is in two stages, i.e., approval of the estimates first, and approval of the appropriation bill next, as explained Dimension 18.2 above. The constitutional steps involved in this process is as follows *(s. 152, 1997 Constitution)*

- The minister lays the estimates of revenue and expenditure for the next FY before the National Assembly *(s. 152(1));* (in reality, the NA receives the estimates five business days ahead of its laying, to enable members study them, *(para. 86 of the SO)*
- The National Assembly considers and approves the estimates within 14 days *(s. 152(1))*
- After the NA has approved the estimates, the president introduces an appropriation bill in the National Assembly for the issue from the Consolidated Revenue Fund of the sums necessary to meet that expenditure under separate votes for the several services required and for the purposes specified there in *(s. 152(3))*
- The NA shall consider and approve the bill within seven days of its introduction to the assembly *(s. 152(3))*

The effective date of approving the budget for the purpose of this dimension, is the date that the president accents to the appropriation bill passed by the legislature. The evidence shows that this has happened before the commencement of the next fiscal year in each of the last three years, i.e., FYs 2020, 2021, and 2022 *(see Table 18.3 below).*

Performance level and evidence for scoring the dimension

The National Assembly has approved the annual budget before the start of the year in each of the last three fiscal years. Consequently, the score for this dimension is A.

Table 18.3: Actual dates of budget approval for the last three completed fiscal years

Fiscal year	Actual date of approval	Source
Fiscal Year 1 2020	December 23, 2019	Supplement "C" to The Gambia Gazette No. - of – 2019, Appropriation Act, 2020, ISSN 0796-0298
Fiscal Year 2: 2021	December 30, 2020	Supplement "C" to The Gambia Gazette No. - of – 2020, Appropriation Act, 2021, ISSN 0796-0298
Fiscal Year 3: 2022	November 24, 2021	Supplement "C" to The Gambia Gazette No. 52 of November 2022, Appropriation Act, 2020

PI-18.4. Rules for budget adjustments by the executive

This dimension assesses arrangements for in-year budget amendments that do not require ex-ante legislative approval. Such amendments by the executive are common features of the annual budget processes, and it is important to adhere strictly to the rules for authorizing them to avoid undermining the credibility of the original budget. This dimension covers the last completed fiscal year (FY2021) of the budgetary central government (BCG), i.e., FY2022 budget scrutinized in 2021.

The Gambia budget process allows extensive in-year adjustments to the approved budget, as expressed in the Pillar 1 indicators. These adjustments include virements[1], in-year budget revisions, and supplementary budgeting. Virements do not require ex-ante legislative approval, but the latter two do, although budget reallocations (budget revision) and excess spending on vote heads can sometimes occur with ex-post, rather than ex-ante legislative approvals. *Sections 29 and 30* of the PFA 2014 specify rules governing these activities. *Sections 29,* on "Warrants for spending", outline rules for in-year budget adjustments without prior legislative approval. In summary, the section provides as follows

- Upon approval of the budget, MoFEA informs each vote controller of their approved budgets and issues spending warrants on the appropriations, *(s. 29(1))*
- The ministry may also set periodic cash limits for commitments and payments by budget entities for the purpose of cash management and control, *(s. 29(3))*
- Budget agencies may make and pay for commitments based on their budget allocations and the "instruments issued by the ministry", i.e., the spending warrant and cash limits *s. 29(2))*.
- *Section 29(4)* expressly announces that, "Virement is allowed", i.e., in-year budget adjustments without ex-ante legislative approval. The guiding rules are as follows; for virements
    - between expenditure items of the same budget agency, up to 75 percent of the appropriation of the giving or receiving expenditure items allowed, with the minister's approval; virements exceeding 75 percent is possible, and requires the minister's approval, see *s. 29(5))*
    - between budget agencies under the same supervising department, up to 50 percent of the appropriation of the giving or receiving expenditure items allowed, the minister's approval required
    - between budget agencies, virement allowed, amount unspecified; initiated by the minister in consultation with vote controllers of budget agencies
    - between personnel emoluments and other charges not permitted *s. 29(8))*
- Excess expenditure is permissible but is subject to subsequent ratification (ex-post approval) by the legislature through inclusion in a supplementary appropriation bill; if not so ratified, the vote controller will be responsible for the expenditure, *s. 29(6&7))*.

Table 3.3, first set out under PI-1 and reproduced below, summarizes these rules.

Table 0.11: Virement Rules, Section 29, Public Finance Act, 2014

	Virement	**Allowed or not**	**Per cent Limit**	**Initiated By**	**Approved By**	**Citation**
1	Within a budget agency	Allowed	75% of appropriations of donor and receiving agency	Budget agency	Minister of Finance	*s. 29(4)a*
			Excess of 75 percent	Budget agency	Minister of Finance	*s. 29(5)*
2.	Between budget agencies of same supervising department	Allowed	50 % of donor and receiving agency	Department supervisor	Minister of Finance	*s. 29(4)b*
3.	Among budget agencies with different supervising departments	Allowed	Unspecified	Minister of Finance in consultation with budget agencies		*s. 29(4)c*
4.	Expenditure "discovered" to "constitute excess expenditure" requires legislative approval* and included in Supplementary Appropriations *(s. 29(6))*; if rejected by the legislature; responsible public officer surcharged *(s. 29(7))*					
5.	Between personnel emoluments and other charges	Forbidden				
*Note: the word, "approval" connotes an *ex-ante* activity, but the legislature's action is *ex-post*, which makes it "ratification", instead.						

Source: Compiled from the Public Finance Act, 2014 of The Gambia by the Consultants

[1] Section 2 of the PFA 2014 defines virement as, ""a transfer of appropriations within the expenditure items of a budget agency, or among expenditure items of the budget agencies under the same Supervising Department or from one budget agency to another"

Section 30(1) allows the minister to submit proposals for budget revision to the NA for ex-ante approval. Such revision may include changes to the originally approved revenues and expenditure estimates, without increasing the aggregate amounts (essentially, this is budget reallocation). The SO requires the NA to expressly consider such requests, and not to subject them to the scrutiny of the Assembly's select committees. Instead, the request proceeds straight to the Committee of the Whole House after the second reading, as already explained above.

The minister may also present a supplementary budget to the NA for ex-ante approval when the changes required are too substantial for virements and budget revision (reallocation) to accommodate (s. 30(2)). Such would be the case when, for instance, subsequent socio-economic changes require expansion of the original revenue and expenditure aggregates. The SO requires the NA to subject such supplementary estimates and appropriation to specialized committee scrutiny before consideration by the CS, as explained above.

The evidence presented in Pillar 1 shows that budget execution freely uses these provisions, and has, in fact, routinized the virement tool beyond the spirit of the legal provisions and the sacrosanctity that good practice requires. The 2019 audit report makes this clear when it notes that, "that approvals for virements" amounting to D67,960,644.78 made between and across budget entities "were granted by Deputy Director of Budget Unit without formal delegation of authority by the Minister". This is contrary to the Financial Regulations that require the minister to sign a Virement Warrant and send it to the Accountant General, together with copies to the Auditor General and the applicant Vote Controller''[1]. The audit also found no evidence of minister notifying or consulting with budget entities of virement amounting to D2,469,441,457.38 "between and across budget entities" contrary to the regulations[2]. The infringements affect a total of D2,537,402,102.16, which is only 15.4 percent of the D16,527,972,000.00 aggregate expenditure for the year.

Audit reports for FY2020 and FY2021 are not ready yet, however, evidence of extensive in-year administrative readjustment of the budget abounds in FY2021, as the analysis in PI-2.3 shows. The analysis in *PI-2.3* discussed the unorthodox use of contingency votes to effect administrative adjustments by, first "viring in" (pooling) resources from various approved votes into it, and then "viring them out" to other votes. *PI-2.3* showed that both "Contingency Payroll" and "Contingency Other Charges" are not for unforeseeable emergencies (properly defined) but for all kinds of expediencies and exigencies that proper budgeting should foresee and provide for, *ab initio*. The votes operate as "general purpose" funds, accessible for all functions, in principle. Expenditures drawing on the 'contingency other charges' vote include the purchase of construction of buildings, vehicles and office furniture, peacekeeping operations, contributions to international organizations, operating costs, executive travels (including the president and the vice president's), refunds to public officers, purchase of fuel, funding of various items for foreign embassies, augmentation of spending shortfalls, etc. Similarly, the payroll vote provided resources for basic emoluments and personnel allowances, especially in the foreign missions, medical treatment, etc. In FY2021, the volume of virements transactions conducted in this manner spanned more than 4,000 Excel spreadsheets' rows (12,000 rows in FY2020), according to IFMIS transcript data provided by MoFEA's Directorate of Budget and the AGD *(see PI-2.3 above)*. In that year, the total amount 'vired out' was 1,226.02 million dalasi, while the originally approved votes totaled 500 million dalasi. The difference represents total amount 'vired-in' (59.34 million dalasi) and supplementary allocations during the year *(see Table 3.6 in PI-2.3)*.

The extensive use of in-year budget adjustments is a major factor contributing to the low performance of the indicators on budget reliability above, especially PIs 1 and 2. However, the problem does not lie in the infringement pointed out by the auditor general, but in the liberal provisions of the Public Finance Act, 2014 on virements.

Performance level and evidence for scoring the dimension

Clear rules for administrative reallocation exist; the rules are loose and permit extensive reallocations without ex-ante approval. Available evidence shows that violations affect about 15.4 percent of spending. This performance is not consistent with the requirements for a higher score. Consequently, the score for this dimension is **B**.

[1] See the Management Audit Letter on the FY2019 financial statements, *pp 10 - 11*
[2] Ibid, *p. 12*

Recent or ongoing reform activities

No reforms indicated.

PILLAR FIVE: Predictability and control in budget execution

Pillar V reviews the extent of implementation of the budget within a system of effective standards, processes, and internal controls that ensure the release and utilization of resources as intended. Predictable and controlled budget execution ensures the collection of revenue, and allocation and use of resources are all as the government intended and the legislature approved. Predictability implies the availability of resources as needed, and control means compliance with policies, regulations, and laws during the budget execution process. Together, predictability and control will secure effective management of policy and program implementation.

Pillar V has eight indicators, namely,

- PI-19. Revenue administration
- PI-20. Accounting for revenue
- PI-21. Predictability of in-year resource allocation
- PI-22. Expenditure arrears
- PI-23. Payroll controls
- PI-24. Procurement management
- PI-25. Internal controls on nonsalary expenditure
- PI-26. Internal audit

PI-19. Revenue administration

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-19. Revenue administration (M2/AV)	**D+**	Taxpayer information on obligations and right utilizes multiple channels; however, the compliance risk management system is underdeveloped, a “compliance improvement plan (CIP)” does not underlie tax audits and investigations, and data provided on revenue arrears is unreliable.
19.1 Rights and obligations for revenue measures	**B**	The GRA uses multiple channels to provide taxpayers with comprehensive information on their main tax obligations and their rights, including redress processes and procedures. However, the informal sector and rural communities lack effective sensitization and education; and access to tax legislations is difficult.
19.2 Revenue risk management	**C**	The recently established compliance risk management system is in its infancy but evolving; a system of rewarding good taxpayers as incentive to reduce compliance risks is in place, but not the approaches appear to be partly structured, at best.
19.3 Revenue audit and investigation	**D**	The GRA does not have a “compliance improvement plan (CIP)”; neither is there evidence of pre-planning of revenue audits and investigations nor of their completion according to CIP.
19.4 Revenue arrears monitoring	**D**	Analysis of data provided by the GRA shows that the stock of revenue arrears at the end of FY2021 was 8.3 percent of the year’s total revenue collection, and the revenue arrears older than 12 months was 18.20 percent of the year’s total revenue arrears. However, the assessors could confirm the reliability of the data provided, just as the TADAT 2018 Report could not on the same item.

General description of the characteristics of the indicator within the scope covered

PI-19 deals with procedures for collecting and monitoring central government revenues. It deals with the entities that administer revenues accruing to the CG, and covers tax administration, customs administration, and social security contribution administration, i.e., the Gambia Revenue Authority (GRA), which administers both tax and customs’ revenues. The indicator also covers agencies administering natural resource revenues, where this is a significant source of government income, e.g., public enterprises that operate as regulators and holding companies for government interests, such as the NNPC Ltd in Nigeria, Saudi ARAMCO, and Petrobras in Brazil. This does not apply to The Gambia, which does not currently have a case of significant exploitation of natural resources.

The government’s ability to collect revenue is critical to PFM success for several reasons. First, it lies at the heart of everything the government can or cannot achieve. It also affects the three budgetary outcomes of fiscal discipline, strategic allocation of resources, and efficient delivery of services. In addition, it is an area of interaction between citizens (individuals and enterprises) that provide the revenue and the state; each party must understand and fulfil its obligations. Taxes and other revenue measures provide the funds that the government reallocates to achieve expenditure policy objectives. Revenue collection best promotes budgetary outcomes when the collection is efficient and effective, i.e., to the extent authorized by laws and regulations. Revenue collection is also an area of interaction between citizens (individuals and enterprises) and the state; each party must understand and fulfil its obligations. The government must afford the citizens providing the revenue (revenue payers.) with a clear understanding of their responsibilities, rights, and procedures for seeking redress, while simultaneously installing and enforcing mechanisms for compliance. Knowing their obligations will encourage revenue payers to comply with laws and regulations and will help to discourage them from evading or delaying their contributions. Ineffective administration of revenue measures would result in lower than planned collections, resulting in inadequate resources for reallocation and less capacity for service provision.

PI-19 has four dimensions and uses the M2 (AV) method for aggregating dimension scores. The dimensions are

- Dimension 19.1. Rights and obligations for revenue measures
- Dimension 19.2. Revenue risk management
- Dimension 19.3. Revenue audit and investigation
- Dimension 19.4. Revenue arrears monitoring

The indicator covers the administration of all types of tax and nontax government revenue for central government; however, it does not cover grants from development partners. However, it also does not deal with accounting for revenues collected, which is the subject of PI-20. Neither does it deal with revenue outturn, dealt with in PI-3, nor central government operations outside financial reports, discussed under PI-6; PI-6.2 especially deals with revenue outside financial reports. The sources of information for the assessment of this indicator include relevant government legislations and regulations, documents sourced from the GRA and MoFEA (including Excel spreadsheets on revenue data), electronically sourced documents from government websites (including the GRA's, e.g., GRA Corporate Strategic Plan 2020 - 2024), etc. Meetings at the GRA, MoFEA, AGD, and other government departments, and with key development partners (the IMF, WB, EU) were an important source of information and/or corroboration.

The assessment covers agencies that collect central government revenues. The Gambia does not have a dispersed revenue collection system; the Gambia Revenue Authority is the principal CG revenue collection authority, administering more than 80 percent of government revenues *(see PI-20 below)*. The Gambia does not have any other revenue collecting authority, whether an EBU or a public corporation. The only revenues not collected by the GRA are relatively minor items such as fees, licences, charges, fines, penalties, sale of assets, etc., administered by MDAs, most of which entered an agreement with the GRA to collect the revenue on their behalf.

Legal and regulatory framework for revenue administration

The Gambia Constitution 1997 has overarching legal jurisdiction over taxation and revenue generation generally in the Gambia. The Constitution grants general authority to impose and collect revenues and set broad boundaries on taxability of incomes. For instance, s. 149 provides that the imposition of taxation and the collection of the proceeds of such taxes require the authority of an Act of the National Assembly (NA). The Constitution affirms the universal principle of taxation and requires that the waiver or variation of any tax imposed by law shall only be by a person or authority conferred with such authority by law, exercising such authority. Even then, the "the exercise of that power in favour of any person or authority shall be subject to the approval of the National Assembly" *(s. 149(3))*. An Act of the National Assembly is also necessary for the imposition and collection of local taxes by local government authorities *(s. 149(2b))*. However, the Constitution does exempt certain categories of incomes from taxes, e.g., the salary, allowances, pension, retirement benefits of the president, although the president "shall be subject to taxation on all other chargeable income", i.e., income earned from other sources than his emoluments as president *(s. 68(3))*. However, the evidence suggests noncompliance with these waiver provisions.

Two of the most important and often cited revenue acts enacted in pursuance of the foregoing constitutional provisions are the Income and Value Added Tax Act, 2012, and the Customs and Excise Act, 2010. The Gambia

Investment and Export Promotion Agency (GIEPA) Act, 2010 is also key to the discussion, although it is not a revenue, but an investment promotion law. Waivers granted under the law may be dampening revenue collection in The Gambia, according to government officials *(see below)*. The tax authority's website publishes brochures and forms on all the main taxes, written simple, easy to understand English language, and with clear and detailed explanations on processes and procedures. These include brochures on corporation tax, PAYE, personal income tax (PIT), rental income tax, capital gains tax (VGT) dividends income tax, customs duties, tax arrears, fringe benefits, value added tax (VAT), informal sector income tax, etc. Each of these brochures refers to the IVAT Act 2012 as the underlying legislation for the tax.

The Income and Value Added Tax Act, 2012

The Income and Value Added Tax Act, 2012[1] *repealed the Sales Tax Act, No. 19 of 2004 (as amended)*[2] *and revised the Law relating to income tax and value added tax and connected matters.* The new Act charges the Commissioner-General of Taxes (i.e., the GRA chief executive) with responsibility for its administration. The IVAT Act 2012 is a comprehensive tax legislation, which covers a lot of grounds, including the taxation of both resident persons (i.e., individuals and entities), and nonresident persons (under certain circumstances). The entities referred to include a company, a body of persons, or a partnership. A 'body of persons' under the Act refers to a fraternity, fellowship, or society of persons, excluding a partnership.

The meaning ascribed under the Act to the term, 'residency' for tax purposes varies. Thus, a resident individual for tax purposes is an individual residing in The Gambia at any time in the year, or present in The Gambia for up to 183 days or more in the tax year, or an employee or official of the GoTG posted abroad on foreign service at any time in the tax year. A company or body of persons is resident for tax purposes if incorporated or formed in The Gambia, or the exercise of control and management of its business or affairs was in the country at any time in the year. A partnership is resident for tax purposes if at any time during the year, a partner of the partnership is a resident person in The Gambia[3].

<u>Taxation of Individuals</u>

The provisions of IVAT Act 2012, on the taxation of individuals covers sources/classes of taxable (chargeable) income, tax rates, tax year, etc. Chargeable income includes income from employment, residential rent, fringe benefits, etc. Tax rates on personal income tax ranges from zero percent for the lowest income band/tax bracket to 35percent for the highest income band. The tax year is the same as the calendar year, i.e., 1 January to 31 December. The Act also provides for method of calculating income tax payable (tax assessment), and the manner of transmitting the tax proceeds to the tax authority. Other provision of the Act on the taxation of individuals includes the following

- Contributions to retirement benefit schemes by private sectors employers, i.e., a provident fund as social security contributions administered by the Social Security and Housing Finance Corporation (SSHFC), and the Industrial Injuries Compensation Fund
- The impact of retirement savings
- Taxation of fringe benefits, i.e., provision by an employer to an employer of free or subsidized housing, motor vehicle, household personnel, loan, debt waiver, property fringe, medical, life insurance, entertainment, and residual benefits. The Act does not consider fringe benefits as part of the income of employment. Employers providing such fringe benefits are liable to the payment of the Fringe Benefit Tax ("FBT")
- Payroll (Expatriate) tax – payable by an employer payroll tax in respect of every non-citizen employed in The Gambia except those granted an exemption (e.g., free zone operators, religious or charitable institutions of a public character, diplomatic and consular missions) and those in the public sector
- Non-resident individuals, i.e., an individual who does not reside in The Gambia, is not present in The Gambia for up an aggregate of 183 days or more in the tax year and is not an employee or official of the GoTG posted abroad at any

[1] IVAT Act 2012

[2] See the explanatory note to the Act; PricewaterhouseCoopers, A quick guide to Taxation in Gambia, September 2013, https://www.pwc.com/gh/en/assets/pdf/a-quick-guide-to-taxation-in-gambia-september-2013.pdf

[3] PricewaterhouseCoopers, A quick guide to Taxation in Gambia, September 2013, https://www.pwc.com/gh/en/assets/pdf/a-quick-guide-to-taxation-in-gambia-september-2013.pdf, *p. 9*

time in the tax year. Non-residents are liable to tax at the same progressive rate of as residents, but only on incomes sourced from The Gambia.
- Pay As You Earn (PAYE), i.e., a method of paying tax to the tax authority on incomes earned by employees by the employer deduct the tax at the source of remuneration, allowances, salaries and wages earned by the employee, and paying it over the tax authority.

Finally, the Act exempts certain incomes of individuals from taxation. Nontaxable income provisions under the IVAT Act 2012, include the following

- Allowances solely expended, or reimbursement of expenditure incurred, in the performance of duties of the employment
- Foreign-sourced employment income of a resident individual which has suffered foreign income tax
- Foreign-sourced income of a non-resident person
- Official employment income (including income earned during leave) derived by the president or acting president
- Income derived by an individual entitled to diplomatic privileges under applicable legislation
- Official employment income of a non-commissioned officer of the Armed Forces of The Gambia
- A scholarship granted to a student to meet the cost of the student's education
- Gambian-sourced income (earned by a non-citizen) that is tax-exempt under a tax treaty or an international agreement
- Lumpsum retirement or death gratuity, or consolidated compensation for death or injuries, or under any compensation scheme
- A lumpsum amount from an approved retirement fund derived by an individual on retirement
- A gratuity received by a public officer for service with the Government of The Gambia pursuant to any contract or service agreement
- A pension paid by the GoTG to a retired civil servant or pension granted to a person
- Interest derived by a resident individual from savings at the Gambia Post Office
- Distribution of profits by a body of persons to members of that body

Taxation of entities

Under IVAT Act 2012, the tax year for corporate business income tax is also the same as the calendar year. Corporate business income tax paid by entities is the higher or the "minimum income tax" (MIT), i.e., turnover tax; and the "normal income tax" ("NIT"). Generally, turnover tax applies to companies that have not declared a profit during the year, in which case their tax is a percentage of the turnover. Companies that declare a profit have their taxes calculated in the normal way, with the tax rates applying. "In 2018, The Gambia Revenue Authority (GRA) in consultation with the Ministry of Finance and Economic Affairs (MoFEA) reduced the corporate income tax from 30% to 27%."[1] The Act also defines the basis period (generally the calendar year), with room for possible exception in compelling cases; allowable deductions, unallowable deductions; capital allowances (initial and annual) and amortization deductions, annual depreciation rates for different categories of assets (initial allowance and written down basis); carry forward losses; dividends' tax; etc.

The Customs and Excise Act, 2010[2]

The long title of the Customs and Excise Act, 2010, is "An Act to provide for the Management of the Customs, for the Assessment of Charges and Collection of Customs and Excise duties and for connected matters". Efforts to sight a copy of the enacted and signed Act was not fruitful; MoFEA only provided the Bill (draft) version of the Law. The 7th Schedule of the Act[3] references *s. 173* and comprises detailed provisions on Part I (Value of Imported Goods) and Part II (Value of Services and Locally Manufactured Excisable Goods). Generally, the Act provides for the following four issues[4], (i) collection of duties and taxes from international trade, (ii) prevention and control of the importation of prohibited and restricted goods respectively, (iii) prevention of the smuggling of goods across

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[1] African Development Bank (2021): The Gambia – Bank Group Country Strategy Paper 2021-2025, *p. LXI*

[2] Customs offices are at Banjul/Revenue House, airport, Basse, Seaport, Tanji, Giboro, Nyamanar, Amdalai, Brikama Ba, Bansang, Sabi, Sera Ngai, Farafenni, Soma

[3] Available freely from UN websites on the Internet

[4] www.gra.gm

the country's international borders without undue delay to legitimate trade, and (iv) facilitation of international trade according to the *Kyoto Protocol*[1]. In the absence of the Act, this section teases a summary of its main provisions from Customs brochures and the Customs and Excise Regulations, 2019, both posted on the GRA website.

Each of the Customs brochures deals with a different aspect of the Customs and Excise Act, 2010, and with Customs and Excise procedure and protocols highlighted in the Regulations. There are, at least, 11 brochures, on the following topics

i. Clearing & Forwarding Agents (Customs & Excise Agents)
ii. Prohibition & Restriction List
iii. Warehousing
iv. Exemptions from Customs Duty & Duty Deferred
v. Powers of Customs Officers
vi. FAQ on Transit
vii. Exportation by Air, Sea & Land Borders (FAQ Export)
viii. Customs Offences
ix. Importation by Air, Sea & Land Borders
x. Guidelines for Importation
xi. FAQ for Imports

The brochures on "Importation by Air, Sea & Land Borders" and "Guidelines for Importation" are pertinent to revenue administration and revenue collection. The former highlights the "Requirements for Clearance of Goods/Documents to be Submitted", which include an import declaration form prepared in triplicate and submitted to Customs with the following documents

1. Invoice (Cost, Insurance, Freight)
2. Bill of lading or Air Waybill
3. The certificate of origin (where a World Trade Organization WTO rate is applicable), ECOWAS Trade Liberalization Scheme (ETLS) (where a preferential rate is applicable), Generalized System of Preferences, Certificates of Origin
4. Packing lists
5. Licenses and certificates required by law.
6. Tax Identification Number (TIN)

The "Guidelines for Importation" outline the procedure for the "Computation of Customs Duty and Taxes" and list the "Requirements for the Computation of Customs Duty and Taxes". These are as follows

i. Preparation of customs declaration, i.e., the Single Administrative Document (SAD); the SAD is the document the importer or agent uses to declare to Customs, and it includes the customs tariff, original invoice, the packing list
ii. Valuation of goods - according to the provisions of the World Trade Organization (WTO) Agreement on customs valuation; the rate of exchange for the valuation is the existing rate provided by the Central Bank of The Gambia
iii. Tariff and classification - The Gambia has implemented the Common External Tariff (CET) of the Economic Community of West African States (ECOWAS) since 1st January 2017; currently, the country's tariffs on imports fall into five categories of 0%, 5%, 10%, 20% and 35% respectively of CIF (cost, insurance, and freight). The 2012 HS Nomenclature ECOWAS CET (Common External Tariff) lists the items in detail.
iv. Other taxes in the computation of duty include
    a. Excise tax (provided in a separate table not reproduced here)
    b. Environment tax (provided in a separate table not reproduced here)
    c. ECOWAS levy- 1% of CIF
    d. Processing fee 1.55% of CIF
    e. AU levy - 0.20% of CIF

[1] "The Kyoto Protocol was adopted on 11 December 1997. Owing to a complex ratification process, it entered into force on 16 February 2005. Currently, there are 192 Parties to the Kyoto Protocol. In short, the Kyoto Protocol operationalizes the United Nations Framework Convention on Climate Change by committing industrialized countries and economies in transition to limit and reduce greenhouse gases (GHG) emissions in accordance with agreed individual targets. The Convention itself only asks those countries to adopt policies and measures on mitigation and to report periodically" (https://unfccc.int/kyoto_protocol).

   f. Import VAT 15% of CIF and duty
   g. Export VAT 0%

v. Excise and environmental tax, applying to such goods as cigarettes, wine, spirit, cars (new and used), juice, soft drinks, nails, wheelbarrow, laundry soap, tobacco (unpacked and unmanufactured), with the applicable exercise and environmental taxes specified in a table, not reproduced here.

The Act equips customs officers with wide powers to perform their functions[1]. For instance, *s. 7* of the Act imbues every customs officer on duty with all the powers, rights, privileges, and protection of a police officer, including were appropriate, the power to carry arms and ammunition as authorized by the Commissioner General in consultation with the Minister of Interior. Other powers granted under the Act include the following, i.e., power to

- Patrol and pass freely on any part of The Gambia, other than a dwelling house of other building, *s. 225*
- Stop, board, and search an aircraft, vessel, or vehicle; and to lock up, seal, mark, for the purpose of examination or security, any goods for examination or security, *s. 226*
- Ask questions to any person entering or leaving The Gambia relating to his/her baggage or article, *s. 227*
- Search any person reasonably believed to possess unaccustomed or excisable goods, *s. 228*
- Arrest any person (with reasonable force) believed to be committing an offence under the Act, *s. 229*
- Search, with or without warrant and with reasonable force, during the day or night any premises believed to harbour unaccustomed, prohibited, or restricted goods, *s. 230*
- Lock up, seal, or otherwise secure any building in the course of his duty, *s. 231*
- Require the owner of goods to furnish information or to produce all books and documents whether in written or electronic form, *s. 232*
- Seize an aircraft, vessel, vehicle, goods, animal, or other things reasonably believed to be liable to seizure and forfeiture whether a prosecution of an offence has been or will be taken, *s. 255*
- Prosecute any offence under this Act before a magistrate court, *s. 274*

Other relevant tax legislation

The Income &Value Added Tax Act 2012 and Customs and Excise Act 2010 may be the dominant tax and revenue legislation in The Gambia, they are not the only laws in the revenue management framework. Other less-known tax legislations exist and form part of the legal framework for revenue management, including the following eight (the assessors could access the legislations for perusal)[2]

i. The Entertainment Tax Act
ii. The Motor Traffic Act
iii. Payroll Tax Act
iv. The Stamp Duty Act
v. The National Education Technical Training Levy Act (Cap 83.05)
vi. The Information & Communication Act (Cap 74.03)
vii. State Lands Act (Cap 57.02)
viii. The Land Registration of Deeds Act (Cap 57.01

The Petroleum Products Act 2016 also forms part of the revenue management legislative landscape[3]; several of its provisions have implications or revenue administration, including those that deal with the importation, exportation, and distribution of petroleum products, even though the law is primarily not a revenue law, on the face of it. The explanatory note of the law states its purpose as, "to provide for the supervision and monitoring of the importation, exportation, transportation, processing, refining, supply, storage, distribution, and marketing of petroleum products; to provide for the licensing and control of activities and installations, to ensure appropriate health, safety, and environmental standards in petroleum products supply operations and installations, to encourage and protect fair competition in the petroleum products supply market and to provide for connected matters"[4].

[1] See the brochure on, "Powers of Customs Officers"
[2] See: GRA Corporate Strategic Plan 2020 – 2024, *p. 28*
[3] Available on the Internet at the website of the Ministry of Petroleum and Energy, www.mope.gm
[4] See the explanatory note to the law.

Tax Waivers and the Gambia Investment and Export Promotion Agency (GIEPA) Act, 2010

Notwithstanding elaborateness of the provisions of IVAT Act 2012, the indication is that widespread tax waivers and tax discretions dampen their effectiveness. Tax waivers and discretions exist in the form of (i) investment tax incentives implemented by the Gambia Investment and Export Promotion Agency (GIEPA), (ii) duty waivers granted by the Minister of Finance,[1] (iii), other exemptions granted by the President, etc., according to the GRA. Recent GRA and World Bank reports indicate that these waivers and tax exemptions constitute a heavy burden. According to the GRA, "High Tax Expenditures" hinder "The capacity of the Authority to mobilize adequate revenue … [through] generous incentive packages built into the investment … [and] other laws administered by other Government MDAs. These incentive packages have squeezed the tax base, and thus force only a fraction of taxpayers to bear the brunt of the tax burden"[2] (emphasis added). A World Bank 2020 report also highlights the need to rationalize tax expenditures to businesses, which is costing the country significant losses in revenue[3].

The Gambia Investment and Export Promotion Agency (GIEPA) operates under the GIEPA Act, enacted in July 2010. The Act transformed the Gambia Investment Promotion and Free Zones Agency (GIPFZA) into the Gambia Investment and Export Promotion Agency (GIEPA), with three core mandates, i.e., investment promotion and facilitation, business development, and export promotion and support to micro, small, and medium-scale enterprises. The agency operates by granting tax incentives to qualifying investors, under two separate investment schemes – the Special Investment Certificate (SIC) and Export Processing Zone License (EPZL) schemes – both aimed at attracting foreign investors. The SIC is a five-year waiver scheme for priority investment. Priority investment has two prongs, i.e., investments in priority geographical areas to achieve decentralized growth and investments in the priority sectors of energy, health, education, and climate. The EPZ certificate is a 10-year tax waiver scheme for investments in the export promotion zone to produce goods for exports. No investor may benefit from schemes simultaneously; an investor can only be either an SIC license holder or an EPZ license holder.

Structural and organizational framework for revenue administration

The Gambia Revenue Authority (GRA) is the principal government revenue collection organ. The GRA is a statutory entity mandated to collect revenue and implement the Customs laws, while facilitating international trade[4]. (Ministries and other administrative units administer lesser revenues such as charges, fines, fees, penalties, licenses, sale of assets, etc. Even then, most of these agencies have entered MoUs with the GRA to collect the revenues on their behalf, with the notable exception being the judiciary). The Gambia Revenue Authority Act, 2004 created the GRA, "to administer, assess, and collect revenue, to provide for the efficient and effective administration of the revenue collecting system, and for matters connected therewith". The Authority came into existence three years later, in 2007. Prior to the establishment of the GRA, revenue administration was the responsibility of two agencies, both of which were core civil service institutions from the time of independence. The agencies were the Customs & Excise Department (charged with the collection of customs tariff and excise charges) and the Central Revenue Department (Income Tax Department) (later renamed the Domestic Taxes Department, to reflect its role more accurately). The GRA Act merged these two agencies and pulled the resulting institution out of the mainstream civil service, to reposition it to "maximize revenue collection", and to "enhance efficiency in tax administration … to harmonize and optimize revenue collection and encourage and improve compliance by taxpayers … [and] enhance service delivery".

In a nutshell, the Gambia Revenue Authority is a body corporate, created by the Act to assess and collect revenue, and to administer and enforce laws relating to revenue[5]. The Act also harmonizes, strengthens, and streamlines the

[1] For an example of how the tax and duty waivers granted by the Minister operates, see *Box 0.2* below, which extracts from the contract between the government and SEMLEX Europe SA, for the implementation of a solution to produce biometric documents of the Republic of The Gambia.

[2] See: GRA Corporate Strategic Plan 2020 – 2024, *pp. 11, 43*

[3] See: "World Bank. 2020. Systematic Country Diagnostics for the Republic of The Gambia: Overcoming a No-Growth Legacy. Washington, DC: World Bank., especially at *pages 45 and 109*

[4] UNCTAD: Terminal Report on ASYCUDAWorld Project in Banjul, Gambia, April 20, 2021, to November 1, 2022

[5] GRA Corporate Strategic Plan 2020 – 2024, *p. 27*

national revenue collection effort under a single corporate entity, i.e., in addition to redefining a new corporate structure for tax administration[1]. *Section 14* of the Act specifies the functions of the Authority to include the following:

Box 0.2: Excerpts from the SEMLEX Contract on Revenue Collection and Sharing, and Tax Waivers

"CONTRACT for the Implementation of a solution for production of BIOMETRIC DOCUMENTS of the REPUBLIC OF THE GAMBIA"

"3.3. For the duration of this Contract, the GOVERNMEN'I' shall accord SEMLEX the right to use designated land, roads, and other essential facilities as are necessary for the execution of the PROJECT, at no cost to SEI\LEX.

"3.4. The GOVERNWIENT shall at its expense make available to SEMLEX, the land and buildings required for implementing the PROJECT, for the SEMI headquarters in the Republic of The Gambia and for PROJECT related locations. All such PROJECT-related locations shall, at the expense of the GOVERNMENT, be equipped with electric power enabling permanent air-conditioning of the premises. SEMLEX shall bear the cost of rent (where government facilities are not available), electricity and water.

"3.5. The GOVERNMENT will also bear the cost of GOVERNMENT's agent travels and IT equipment shipment inside the country (shipment from/to the headquarters to/from the provincial centres).

"ARTICLE 4: REVENUE SHARING

"4.1 SEMLEX and the GOVERNMENT shall share the total revenue generated from the PROJECT on a 70:30 basis. This may be varied by the Parties subject to Article 2. I.

"4.2 GOVERNMENT shall be responsible for the issuing and collection of fees for all Official Documents generated.

"4.3 The fees so collected shall be lodged into a collection account to be opened at a bank to be agreed upon by the Parties. There shall be a standing order on this account for the monthly automatic distribution or revenue to bank accounts to be nominated by either party in the manner described in 4.1 above. Neither party shall have the ability to make direct withdrawals from the collection account.

"ARTICLE 5: TAX AND CUSTOMS EXEMPTIONS

"5.1. The GOVERNMENT shall issue SEMLEX with a special investment certificate.

"5.2. The GOVERNMENT shall not deduct any withholding tax at source on the transfer out of the Republic of The Gambia of any income deriving from the execution of the PROJECT.

"5.3. The GOVERNMENT shall not deduct any withholding tax at source on the payment of royalties or interests outside the Republic of The Gambia in conjunction with the execution of the PROJECT.

"5.4. SEMLEX shall be exempted from paying any customs duties or taxes on equipment, machinery, accessories, materials, or supplies (including motor vehicles) imported temporarily or permanently into the Republic of the Gambia tar purposes related to the design, building, maintenance and operation of the INFRASTRUCTURE and the PROJECT …."

Source: "CONTRACT for the Implementation of a solution for production of BIOMETRIC DOCUMENTS of the REPUBLIC OF THE GAMBIA", https://cdn.occrp.org/projects/documents/website-documents-folder/the-gambian-government-continues-controversial-contract/Semlex-Gambia-contract.pdf; highlights and emphasis added.

- Revenue assessment and collection, i.e., assessment, charging, levying, and collection of all revenue due to the government
- Revenue accounting, i.e., ensuring the payment of all revenues collected into Consolidated Revenue Fund, "as soon as reasonably practicable"
- Revenue management, including
  - Administration and enforcement of the GRA Act and the revenue laws
  - Promotion of full compliance with tax laws
  - Taking necessary measures to improve the standards of service provided to taxpayers aimed at improving efficiency and effectiveness in administration, and maximizing revenue collection
  - Prevention of tax fraud and other tax evasion
- Tax advisory services. i.e., advising the Minister of Finance on matters relating to the administration and collection of revenue under The Gambia Revenue Act and the revenue laws, and
- Others - performing such other functions related to revenue as directed by the Minister

The commissioner general is responsible for day-to-day management of the Authority, assisted by several top management personnel. The Authority has two operational revenue management departments – Direct Taxes Department (DTD) and Customs & Excise Department (CED). The DTD assesses and levies all forms of personal, business, and corporate taxes (income, capital, road, property, etc.), issues tax clearance certificates for taxes (including road tax and vehicle licence, etc.), and registers taxpayers and issues taxpayer identification numbers (TIN). The CED's mandate is to carry to collect duties and taxes from international trade, prevent and control the importation of prohibited and

[1] ibidem

restricted goods respectively, prevent the smuggling of goods across our international borders without undue delay to legitimate trade, and facilitate international trade, according to the *Kyoto Protocol*.

The following are the non-operations departments of the Authority

- Technical Services Department (TSD) – providing advice on revenue, research, and policy matters; coordinating the development, implementation, and monitoring of the Authority's corporate plan; and promoting taxpayer compliance through taxpayer education
- Finance & Accounting Department (FAD) – receipt, recording, and banking of taxpayer payments; collection, reconciliation, and reporting of revenue collections and other financial transactions; financial support services to the Authority; and procurement
- Human Resources & Administration Department (HRAD) - development and implementation/monitoring HR and administrative policies and procedures, strategies, and systems
- Enterprise Risk Management, Reforms & Modernization, and IT Department - coordinating the development and implementation of corporate risk policies, strategies, programs, and activities; for coordinating the implementation of reforms and modernization programs, projects, and activities, coordinating the provision and management of IT/MIS services
- Internal Audit Unit (IAU) – provision of effective and efficient internal control oversight
- Legal and Board Services (LBS) - support to various GRA departments with legal advice, drafting agreements and other legal instruments, interpretation of revenue laws, training of staff on revenue laws, general litigation for tax recovery, and coordinating board meetings and serving as a bridge between the board and management

The GRA may be a body corporate, with its own board of directors (BoD), and transacting and litigating in its name, yet it may not have the necessary ambit for independence. *Section 14(2)c* of the Act stipulates that the authority would perform its functions "subject to such orders, directions, directives, and guidelines on policy, financial and administrative matters as … issued by the Minister, from time to time". The wording of this provision is so broad and so sweeping that it effectively circumscribes the autonomy of the institution in all matters, in practice, to the dictates of MoFEA. A noticeable impact of this lack of autonomy is the granting of a "high level of duty waivers", an "increasing trend … [that has] been … squeezing … the tax base" and hindering the Authority's quest to meet its expected goals of optimizing its revenue mobilization efforts[1]. This composition of the BoD further places potential constraints in the independence of the GRA. The two most prominent members of the board are the permanent secretaries of the ministries of Finance and Economic Affairs (MoFEA), and Trade, Industry, and Employment *(s. 5 of the Act)*. The other members are the commissioner general, a chairman, and a vice chairman, and two members from the private sector, all appointed by the president on the recommendation of the Minister for Finance, after consultation with the Public Service Commission. There will always be concerns about how much autonomy of action an institution can exercise against the party that directly or indirectly constituted it, partly composes, and issues it with "orders, directions, directives".

Revenues collected by the GRA

The GRA sets monthly and annual revenue collection targets (projections) for both tax and nontax revenues; it also reports actual revenue collection in the same format, i.e., monthly returns and annual consolidations. The targets differentiate between revenues collected by the DTD and those collected by the CED. The DTD superintendents over more revenue items by number (39) than the CED does (19), as *Table 0.11* shows, although the CED targets a higher percentage of revenue by value. CED revenue targets averaged about 57 percent between FY2019 and FY2021, against DTD's 43 percent target; the corresponding figures for FY2021 were 59 percent and 41 percent (*Table 0.10)*.

Table 0.12: GRA Annual Revenue Collection Targets (GMD)

	DTD Revenues (excl. local taxes)		CED Revenues		Total	
	Target	**%**	**Target**	**%**	**Target**	**%**
FY2019	4,554,471,400.00	42.6%	6,128,132,990.00	57.4%	10,682,604,390.00	100.0%
FY2020 (pre-COVID-19)	5,214,554,913.00	46.0%	6,128,132,990.00	54.0%	11,342,687,903.00	100.0%
FY2020 (COVID-19 Revised)	4,039,503,544.70	40.1%	6,024,647,887.66	59.9%	10,064,151,432.35	100.0%
FY2021	5,227,154,546.65	40.9%	7,538,528,525.41	59.1%	12,765,683,072.06	100.0%

[1] Op. cit., *p. 11*

Table 0.12: GRA Annual Revenue Collection Targets (GMD)						
	DTD Revenues (excl. local taxes)		**CED Revenues**		**Total**	
	Target	**%**	**Target**	**%**	**Target**	**%**
Average 2019 - 2021 (excl. 2020 COVID-19 Revised)	**4,998,726,953.22**	**43.2%**	**6,598,264,835.14**	**56.8%**	**11,596,991,788.35**	**100.0%**
Source of Date: GRA; Analysis by the consultants						

However, the DTD target figure does not include some of the revenues traditionally within its administrative jurisdiction but collected by other organs under special contractual arrangements with the GoTG, e.g., those dealing with the implementation of biometric systems for diverse documents and databases, such as the National Identification Number and National Driver's Licence schemes. The private company implementing these biometric systems (SEMLEX Europe SA, Brussels, Belgium) is currently collecting the revenues associated with the schemes[1]. Other such collection schemes exist with other firms, e.g., AFRICARD, NICK TC-SCAN Gambia Limited, etc. *(see below)*. Both departments (DTD and CED) collect value added taxes and excise duties, depending on whether the item relates to international trade (in which case the CED collects the associated revenue) or domestic trade (in which case the DTD collects it). Among the taxes collected by the DTD is one item of local revenues collected on behalf of area councils and periodically distributed among them, as discussed in *PI-7* above, i.e., car parking fees. The analysis in *Table 0.12* excludes this item.

Table 0.13: GRA Annual Revenue Collection Targets for the Financial Year 2021 (GMD)				
	Domestic Taxes Department		**Customs & Excise Department**	
	Revenue Head	**Annual Target**	**Revenue Head**	**Annual Target**
1	Personal [Income] Tax	1,026,092,437.62	Import Duty Oil	376,573,470.01
2	Company Tax	1,611,784,180.23	Import Excise Tax Oil	340,901,819.76
3	Capital Gains	99,655,726.89	Import Duty Non-Oil	2,228,509,970.33
4	Payroll Tax	48,039,535.60	Import VAT Oil	1,236,758,706.57
5	Business Registration Fees	-	Import VAT Non-Oil	1,695,919,771.78
6	Survey Fees	-	Overtime Receipts/Escorts	119,745.88
7	Rent of State Lands	-	Customs Processing Fees	491,950,151.96
8	Entertainment	9,305.89	Import Excise tax	441,758,623.10
9	Pool Betting Levy	2,578,160.51	Domestic Excise duty	263,150,950.57
10	Miscellaneous Receipts	75,216.39	Green Tea Tax	984,840.52
11	Air transport levy	-	Fuel Levy	385,317,240.05
12	N.E.T.T. Levy	44,868,532.85	Environmental Tax on Imports	33,302,948.10
13	Stamp Duty	68,405,584.51	Export Duties	4,889,567.02
14	Environmental Tax	-	Customs Auction Sales	3,438,525.70
15	Excise Telecom	227,093,702.72	Warehouse Rent	-
16	Casino, Gaming & Machines Licences	-	Customs Penalties/forfeitures	3,085,973.76
17	Value Added Tax (VAT)	1,562,235,040.01	Environmental Tax on Used Cars	9,165,099.99
18	GSM, VSAT etc.	153,355,121.02	Miscellaneous	9,704,128.49
19	GSM Levy	117,678,227.57	PURA fees on Fuel	12,996,991.82
20	Rental Income	26,814,500.39		
21	Informal Sector Tax	55,587,265.34		
22	Road tax	66,204,435.82		
23	Motor Vehicle Licences	83,435,397.91		
24	Firearms and games licenses	268,375.55		
25	Personal Number Plates	-		
26	Ordinary Number Plates	-		
27	International driving licences	-		
28	International certificate for motor vehicles	-		
29	General dealers' licenses	-		
30	Miscellaneous licenses (testing fees, learners)	5,922,735.43		
31	Mandatory Fine for Motor Traffic Violation	17,301.25		
32	Car Parking Fees (Area Councils)	28,077,962.94		
33	Bicycle Licenses (Registration)	-		

[1] This arrangement seems contrary to the agreement between the government and SEMLEX, which stipulates for the government to collect the revenues; *see Box 0.2*.

Table 0.13: GRA Annual Revenue Collection Targets for the Financial Year 2021 (GMD)				
	Domestic Taxes Department		**Customs & Excise Department**	
	Revenue Head	**Annual Target**	**Revenue Head**	**Annual Target**
34	Work Permit Fees	-		
35	National ID Cards	-		
36	Aliens' identity Cards	-		
37	National Drivers Licences	-		
38	Cattle Tax	-		
39	Sports Development Levy	27,033,763.13		
	Total	**5,255,232,509.59**	**Total**	**7,538,528,525.41**

Source of Date: Extracted from revenue targets for FY2019 – FY2021 provided by the GRA (GRA Note - "NB: Please note that the revenue targets for National ID Card and Driving Licences are removed from the GRA-Domestic Tax Department targets given that these revenues are being collected by SEMLEX")

Table 0.12 presents analysis of revenue target and collections by the GRA from FY2017 – FY2019, as provided by the Authority. These figures are raw and unaudited figures provided by the GRA. The figures show that

- The GRA overall revenue collection rate was 102.7 percent in FY2019, 94.8 percent in FY2020, and 99.5 percent in FY2021, i.e., noting again, however, that FYs 2021 and 2021 figures are not preliminary for reasons already stated. Nite: the GRA revenue collection effort is different from the total government revenue collection effort; this distinction is important in contextualizing and understanding the assessment in *PI-3*.
- DTD collectible revenues achieved collection levels of 105.4 percent in FY2019, 96.5 percent in FY2020 (the drop was ostensibly due to the impact of COVID-19), and 107.3 percent in FY2021
- Company tax consistently overperformed at 117.6 percent, 106.8 percent, and 119.3 percent in FY2019, FY2020, and FY2021, respectively.
- CED collectible revenues achieved 100.8 percent, 93.6 percent, and 94.1 percent, respectively during the period
- The general and consistent 'overperformance' (i.e., above 100 percent collection rate) of certain revenues is not necessarily an indication of efficiency and effectiveness of revenue collection. They could be hiding problems, including revenue prediction errors and 'low bar' target setting by the GRA, resulting in easy collection efforts. "Low bar' targets could contribute to inefficiency in various forms, including by undermining and discouraging additional collection efforts upon reaching the set target, and by helping to conceal the mismanagement of revenues collected above set targets.
- This level of revenue performance creates the impression of little or no problems with tax arrears, which would be a world record if this were to be so. A modern revenue collection system in which there are no problems with tax arrears is either be highly efficient and effective or the opposite, in which case it could have weak surveillance over the self assessment mechanism underlying revenue administration. There is no evidence that The Gambia falls into the category of highly efficient tax administration systems in the world.

Table 0.14: GRA Collected Revenues by Entity and Category of Revenue (FY 2019 - FY2021 (GMD '000,000, %)									
	2021 Revenue			**2020 Revenue**			**2019 Revenue**		
	Targeted	**Collection**	**% Collection**	**Target**	**Collection**	**% Collection**	**Target**	**Collection**	**% Collection**
GRA Total Revenue	**12,765.68**	**12,702.77**	**99.5%**	**12,421.37**	**11,776.48**	**94.8%**	**10,682.60**	**10,975.46**	**102.7%**
Domestic Taxes Department	**5,227.15**	**5,609.53**	**107.3%**	**5,214.55**	**5,030.36**	**96.5%**	**4,554.47**	**4,800.29**	**105.4%**
Personal [Income] Tax	1,026.09	1,093.28	106.5%	1,063.29	942.77	88.7%	994.78	962.72	96.8%
Company Tax	1,611.78	1,922.13	119.3%	1,604.67	1,713.43	106.8%	1,281.44	1,507.36	117.6%
Value Added Tax (VAT)	1,562.24	1,327.22	85.0%	1,479.99	1,425.34	96.3%	1,300.00	1,388.74	106.8%
Other Taxes	1,027.04	1,266.90	123.4%	1,066.60	948.82	89.0%	978.25	941.47	96.2%
Customs & Excise Department	**7,538.53**	**7,093.24**	**94.1%**	**7,206.81**	**6,746.12**	**93.6%**	**6,128.13**	**6,175.17**	**100.8%**
Import duties (oil and nonoil)	5,537.76	4,829.51	87.2%	5,246.00	4,772.09	91.0%	4,940.88	4,359.21	88.2%
Excise duties (import and domestic)	1,045.81	1,015.57	97.1%	1,326.21	959.88	72.4%	718.16	1,152.93	160.5%
Export duties	4.89	0.30	6.1%	-	2.70		-	0.17	
Others	950.07	1,247.86	131.3%	634.60	1,011.46	159.4%	469.09	662.85	141.3%

Table 0.14: GRA Collected Revenues by Entity and Category of Revenue (FY 2019 - FY2021 (GMD '000,000, %)									
	2021 Revenue			**2020 Revenue**			**2019 Revenue**		
	Targeted	**Collection**	**% Collection**	**Target**	**Collection**	**% Collection**	**Target**	**Collection**	**% Collection**
Non GRA Rev (MDA Admin Charges)	2,398.82								
Source: compiled by the consultants from data provided by the GRA - Revenue Collections 2019 - 2021 & Revenue Targets 2019 -2021									

Recent evaluations of the revenue administration system

In June 2018, the IMF completed an assessment of The Gambia's tax administration using the Tax Administration Diagnostic Assessment Tool (TADAT). The assessment highlighted the strengths and weaknesses of the tax administration system[1]. The observed strengths include in the following four areas: (i) use of a variety of delivery methods to provide information to taxpayers, (ii) efficient arrangements for collecting taxes, such as withholding at source and advance payment for income taxes, (iii) availability of electronic payment facilities to enhance revenue collection, and (iv) good legal provisions (legal framework) for a graduated tax dispute resolution mechanism. However, the report described these strengths as few compared to the identified weaknesses, which it described as substantial. The reported weaknesses include the following 11

i. Low integrity of the taxpayer registration system, resulting in an inaccurate taxpayer registration database and uncertainty of the number of active taxpayers
ii. Underdeveloped approaches to managing compliance risks, including lack of research to identify, rank, or quantify compliance risks
iii. Inadequacy of support to taxpayers to minimize compliance costs and promote compliance
iv. Inability of establishing on-time filing and payment rates with certainty
v. Department-wide lack of documented procedures, internal controls, and performance management monitoring
vi. Ineffective internal audit function: a weak taxpayer audit function with audits conducted outside the set program
vii. Inaccurate taxpayer ledgers
viii. Weak ICT system, GamTaxNet (Gambia Tax Management System), that compromises revenue accounting and operational performance; GamTaxNet does not interface with MoFEA, does not meet government accounting standards, and does not align with tax laws *(see PI-20 below for elaboration)*
ix. A deficient refund system
x. Weak internal assurance and integrity mechanisms
xi. Ineffective transparency and accountability framework

The Ministry of Finance and Economic Affairs, supported by developments partners (including the AfDB) is addressing these and other weaknesses in the tax administration through various ongoing reform initiatives initiated in the GRA and elsewhere (see below).

The 2021 Directorate of Internal Audit (DIA) Activity Report also made findings on revenue administration. These findings, however, may not directly relate to the GRA, which operates its own internal audit unit (IAU); the mandate of the DIA does not extend to the Authority. (The assessment finds the GRA IAU to be weak, corroborating the findings of the TADAT.) The DIA Activity Report made five adverse findings on revenue administration, with four of them classified as "unsatisfactory", and one as "needing significant improvement"[2]. The four issues of unsatisfactory performance are[3] (i) inefficient reconciliation of received revenue before banking, (ii) inaccurate recording of revenues collected, (iii) late banking of collected revenue, and (iv) cash suppressions and banking shortfalls. The issue needing significant improvement is, "weak supervision exercised on revenue collection, posting and banking"[4]. The 'unsatisfactory classification mean that "Controls are not functioning and/or fraudulent activities have been detected which will have a material impact on both the financial statements and operations …". "Needing significant improvement" means that, "The control environment is lacking which would encourage

[1] The Gambia TADAT Performance Assessment Report, *pp. 8 - 9*
[2] DIA Activity Report 2021, *page 5 of 42*
[3] Op. cit. *p. 6*
[4] Op. cit., *p. 6*

misuse and/or risk of loss by misappropriation contributing to financial losses. Immediate management actions need to be taken to address the control deficiencies noted".

The 2019 audit report (the latest available to the assessors) identified "a need to strengthen internal controls surrounding the collection and depositing of government revenue" due to [identified] weaknesses over monitoring of revenue collection and banking"[1]. The audit report observed issues with the administration of both tax revenues collected by the GRA[2] and nontax revenue of ministries and departments[3]. Other revenue administration issues highlighted in the audit report include the following: (i) failure to seek approval to outsource revenue collections[4], (ii) unaccounted government revenue[5], (iii) unauthorized use of collected revenue (from sale of timber)[6], (iv) untimely remittance of collected revenue collected to the Consolidated Revenue Fund[7], (v) failure to maintain backup records of daily collection report of scanning fees recorded in an excel file, etc.

One critical complaint of the auditor on the administration of GRA revenues include the following

- Perceived "Absence of Skills / Knowledge Transfer between NICK TC-SCAN Gambia Limited & GRA"[8]; the reports notes that, "the concessional agreement between the Government of The Gambia and NICK TC-SCAN Gambia Limited did not include Skills and Knowledge transfer which is considered an important provision in any agreement of this nature because it will aid Government to operate the scanning system at the end of the contract when ownership is transferred to it". The government strongly protested this finding, nothing that, the "Technical Proposal submitted by the Concessionaire (NICK-TC SCAN) provides for Training and skills transfer", and Clause 10.6.1 of the concession agreement makes this technical proposal a part of the agreement. The government also noted that pursuant to this, the concessionaire has "has conducted several trainings for GRA staff since the commencement of the concession", who now man "the scanning system at the seaport with minimal supervision by the staff of the Concessionaire". Further, the "GRA staff manning the scanning machine have been trained enough to be able to do image reading, detection and analyses of images from the scanning machines". This training has also extended to the staff of "Other sister security agencies such as the NDLEA [National Drug Law Enforcement Agency] and SIS [State Intelligence Service]". This strong rebuttal did not satisfy the auditor, who insisted that the "this finding remained unresolved".
- Co-sourcing "the collection of revenue to private companies in contravention to Public Finance Act and Financial Regulations", with the collection systems "operated with little participation of government staff attached to the private companies"[9]; the report cited four such contracts, namely, the respective contracts with SEMLEX and AFRICARD to produce passports and national ID cards, SECURIPORT for the collection of fees at the Banjul International Airport, and NICK TC-SCAN Gambia Limited for the collection of scanning fees at the seaport. The report also notes that these "contracts failed to adequately address skills and knowledge transfer which is considered a key component for smooth and sustainable operation at the end of the contract when Government takes over the projects"
- Issuance of receipt books without recipient signature[10]

Summary of some key revenue management reforms in the Gambia

The GoTG has been pursuing revenue administration reforms through the Ministry of Finance and Economic Affairs for over a decade now. The reforms received renewed impetus in the wake of the political, administrative, and governance changes that took place in 2016/2017, buoyed by financial and technical assistance support from various development partners, including the AfDB, IMF, AfRiTAC, etc. Reforms have encompassed changes in the legal and regulatory framework; modernization of revenue collection, accounting, and accountability mechanisms through technological innovations; professionalization of revenue administration and capacity

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[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *page 9 of 512*
[2] Op. cit., *pp. 52 - 68*
[3] Op. cit. *pp. 70 - 74*
[4] Op. cit., *p. 176*
[5] Op. cit., *p. 180*
[6] Op. cit., *p. 182*
[7] Op. cit. *p. 111*
[8] Op. cit., *pp. 68 - 69*
[9] Op. cit., *p. 9*
[10] Op. cit., *p 57*

development, etc. Two of the major reforms are worth highlighting here: the Gambia Tax Management System (GamTaxNet) and Automated System for Customs Data (ASYCUDA) reforms.

The Gambia Tax Management System (GamTaxNet) reforms are some of the most important, longstanding, and continuing tax administration reforms in the Gambia. The concept of the reform dates to 1992, when the USAID commissioned a study into a reform of the Gambia tax administration system[1]. The report forms the bedrock of the GamTaxNet reforms. Simply stated, the GamTaxNet concept involved modernizing tax administration and information systems by reorganizing it into a simplified tax processing structure, revolving around centralized databases that run on networked computers, with terminals operated by officers from their desks. The attributes of the system include the following, among others

- A networked and interconnected series of computer workstations
- The network would have central databases that include "a master file on each taxpayer and records on returns, assessments, payments, audits, investigations, and other relevant information"
- Each officer in the tax administration would have a computer or computer terminal on his/her desk
- Linking of the network to other public service delivery entities, other revenue departments, or government departments, as appropriate – GRA Domestic Tax and Customs & Excise departments, MoFEA, the CBG, etc.
- Facilitated connections among the various parts of the revenue administration system
- A taxpayer registration system and the issuance of unique taxpayer identification number (TIN), constructed with appropriate coding safeguards to minimize errors
- A withholding tax process that facilitates revenue collection from multiple points, all linked to the TIN and the tax databases

Implementation of GamTaxNet reforms have been in phases and through various individual projects. The latest of the reform phase implemented was GamTaxNet Version 4 completed in January 2022, according to an IMF report[2]. The phase involved GAMTAXNET remediation plan, and it, "All tax offices have received training on the usage of the remediated system modules"[3]. However, it appears that GamTaxNet has run its full steam as the government is planning to replace networked computer system with the more robust and versatile web-based Integrated Tax Management System (ITAS)[4].

The ASYCUDAWorld reform - in 2019, the GRA and the ASYCUDA Program of the United Nations Conference on Trade and Development (UNCTAD) signed a technical cooperation project for migration from ASYCUDA++ to ASYCUDAWorld[5]. The project involved reforming customs processes and building a national ASYCUDAWorld prototype, which requires "a complex migration of data from ASYCUDA++ to the new system"[6]. The upgrade is to allow the GRA to process electronic customs declarations online quickly and securely, easily generate reliable trade statistics, and process customs payments electronically, among other benefits. The African Development Bank funded the project. The 2022 UNCTAD Compendium outlined the accomplishments of the program as follows[7]

- Total number of customs offices covered – nine (9); four (4) computerized and five (5) paper-based
- Imports covered – $130 million (2021)

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[1] See: a USAID proposal, TAX REFORM FOR THE GAMBIA: A Proposal for Computerization and Administrative Modernization of Income and Other Taxes by Donald G. Morrison and James I. Owens July 1992; https://pdf.usaid.gov/pdf_docs/pnabn671.pdf

[2] IMF Country Report No. 22/195: The Gambia: -Fourth Review Under the Extended Credit Facility Arrangement, Request for a Waiver of Nonobservance and Modification of a Performance Criterion, and Financing Assurances Review—Press Release; Staff Report; and Statement by the Executive Director for The Gambia", June 2022, *p. 65*

[3] ibidem

[4] See: https://www.voicegambia.com/2023/09/14/gra-to-replace-domestic-tax-system-gamtaxnet-with-itas-cg-darboe/

[5] ASYCUDA stands for Automated System for Customs Data; ASYCUDA++ is ASYCUDA's Customs Management System - Version 3, and ASYCUDAWorld is ASYCUDA's Customs Management System - Version 4.

[6] United Nations Conference on Trade and Development, "ASYCUDA Compendium 2022 / Digital Connectivity for Inclusive Trade", UNCTAD/DTL/ASYCUDA/2022/1, eISBN: 978-92-1-002169-2, *pp. 28 - 29*

[7] Ibidem

- Persons trained – 16; 11 me and (five) 5 women
- 50 percent reduction in average release times from 2017 to 2021
- Volume of activities (2021) - 2,809 customs manifests, 33,837 customs waybills, 5,104 import declarations, 239,753 tons of total export goods' weight

Summary: scope of coverage of analysis

The assessments in dimensions 1 to 4 below cover the entire central government of the Gambia, i.e., budgeted, subvented, self accounting, and extrabudgetary agencies. For emphasis, The Gambia is not natural resource rich and does not have resource revenue of any significance, and therefore, does not have any dedicated entity administering and collecting resource revenues. The country's main sources of revenue are domestic taxes and external taxes (i.e., customs and excise duties). These account for about 80 percent of total government revenues *(see PI-20 below)*. The GRA is the sole authority collecting both revenues; no other agency collects these revenues, whether budgeted, subvented, self accounting, or extrabudgetary agency.

The country's other sources of revenue comprise MDA administrative charges, i.e., fines, fees, rent, licences, penalties, sale of government property, properties, earnings, etc. These constitute the remaining 20 percent of revenues. The administration of these revenues (assessment, levying, collection, and accounting) is the responsibility of respective MDAs (i.e., budgeted, subvented, self accounting, and extrabudgetary agencies. However, most MDAs have reached an MoU with the GRA to collect these revenues on their behalf. This is reason *Table 0.12* includes these revenues under the domestic taxes' column, e.g., actual collections for rental income, firearms and games licenses, miscellaneous licenses (testing fees, learners), mandatory fine for motor traffic violation, etc. The one notable entity that has not reached an MoU with the GRA is the judiciary that still directly collects court fees, fines, and penalties, etc.

PI-19.1. Rights and obligations for revenue measures

Dimension 19.1 assesses taxpayer access to relevant information on (i) their rights and obligations, (ii) administrative procedures, and (iii) redress processes. Effective tax administration hinges on providing taxpayers with "easy access" to comprehensive and up-to-date information on their obligations and legal rights. Taxpayer obligations include such requirements as taxpayer registration, timely filing of declarations, timely payment of assessment liabilities, and complete and accurate reporting of information in declarations. Taxpayer rights include the right to objections on assessment, including by access to a fair and independent redress system outside of the general legal system (ideally a 'tax court') in place for taxpayers to appeal revenue administrators' decisions. (Note: this dimension does NOT assess the effectiveness of the redress system, but the extent to which payers are, at a minimum, aware of its existence and its processes and procedures.) 'Redress' refers to compensation for wrongful treatment, e.g., acknowledgement, apology, financial compensation, reinstatement of status, and/or correction of errors. Good practice requires that the revenue administrator uses multiple channels (online access, printed guides, brochures, bulletins, practice notes, FAQs, radio and television enlightenment programs, etc.) to provide simplified and easy-to-understand information on these issues a to ensure that it reaches the widest possible coverage and tailored to meet the specific needs of key taxpayer segments. The ease of accessing the information is vital, and it refers to the simplicity (timeliness, cost, and time) of taxpayers obtaining information and advice the administrator.

The main source of information dissemination to the taxpayer GRA website (www.gra,gm), which hosts a full set of brochures on the main taxes and their applicable procedures; however, the website does not also publish the underlying legislative enactments. In fact, the enacted tax legislation remains difficult to access online or in hard copy; concerted efforts to obtain or sight copies of the Income and Value Added Tax (IVAT) Act 2012 and the Customs and Excise Act 2010 were unsuccessful. Internet searches for the documents also proved abortive; a link to the IVAT Act 2012 on MoPE's website (https://www.mope.gm/downloads) does not work, as already explained above.

The brochures are clear, have detailed explanations on processes and procedures, use simple and easy to understand English language, and they fall into two categories - tax and customs. The tax brochures are 12, covering (i) corporation tax, (ii) pay-as-you-earn (PAYE), (iii) personal income tax (PIT), (iv) rental income tax,

(v) capital gains tax (CGT), (vi) dividends income tax, (vii) tax arrears, (viii) fringe benefits income tax, (ix) value added tax (VAT), (x) informal sector income tax, (xi) double taxation, and (xi) taxpayer charter. customs duties. The customs brochures are 10, i.e., (i) Clearing & Forwarding Agents (Customs & Excise Agents), (ii) Prohibition & Restriction List, (iii) Warehousing, (iv) Exemptions from Customs Duty & Duty Deferred, (v) Powers of Customs Officers, (vi) FAQ on Transit, (vii) Exportation by Air, Sea & Land Borders (FAQ Export), (viii) Customs Offences, (ix) Importation by Air, Sea & Land Borders, and (x) Guidelines for Importation.

Each of the brochures address a wide range of issues of usual concern to the ordinary taxpayer. For example, the brochure on corporation tax addresses 10 issues under the following 10 headings, i.e., (i) What is Corporation Tax? (ii) Who is Liable for Corporation Tax? (iii) What is the Corporation Tax Rate? (iv) How is Corporation Tax Calculated? (v) How Often a company, partnership or bodies of trust Should File Returns and Pay Corporation Tax? (vi) How and Where to File Returns and Pay Corporation Tax? (vii) Objections & Appeals of Tax Decisions, (viii) Who are Exempted from Corporation Tax Filing and Payment? (ix) Are the Payments Made a Final Tax? (x) Offences.

Each brochure also contains information on the redress process in the form of a section on "Objections & Appeals of Tax Decisions" included in each brochure. The wording of the sections is roughly as follows: "Taxpayers not satisfied with any tax decision can within 30 days, object to such decision through the Objection and Appeal process. The process starts with the filing of an objection with the Commissioner General through to an appeal to the Tax Tribunal and then to the Court of Appeal where necessary". In addition, the tax authority's website includes a section on "Service Processes of the Domestic Taxes Department", which discusses the "Objection and Appeals Process". The section outlines three levels of appeal as follows:

- Objection to GRA – this is where the taxpayer disputes GRA's assessments or decisions
- Appeal to the Tax Tribunal (an independent body headed by a High Court Judge) to hear cases brought by taxpayers not satisfied with the GRA's decisions on their objections
- Appeal to the Court of Appeal - In the event a taxpayer is not satisfied with the decision of the Tax Tribunal, he/she may challenge the decision at Court of Appeal

In addition to online dissemination, the Association of Nongovernmental Agencies in The Gambia (TANGO) confirms GRA evidence of the existence of twice-weekly (Mondays and Wednesdays) live radio tax-education programmes in the main local languages, where people call in to ask questions. Other forms of tax education activities in place include fliers distributed in public places, drop boxes at GRA offices where taxpayers can submit questions and report incidents, taxpayer service officers in each local branch of the GRA to attend to questions, etc. Notwithstanding these measures, TANGO suggests that the informal sector still lacks effective sensitization and education. The better sensitized formal sector bears the brunt of taxation. Reach-out to rural communities is also not effective, as many rural dwellers do not have radios and do not tune in to the radio programmes.

Electronic taxpayer registration is compulsory for both individuals and entities. The GRA website does not contain any brochure on the registration process; however, the general information section of the website includes detailed information on the registration process under its Enterprise Risk Management Reform Modernization & IT Department. The process includes the issuance of a unique taxpayer identification number (TIN) to each taxpayer, tied to bank accounts and other government service delivery systems, including (i) registration of motor vehicles/transfer of ownership, (ii) registration of land and properties/transfer of leases and freehold land, (iii) registration of title deeds and stamping of instruments/documents, (iv) granting of investment incentives and tax exemptions.

The GRA website further hosts tax forms of five main types – registration, return, payment, objections, and refund. The registration forms are three, i.e., obligation registrations form, TIN application form, and VAT registration form. The return forms are 10: (i) air travel tax return form, (ii) CGT return form, (iii) corporate income tax return form, (iv) fringe benefits monthly return form, (v) individual income return form, (vi) PAYE monthly schedule, (vii) payroll tax schedule, (viii) pools betting tax return, (ix) VAT return, and (x) withholding tax monthly schedule. The two payment forms are quarterly declaration forms and withholding tax certificate. The objections forms are three: objections form, Tax Tribunal Review form and Court of Appeal Review Form. The refund forms are four: (i)bank transfer application form, (ii) refund claim form, (iii) VAT Rebate Application Form (diplomats), and (iv) VAT Rebate Application Form (NGOs).

The tax and customs brochures were more than four years old (dating to 2018) at the time of data collection for the PEFA exercise (five years old at the time of finalizing the report). The government did not enact new major tax legislation in the five years. However, there have been some incremental changes in procedures, process, and methods, including in the manner of registering taxpayers and collecting certain revenues. There should have been, at least, a brochure on taxpayer registration and the issuance of taxpayer identification number (TIN).

Performance level and evidence for scoring the dimension

The forgoing narrative and analysis shows that the GRA collects the most important revenues through its DTD and CED departments, and it uses multiple channels to provide taxpayers with comprehensive information on their main tax obligations and their rights, including redress processes and procedures. However, the informal sector still lacks effective sensitization and education; and reach-out to rural communities is also not effective. In addition, access to the two main tax legislations (the Income and Value Added Tax (IVAT) Act 2012 and the Customs and Excise Act 2010) is difficult. This level of performance does not meet the requirements for an "A" score, which requires "easy access" to "up to date" information by the taxpayer. Consequently, the score for this dimension is **B**.

PI-19.2. Revenue risk management

PI-19.2 assesses the extent to which revenue administration evaluates and prioritizes compliance risks using a comprehensive, structured, and systematic approach. 'Compliance risks' refers to the potential for losing revenue when revenue payers fail to meet their obligations in four main revenue areas, i.e., (i) registration (ii) timely filing of declarations (iii) timely payment of liabilities, and (iv) complete and accurate reporting of information in declarations. Proper management of compliance risks is necessary because of the enormity of taxpayers and transactions and the resource implications (human, technological, time, and financial) of revenue administration attempting to assess every taxpayer directly. Modern revenue administration relies on taxpayers assessing themselves (self-assessment methods), while verifying compliance focused on the perception of risk. For instance, transfer pricing and other profit-shifting arrangements of large taxpayers (including multinational enterprises) involved in vast cross border transactions are traditionally potential sources of compliance risk. By identifying and concentrating on such and other taxpayers and transactions with the largest noncompliance risk potential, revenue collectors hope to minimize evasion and other irregularities, while simultaneously lowering all round costs, i.e., collection cost to the tax authority and compliance cost for taxpayers.

To be effective, compliance risk assessment and prioritization methods need to be comprehensive, i.e., they must cover all categories of revenue. Structured and systematic approaches work best, i.e., the approaches should have clearly documented procedures and steps, be methodical, and be regularly repeatable. Further, good practice maintains a compliance risk register for such and other potential sources of risk and proactively devises and applies measures to mitigate them. Examples of mitigation measures are audits, investigations, transfer pricing controls, outreach activities, and communication.

The GRA recently established a compliance risk unit under its "Vision, Mission, and Corporate Strategic Plan (2015-2019)", supported development partners, notably, the IMF under its AfRiTAC[1] Program, the Agence Française de Développement (AFD), and the AfDB. The unit is the Enterprise Risk Management Reform Modernization & IT (ERMRMIT) Department, with the mandate is to "champion and integrate" risk management at all levels of the Authority, including by coordinating the development of corporate risk policies, strategies, and procedures; and to ensure the identification, recording, management, and mitigation of corporate risk[2]. Key performance indicators (KPIs) set in the corporate plan include the following, developing the following six corporate risk policies, strategies, and procedures by December 2018, i.e., (i) corporate risk strategy, (ii) standard procedures and processes for the identification and mitigation of corporate risks, (iii) corporate risk management framework, (iv) work plan, and (v) corporate risk register, in addition to developing a business continuity plan (BCP) by December 2020. The GRA explained to the assessors that it had put in place a risk management framework for tax compliance, although, efforts to obtain copies of the developed policies and strategies for perusal

[1] Africa Technical Assistance Center

[2] See the GRA website, https://www.gra.gm/ERMRIT

were unsuccessful. While commenting on the draft of this report, the AfDB confirmed that the GRA had, indeed, "developed a risk management strategy, and the AFD and the AfDB had been provided to staff of the unit". Compliance risk management in the GRA appears, therefore, to be a recent and developing exercise, since training of the personnel was still ongoing at the time of the assessment.

The succeeding (and extant) GRA Corporate Strategic Plan 2020 – 2024 identifies and analyzes the strategic risks facing the GRA, and outlines mitigation measures to tackle them. Among the several identified strategic risks are the following four that bear directly on compliance:

i. Tax fraud risks that undermine efforts to improve compliance and protection of society from harmful goods; these include the risks of companies and individuals continuing to manipulate their records; significant use of 'missing traders'[1] to generate fake invoices, and illegal production and trade in excisable goods.
ii. Digital economy risks arising from rapid global digitalization transforming the way businesses transact and increasing the scope for certain activities that are not visible to the tax administration leading to potential revenue loss.
iii. Cross border tax avoidance schemes by multinational and large companies, which predominantly operate and make profits in The Gambia but continuing to use sophisticated schemes to avoid or significantly minimize their tax obligations in The Gambia, e.g., through transfer pricing and aggressive tax planning
iv. Integrity challenges in the GRA, which continue to undermine levels of trust and confidence in the tax system and affecting willingness of the public to comply

The Corporate Strategic Plan 2020 – 2024 also outlines mitigation measures to contain the impact of these risks. These measures are mostly futuristic planned improvements on the use of information technology (IT) services to curtail or neutralize the risks. They do not include surveillance activities such as audits, investigations, transfer pricing controls, and outreach activities/communication for intermediate impact whilst implementing the planned longer-term technological improvements. The planned mitigation measures are as follows.

- Interface GRA IT systems with other relevant IT systems, including the IFMIS to allow for automated sharing of taxpayer information
- Institutionalize corporate wide risk-based compliance management
- Implement Integrated Tax Administration System (ITAS)
- Implement cargo tracking and excise stamps for excisable goods
- Undertake robust intelligence collection, utilization, and investigation
- Institutionalize data driven compliance
- Expansion of ICT infrastructure platform to exploit the growing digitalization of the economy
- Leverage on automation and partnerships by developing and implementing an e-payment strategy
- Establish close collaboration globally, especially in taxation, of digital economy and multinationals
- Build staff capacities on taxing e-commerce
- Utilization of multilateral exchange of information provisions to tackle tax evasion
- Use technology to minimize staff contact mainstream ethics and integrity in all our operations

Information on how the risk management works in practice is scant, including on the "use of risk management process in registration, filing, payment, and refunds of tax, customs, and social security payments". The methodology requires the assessors to comment on this. A risk management good practice worthy of note is the making of taxpayer award to deserving taxpayers as incentives to encourage compliance. On electronic taxpayer registration, information obtained is as related in PI-19.1 above; it was not possible to ascertain the extent to which risk colouration affects the process. Information obtained on refunds is that the GRA makes VAT refunds from the GRA Refunds Account maintained at the CBG; for other tax refunds, the GRA makes recommendations to MoFEA for the refund or otherwise, grants a tax credit.

Performance level and evidence for scoring the dimension

[1] The 'missing trader' phenomena are a type of fraud scheme involving extensive importation and reselling of goods through a series of domestic companies, before re-exporting them. There is the risk of that the first company in the domestic chain may charges VAT to a customer, but does not pay this to the tax authority, thereby, getting in the change. That company is the "missing trader".

The inference to draw from the foregoing is that the GRA has established a compliance risk management system; however, these processes are still in their infancy and yet to begin to operate efficiently. The fact that the GRA rewards good taxpayers shows that some risk management is in place; it was not possible to obtain information on the approaches used to select the good taxpayers to assess how properly structured and systematic in prioritizing compliance risks the approaches are. In addition, the evidence of the newly established risk management department and ongoing training shows a young and evolving compliance risk management situation. This assessment is consistent with the requirements for a **C** score, i.e., that "entities collecting the majority of revenues use approaches that are partly structured and systematic for assessing and prioritizing compliance risks for some revenue streams".

PI-19.3. Revenue audit and investigation

PI-19.3 assesses the sufficiency of controls in place to check payment evasion and reveal cases of noncompliance. Attempts at noncompliance by taxpayers are commonplace, with the more serious cases involving deliberate tax evasion and fraud, sometimes in collusion with unscrupulous revenue officials. The extent of compliant conduct will depend on the ability, promptness, and regularity of the Revenue identifying, investigating, successfully prosecuting, and imposing penalties in major evasion and fraud cases. Achieving this requires that the Revenue puts in place a sound audit and fraud investigation process, manage and report on it according to a documented compliance improvement plan (CIP), to ensure follow-up of identified risks, and the minimization of revenue leakage. This should exert a deterrent effect on noncompliant conduct. This dimension assesses the use of audits and fraud investigations, with the audits and fraud investigations managed and reported on according to a documented compliance improvement plan. (It differs from PI-19.2, which assesses the extent to which the Revenue uses a comprehensive, structured, and systematic approach for assessing and prioritizing risks.) The existence of a CIP is, consequently, paramount to this dimension. The assessment defines a compliance improvement plan as Different jurisdictions may use alternate terminology to describe a CIP, such as compliance management plan or program, etc.; however, it is essentially a high-level plan that describes, in a single document, the most significant compliance risks identified in the revenue system, and the actions the Revenue intends to take to mitigate those risks. Revenue administrations commonly structure the CIP around major sources of revenue and payer segments[1].

The GRA's mandate encompasses securing compliance, including through tax audit and investigations. Section 14 of the GRA Act charges the Authority to "promote full compliance with tax laws" and to "take such measures as may be required or considered necessary to prevent tax fraud and other forms of tax evasion", among other functions. During the field mission for data gathering, the revenue authority asserted to the assessors that it does have a tax audit and investigation function conducted through its "Mobile Brigade and Investigation" activities that carries out follow-up actions. However, it did not provide any evidence (documentary or otherwise) to elaborate on how this operates, and assessors could also not obtain any documentary evidence on how the tax audit and investigations function works. The TADAT assessment report of 2018 made refence to a DTD Tax Audit Manual *(page 64)*, but the assessors could not obtain a copy to confirm that the manual is extant and still in use. In summary, some revenue audit and investigation activities do take place, but not systematically in the context of a CIP. Indeed, there is no evidence of the preparation of a CIP.

As explained above, the GRA has an Internal Audit Unit (IAU), headed by a director. As at the time of data gathering for this assessment, the advertised roles of this department suggested that the department was responsible for compliance risk surveillance, assessment, audit, and investigation, i.e., in addition to its natural mandate of internal controls. The department's functions as listed on the GRA website then advertised were as follows[2]:

- Evaluate and provide reasonable assurance that risk management, control and governance systems are functioning satisfactorily

[1] PEFA Handbook Volume 1: The PEFA Assessment Process – Planning, Managing and Using PEFA, *p. 122*
[2] The GRA website: www.gra.gm; information as obtained on September 21, 2023; Subsequently, the GRA revised the IAU's mandate to reflect, more accurately, the department's role of "providing effective and efficient internal control oversight" within the GRA, as information as obtained on December 16, 2023, shows.

- Provide creditable and effective framework to deter corruption and malpractices
- Investigate cases of alleged corruption and malpractices, and ensure that all actions and decisions are legally valid, fair, and responsible
- To ensure integrity and professional standards of conduct of GRA staff as outlined in the GRA Service Rule and Code of Conduct
- Provide management with internal audit reports (customs, domestic taxes, licensing, subvention account and any investigation) with recommendations for improvement

However, the IAU's daily activities involved little, if any, tax audit and investigation activities. In practice, the IAU functioned as "a semiautonomous" arm of the GRA responsible for reviewing internal controls (including internal audit) and preaudit of activities in all tax offices, i.e. the 11 domestic offices, and the nine boarder (customs) posts. A review of the unit's "Audit Work Plan - Jan 2021 - Dec 2021" confirms the nature of its day-to-day activities to be in line with these, and there were no planned "revenue audit and investigation" or "compliance risk assessment" activities. The planned activities of the audit work plan encompass the following[1]

- Vouching
- Procurement Deliveries
- Review of Procurement Files
- Payroll Audit
- Medical Scheme Review
- Stores Audit
- Vehicle Maintenance
- DTI Centre
- MOUs with Banks (Compliance)
- Centralized Fuel
- Review Revenue Reconciliation
- Review Management Accounts Reports
- Update on Quarterly Reports
- Review Petty Cash

The GRA did not provide any other evidence to support the existence of the existence of a tax audit and investigation function, or of compliance improvement planning, or that the findings made in the TADAT assessment of 2018 in this area has ameliorated. The findings are

- Underdeveloped approaches to managing compliance risks, including lack of research to identify, rank, or quantify compliance risks
- Inadequacy of support to taxpayers to minimize compliance costs and promote compliance
- Ineffective internal audit function: a weak taxpayer audit function with audits conducted outside the set program

Performance level and evidence for scoring the dimension

The GRA collects the bulk of government revenues; however, the Authority does not have a "compliance improvement plan" as the foregoing narrative and analysis show. Evidence of the pre-planning of audits and investigations is also lacking, as is evidence of their completion according to compliance improvement plan. In summary, the GRA carries out some revenue audit and investigation activities through its "Mobile Brigade and Investigation" activities, but not systematically according to compliance improvement plan. The requirement for a score of a "C" score is that "entities collecting the majority of government revenue undertake audits and fraud investigations use a compliance improvement plan and complete the majority of planned audits and investigations". This performance of the GRA does not meet these requirements; consequently, the applicable score is **D**.

PI-19.4. Revenue arrears monitoring

PI-19.4 assesses how effectively the Revenue manages revenue arrears by focusing on their sizes and age. Revenue arrears are the total amount of revenue due for collection from revenue payers (including interest) that remain outstanding by the statutory due date of payment. The definition of revenue arrears excludes late payments of withholding taxes or presumptive taxes paid in advance of the final tax assessment because they are interim or advance payments, adjusted for upon from the final taxes assessed for payment. Maximizing the recovery of revenue arrears requires the revenue authority to adopt of appropriate and comprehensive measures necessary to manage arrears effectively. Comprehensiveness of the debt recovery processes will facilitate the capturing and recording of information on arrears, and in their collection in the year that they occur.

[1] Gambia Revenue Authority, Internal Audit Department: Audit Work Plan for January 2021 - December 2021

In many ways, the situation in this area has not changed much since the TADAT Report of 2018; for instance, ascertaining the reliability of the information and data provided by the GRA on the stock and flow of revenue arrears is difficult, at best. The TADAT Report's observations on the stock and flow of revenue arrears were unflattering, i.e., *inter alia*,

> "The stock and flow of tax arrears cannot be properly assessed as the data provided for arrears is insufficient" … the assessment team deems the stock of arrears figure provided by the GRA to be unreliable due to the following complementary reasons: (i) unreliable taxpayer register (POA 1); (ii) delays in processing of declarations and assessments and uncertainty relating to filing dates (POA 4); (iii) delays in processing payments and inaccurate date of payments (POA 5); and (iv) inaccuracy of taxpayer ledgers and problems relating to interest rate computations (POA 8)."[1]

The GRA did not provide a documented set of policies, rules, and procedures for managing revenue arrears for the assessors' review, and to afford insight and clarity into the processes for managing and accounting for arrears. It was also not possible to obtain a comprehensive report on revenue arrears, including current editions of the "GAMTAXNET Aged Tax Arrears Report" made available to TADAT assessors in 2018[2]. The revenue authority did not mention this document in meetings requesting relevant evidential documents and follow-up emails on the subject; it is not clear whether the GRA is continuing with the production of the "GAMTAXNET Aged Tax Arrears Report". Information provided by the GRA comprised the following four Excel workbooks (each comprising spreadsheets): (i) Revenue Targets 2019 – 2021, (ii) Revenue Collections 2019 – 2021, (iii) Large Taxpayers Unit Arrears as at 31 December 2021, and (iv) Small & Medium Taxpayers Unit Arrears as at 31 December 2021. The Excel workbooks and their spreadsheets do not appear to be professional work, leaving questions about the completeness, authenticity, and finality of the information they contain.

Analysis of the spreadsheets data indicates that total tax arrears stood at GMD 1,059,388,471.82 at the end of FY2021. A breakdown of this shows that arrears owing by large taxpayer units (LTU) constitute GMD 1,000,156,337.02 (94.4 percent of the total arrears), while arrears owing by small and medium taxpayers total GMD 59,232,134.80 (5.6 percent). A further review shows that the LTU comprises both public and private entities, with public entities owing 77.2 percent of the total LTU arrears, while private entities owe the balance of 22.8 percent *(Figure 0.3)*. The bases of assessment for these arrears indicated in the spreadsheets include VAT returns, annual return declarations, company income tax withholding tax, audit reports, best of judgement (BOJ assessment, etc.

The GRA data provides some indication of age and recovery arrangement on the LTU arrears, but not comprehensive information on the original dates of the debt and their payment progress (Figure 0.3B). The data suggests that most of the LTU arrears are from FY2019 and FY2020, with only one of them dating back to FY2006, i.e., VAT arrears owing by IGI GAMSTER. The recovery arrangements are in the form of information of the amounts collected in FY2021, and amounts expected before FY2022. It appears that the GRA pre-agreed these 'recovery arrangements' with the entities because, the excel spreadsheets includes such notes on each debtor as, 'payment plan in progress', 'payment plan completed", etc. However, the 'plans' do not include full information on the history of the arrears, the repayment progress from the inception, and the expected annual collections in subsequent years until full liquidation. Besides, the 'age information of the arrears' falls short of the usual data

[1] 2018 TADAT Assessment Report, *p. 31*

[2] See *pp. 64 and 68* of the TADAT Report

included in a classic age analysis, e.g., date of contracting the debt, amount paid to date, amount owing, the likelihood of collecting the arrears, and recommendations etc. The spreadsheets do not include information on the ages of arrears owing from small and medium taxpayers; neither do they include any information on recovery arrangements.

Figure 0.3: Analysis of LTU Arrears as at 31st December 2021

A: LTU Arrears as at 31st December 2021				
	Public		**Private**	
1	NAWEC	43,121,659.48	IGI GAMSTER	-
2	GGC	11,455,011.44	MANSEA BEACH	1,454,750.00
3	GAMPOST	6,102,301.00	AIR REP	345,403.21
4	GPPC	18,793,362.19	GAI CONSTRUCTION	63,558.00
5	GPA	-18,000.00	EMKEY STORES	3,000,000.00
6	GAMCEL	201,654,058.45	WEST AFRICAN LEISURE GROUP	15,008,203.46
7	GAMTEL	252,935,586.26	QCELL	-
8	GAMBIA FERRIES	44,387,802.80	AFRICELL	91,062,791.00
9	GNPC	50,296,982.97	COMIUM	104,520,181.59
10	GIA	142,972,685.17	LAICO	13,000,000.00
	Total	**771,701,449.76**	**Total**	**228,454,887.26**
Source of Data: GRA; analysis by the consultants				

B: Age information of LTU Arrears and Payments in 2021 (GMD)					
	Company	**Year of Arrears**	**Tax Type**	**Payment in 2021**	**Payment Expected Before 2022**
1	NAWEC	2019 to 2020	VAT	51,434,092.92	25,000,000.00
2	GGC	2019 & Arrears	CIT	3,054,670.00	3,054,670.00
3	IGI GAMSTER	2006 to 2011	VAT	6,573,812.32	1,934,530.79
4	GPA	2020	CIT	112,618,000.00	-
5	GAI CONSTRUCTION	2019	CIT	5,000,000.00	63,558.00
6	EMKEY STORES	2020	CIT	1,000,000.00	2,000,000.00
7	WEST AFRICAN LEISURE GROUP	2020	VAT	2,180,888.00	15,008,203.46
8	QCELL	2020	CIT	21,866,271.48	17,799,407.26
9	AFRICELL	2020	VAT	40,892,454.50	20,744,720.50
		2020	CIT	38,073,867.00	50,369,335.00
10	GAMBIA FERRIES	2019 & Arrears	CIT	1,000,000.00	44,387,802.40
	Total			**283,694,056.22**	**180,362,227.41**
Source of Data: GRA; analysis by the consultants					

C. Analysis of Revenue Arrears (GMD, %)	
Total Revenue Collection in 2021	12,702,770,187.18
Total Revenue Arrears Outstanding at the end of 2021	1,059,388,471.82
% Arrears 2021 vs.Collection	8.30%
Revenue Arrears > 12 months	193,072,822.72
% Rev Arrears > 12 months vs Total Revenue Arrears	18.20%
Source: Data from GRA; analysis by the consultants	

Deeper analysis of the spreadsheets data provides information in Figure 0.3C. Analysis of the records suggests that the percentage of revenue arrears at the end of FY2021 is 8.30 percent of the total collections in the year. It also suggests that revenue arrears of more than 12 months of age at the end of FY2021 amount to only 18.20 percent of the total revenue arrears on that date. These are performances that would warrant a score of "A" if it were possible to confirm the authenticity and reliability of the underlying records. However, in the absence of a formal report on debt arrears, and documented policy, rules, and procedures for managing arrears, it is not possible to confirm these performances.

In addition, the 2019 financial audit report (the latest produced) devoted a section to "Tax Receivables", highlighting several issues that bother on the monitoring of arrears (see pp. 140 – 161). These include

- Difference between financial statement balances and cashbook figures
- Inaccurate tax revenue balances
- Difference in prior year balances
- Outstanding tax receivable balance
- Differences between tax revenue receipted in the cashbook report and the general ledger
- Difference between tax revenue in the cashbook and amount disclosed in financial statement
- Overstatement of tax receivable balance
- Reconciliation of cashbook report and the T24 bank statement (tax receipts)
- Wrong computation of tax revenue returns
- Difference in account code

Performance level and evidence for scoring the dimension

A casual review of the documentation provided by the GRA suggests excellent performance in the management of arrears warranting a score of "A", as indicated above. The percentage of arrears to collection is 8.30, and that of ageing arrears to total arrears is 18.20. However, the assessors cannot confirm the reliability of the information provided, just as the TADAT report of 2018. Against this background, the assessors return a score **D** for this dimension.

Recent or ongoing reform activities

Ongoing revenue administration reforms include continuing World Bank's assistance to the GRA in the procuring of a third-party vendor under a turnkey contract arrangement. The contract covers designing, building, testing, and commissioning implementation of Integrated Tax Administration System (ITAS) in 12 offices. The arrangement also includes related training and change management services; advisory services; quality assurance for the effective implementation of the ITAS; and ICT infrastructure required to operate, back-up, and disaster recover the ITAS.

PI-20. Accounting for revenue

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-20 Accounting for revenue (M1/WL)	**D+**	Most revenue collections sweep into the TSA twice weekly, which interfaces with the IFMIS controlled by the AGD; however, there is no complete reconciliation of assessments, collections, arrears, and transfers to treasury.
20.1 Information on revenue collections	**B**	The GRA collects 80 percent of total government revenues through six designated bank accounts and sweeps the balances twice weekly into the TSA domiciled at the CBG. The TSA interface with the IFMIS affords the AGD real-time information on the revenue sweeps.
20.2 Transfer of revenue collections	**A**	The GRA percolates collected revenue in its commercial bank accounts, which sweep twice weekly into the TSA. The TSA interface with the IFMIS affords the AGD real time information and access to the funds. The GRA collects 80 percent of government revenues.
20.3 Revenue accounts reconciliation	**D**	No complete reconciliation of assessments, collections, arrears, and transfers to treasury accounts takes place between the AGD and the revenue collecting entities - the GRA and MDAs.

General description of the characteristics of the indicator within the scope covered

PI-20 assesses procedures for accounting for tax and nontax revenue collected by the central government, excluding grants from development partners. It deals with processes for recording and reporting of revenue collections, consolidation of collected revenues, and reconciliation of tax revenue accounts. Proper procedures for accounting for revenues are vital to government operations for several reasons, including because accurate recording and reporting of all revenue collections helps to secure compliance with relevant laws in the revenue collection process. In turn, compliance with relevant laws promotes the attainment of budgetary goals of fiscal management by reinforcing aggregate fiscal discipline, strengthening administrative capacity to allocate budget resources to strategic priorities, and achieving efficiency in service delivery. In addition, timely and accurate reporting of information on revenue collections facilitates the monitoring of budget implementation and the management of cash, debt, and investments; and helps to reduce transaction costs by ensuring the most effective use of funds in achieving allocation and service delivery objectives.

This indicator has three dimensions and uses **M1 (WL)** for aggregating their scores. The dimensions are

- Dimension 20.1. Information on revenue collections
- Dimension 20.2. Transfer of revenue collections
- Dimension 20.3. Revenue accounts reconciliation

Data for the assessment of this indicator came from various sources. They GRA reports and reconciliations, unaudited FY2020 and drat FY2021 financial statements prepared by the Accountant General's Department (AFD), reports from other relevant departments of MoFEA (e.g., Budget, Economic Policy and Research Directorate, Tax and Revenue Policy, etc.), FY2019 audit report issued by the National Audit Office (NAO), etc. Additional insights came from various meetings held with officials of all these government agencies and key development partners (the IMF, WB, EU), and written comments provided by the government and DPs on the initial draft of the report.

Legal and regulatory organizational frameworks for revenue administration

This indicator complements PI-1, PI-3, PI-6, PI-14, PI-15, PI-16, and PI-19 in providing a general impression of the way in which The Gambia administers revenues. Consequently, the discussions in those indicators on the frameworks for revenue administration apply to this indicator, and there is no need to repeat the discussion here. Key regulatory documents relevant consulted in the assessment of this indicator include the (i) 1997 Constitution, (ii) Public Finance Act (PFA) 2014, (iii) Financial Regulations (FR) 2016, and (iv) Accounting Procedures Manual (APM) 2017, etc. Chapter 9 of the APM deals with revenue accounting. The previous indicators referred to above have addressed these documents, and there is no need to repeat the discussion here. The assessment below refers to them as necessary.

Institutional arrangements for revenue accounting

The government entrusts the GRA with responsibility for administering (and accounting for) the major revenue sources of The Gambia, as variously explained in the preceding indicators. Ministries, departments, and agencies (MDAs) also have responsibility to administer and collect certain relatively minor revenues, especially under *s. 150(2)* of the constitution, as explained in *PI-6* above. The constitution requires the payment of all revenue collections on behalf of the government into the Consolidated Revenue Fund (CRF), except as it allows under *s. 150(2)*, for accounting and accountability purposes. *Section 150(1)* of the Constitution directs the payment of "(a) all revenues or other money raised or received for the purpose of, or on behalf of, the Government, and (b) any other money raised or received in trust for, or on behalf of the Government" into it. The two exceptions in *s. 150(2)* relate to duly created extrabudgetary funds and duly authorized collection and spending self-raised revenues by some MDAs, as discussed extensively in *PI-1*, *PI-3*, and *PI-6* above. The Constitution disallows withdrawals from the CRF except as authorized under *s. 151*, as also discussed under the foregoing PIs cited here.

Consequently, the ultimate destination of all GRA collections (tax and nontax) and of other collections on behalf of the government by MDAs is the CRF, managed by the AGD on behalf of MoFEA (and the government) and domiciled at the central bank (CBG). A simplified summary of the collection process is as follows. GRA revenue payers pay assessed or due revenues into collecting bank accounts in the six commercial banks with which the GRA negotiated a memorandum of understanding (MoU) to collect the revenues on its behalf. The bank accounts are "post no debit" accounts, except for the sweeping activities that transfer the collections into the CBG, as described here. Under the MoU, balances in these accounts sweep twice weekly into GRA revenue accounts maintained at the CBG, less GMD 50,000 allowed the banks to maintain their floats in lieu of bank charges (including commissions, error corrections charges, etc.). However, the banks are to sweep the entire balance on these accounts into the TSA at the month end, including the floats. Thus, balances in the collecting bank accounts should read "zero" each month end, and the collection cycle begins from scratch at the beginning of each month. The GRA explained that it "actively monitors" these accounts through the collection and perusal of daily bank statements on each account from the banks. This monitoring process does not include connecting the bank accounts to key GRA and MoFEA officials on electronic platforms to allow them to observe and monitor movements (lodgings and sweepings, etc.) on the accounts in real time. Such electronic interfaces afford better control and accountability than reliance on bank statements issued by bank officials.

MoFEA and the AGD do not have access to the commercial accounts that collect and accumulate the revenues; however, the AGD controls the revenue accounts at the CBG. The revenue accounts are part of the treasury single account arrangements (TSA) described in *PI-1* above. The TSA's objective is to collapse all government revenue accounts into a physical account maintained by the treasury at the Central Bank of The Gambia (CBG), leaving no government accounts in commercial banks. The TSA are part of ongoing treasury reforms that (includes electronic funds transfer (EFT)) to mainstream and profile revenue administration and payment processes into the IFMIS. During the pendency of tis assessment, the GoTG commented that the TSA has become "fully operational as at 2023"; however, the assessors had not received the CBG "consolidated report on the TSA and the EFT" at the time of finalizing the report. Notwithstanding this, the TSA platform was receiving the twice weekly GRA revenue sweeps from the collecting commercial banks, as stated below, and the AGD both had access to and managed the TSA revenues on behalf of MoFEA. The assessors could not confirm whether non-GRA collected revenues (i.e., MDA collectible revenues) similarly swept into the TSA, and at what intervals.

Some GRA collectible nontax revenues are subject to different collection and accounting arrangements. In several important instances, MoFEA and the GRA entered arrangements with private sector companies to deliver certain services and collect the related revenues on its behalf. Examples include the cases discusses in *PI-19* above, i.e., SEMLEX and AFRICARD to produce passports and national identity cards, SECURIPORT to collect fees at the Banjul International Airport, and NICK TC-SCAN Gambia Limited to collect scanning fees at the seaport, as explained. Generally, the companies receive and deposit all accruing revenues from the services "directly with their bankers", usually designated in the contract agreement. Where possible or necessary, the GRA assigns the collecting bank a station at its offices to facilitate delivery of the service and collection of the revenue, e.g., the case of NICK TC-SCAN, whose bankers (First International Bank (FIB)) occupy a space at the GRA Headquarters in Banjul from where it collects scanning fee payments through their cashier daily. The bank furnishes the GRA regular (in the case of scanning fees, daily) bank statements on collections; the collecting companies also issue regular periodic reports on their collections, which the GRA uses for reconciliation. The collecting companies deduct share of the revenue, and transfers the balance (government's share) to GRA revenue accounts at the CBG

The 2019 auditor general's report contends that the agreements to outsource revenue collection "to private companies" are "in contravention to Public Finance Act and Financial Regulations", as first mentioned in PI-19 above. Besides, the collecting private companies' frontline deduction of their share or the collected revenue appears to violate *s. 150* of the Constitution, which requires the payment of "all revenues or other money raised or received for the purpose of, or on behalf of, the Government" into the CRF. From an accounting point of view, the frontline deduction prevents proper understanding of the quantum of gross revenue collected before expenditure, including the cost of collection. The same argument applies to the subvention given to the GRA, which is 4.5 percent of the collections, excluding third party collections, e.g., CED collections on external trade on behalf of ECOWAS and AU. None of the costs of collections by the GRA and the private company collectors is in the budget. The approved revenue in the budget is the net, rather than gross collections.

A key feature of the TSA is its facilitation of daily consolidation of cash balances by collapsing all government revenue accounts into (in the Gambia's case) a physical account at the CBG. Potentially, this leaves no government cash in commercial bank vaults, except for the floats deliberately left in them, which, in any case, also sweep into the TSA at each month end. The twice weekly sweeping of GRA collections into the TSA aides the consolidation process. However, the TSA was not yet fully operational at the cutoff point of this exercise, i.e., end of 2022, as explained above and in *PI-1*, and the assessors could not obtain a TSA revenue consolidated report for perusal. Besides, the TSA consolidation excludes the upfront deduction of their shares by private sector collecting agents and, apparently, also the 4.5 percent subvention to the GRA, as explained above. The consolidation also excludes balances of self-raised revenue collections (charges, fees, etc.) of the MDAs authorized to retain and spend them under *s. 150(2)* of the Constitution *(see PI-6 above)*. The MDAs do not currently report the revenues to the account general and the CBG, and thus, they remain outside the purview of the TSA and the consolidation process.

Revenue reconciliation issues also exist. Weaknesses in ICT infrastructure affect ability to reconcile revenues. Reform efforts have gone into profiling the TSA into the IFMIS; however, it is not clear that similar efforts are underway to profile the GamTaxNet (compromising both revenue accounting and operational performance) into the IFMIS. Effective linking of GamTaxNet into the IFMIS will create an interface with the AGD and MoFEA, enabling them to monitor tax revenue collections in real time. This is vital in ensuring a three-way revenue reconciliation process among revenue assessment, collections, and transfer to the TSA platform in the CBG. Lack of this interface leaves an important lacuna in the revenue reconciliation chain. Besides, eight of the 21 findings that formed the bases of the adverse opinion on the latest (2019) audit report relate to issues of improper tax and nontax revenue accounting and reconciliation.[1] These findings range from discrepancies in accounting for customs and excise tax (D21,789,455.06) and wrong computation of tax revenue returns (D18,219,475), to overstatement of scanning fees (D34,676,214.75), unaccounted for timber sale revenue (D241,962,480), etc.

[1] Certificate of the Auditor General, *pp. 3 - 5 of 393*

PI-20.1. Information on revenue collections

PI-20.1 assesses the extent to which a central ministry (such as the Ministry of Finance or similar body), coordinates revenue administration activities and collects, accounts for, and reports timely information on collected revenue. The scope of the revenue report is vital to the assessment, i.e., whether it covers all types of revenue, the data is complete, the extent of breakdown of the data by revenue type, and whether it consolidates the data into a single report.

The foregoing narrative and that in PI-19 are relevant to this assessment, and there is no need to repeat them here. The GRA provided annually consolidated monthly revenue collections reports in an Excel Workbook containing three worksheets, one each for the years ending on December 31, 2019, 2020, and 2021, as stated in *PI-19*. In 2021, the report provides details of 55 different types of tax and nontax revenues collected by the Authority, broadly classified into "domestic taxes" with 35 items and "customs and excise" revenue with 20 items and aggregated into a total figure[1]. The report covers all revenues under the auspices of the GRA, except for those collected by private sector entities under a contractual arrangement with MoFEA, as explained in PI-19. These revenues include some those involving the creation of a biometric database, e.g., drivers' licenses, national identity cards, passports, work permits, etc. *Table 0.12* under *PI-19* above summarizes these reports.

Table 0.13: Breakdown of FY2021 Approved Revenue Budget (Dalasi)

GRA Revenue	2021 Approved	Non GRA Revenue (MDA Admin Charges)	2021 Approved
Customs and Excise	6,378,589,432	Judiciary	21,000,000
Customs and Other Import	386,302,081	Ministry of Interior	30,200,000
Excises	932,003,277	Ministry of Foreign Affairs	2,000,000
Income Tax	2,834,174,896	Ministry of Justice	33,000,000
Income Tax/VAT	1,562,235,040	Ministry of Finance and Economic Affairs	1,597,637,000
Other Taxes on International	42,468,048	Ministry of Lands & Regional Government	64,300,000
Payable Sole by Business	5,336,777	Ministry of Agriculture	1,900,000
Rent	26,814,500	Ministry of Transport, Works, and Infrastructure	250,000,000
Sale by Market Establishment	31,516,489	Ministry of Trade, Reg. Integration & Employ.	416,603
Taxes on the Use of Goods and Services	267,318,062	Ministry of Health	993,415
Administrative Fees	382,581,606	Ministry of Environ. Climate Change & Wildlife	25,824,650
Payables Solely by Business (Stamp duty cutting across Multiple Prod)	68,405,585	Ministry of Information, Comm. & Infrastructure	371,550,000
Total Approved GRA Revenue	**12,917,745,793**	Ministry of Fisheries and Water Resources	87,188,813
% Taxes on Goods & Services and Admin Charges on GRA Revenue	**5.00%**	Ministry of Petroleum and Energy	131,991,000
% Taxes on Goods & Services and Admin Charges on Total Revenue	**4.2%**	**Total Non GRA Revenue**	**2,398,821,668**
% GRA Approved Revenue to Total Revenue	**84.3%**	**% Approved Non-GRA Rev to Total Revenue**	**15.7%**

Source: Complied by the Consultant from the 2022 Approved Budget Book provided by MoFEA

In effect, GRA consolidated reports on revenue collections are not comprehensive, excluding at least two categories of revenue, i.e., GRA collectible revenues outsourced to private sector companies and non-GRA collectible revenues. Analysis of the FY2021 and FY2022 approved budgets shows that GRA revenues outsourced to private sector companies for collection fall under two revenue heads: 'Taxes on the Use of Goods and Services' and services and 'Administrative Fees'. These revenues constitute, at most, 5 percent of approved GRA collectible revenues or 4.2 percent of approved total collectible revenues in FY2021 *(Table 0.13)*. Non-GRA collectible revenues are those charged by MDAs for such items as sale of bid/tender documents (all MDAs); court fees, penalties, and probate (Judiciary); business registration, etc. (Justice); disposal of government asset, etc. (MoFEA); rent of state land, survey fees, development permits, etc. (Lands & Regional Government); bridge toll fees (Transport, Works, and Infrastructure); births and deaths recording fee, etc. (Health); hunting permit, zoo entry fee, etc. (Environment Climate Change & Wildlife); fishing license and registration fees, fines for infringement (Fisheries and Water Resources); petroleum importation licenses, quarrying and mining royalties, etc. (Petroleum and Energy), etc. These revenues amount to 15.7 percent of the approved total revenue collections (GRA collectible and non-GRA collectible) in FY2021 *(Table 0.13)*. Therefore, the total estimated volume of revenue excluded from GRA

[1] The revenue target report for FY2021 mentioned in PI-19 identified 39 domestic taxes and 19 customs and excise items.

consolidated report on revenue collections in FY2021 amounts to a maximum of the sum of the proportion of 'Taxes on Goods & Services and Admin Charges' to Total Revenue (4.2 percent) plus the proportion of 'Approved Non-GRA Revenue' to Total Revenue (15.7 percent), i.e., 19.9 percent.

Performance level and evidence for scoring the dimension

The Accountant General's Department of the Ministry of Finance and Economic Affairs accesses data on, at least, most GRA collected revenues on the TSA platform, which interfaces with the IFMIS. These revenues constituted about 80 percent of total government revenues in FY2021. The GRA accumulates the collections in six commercial banks, which sweep the balances to the TSA at the central bank twice weekly, except for floats of GMD50,000 each allowed the sic commercial banks in lieu of bank charges. At the month end, however, all the balances (including float) sweep into the TSA. Thuss, the AGD and MoFEA obtains a picture of about 80 percent (most) of central agency monthly. The TSA was not producing a consolidated report as at the time of data collection for this exercise. However, the GRA produced monthly revenue reports on the revenue collected by it (80 percent of total revenues), broken down by type and consolidated annually.

This level of performance does not meet the requirements for an A score, which requires that the AGD and MoFEA obtain information on "all central government revenue", broken down by type and consolidated into a report. Consequently, the Score for this dimension is **"B"**.

Table 20.1: Information on revenue collection (Million Dalasi)

Collecting entity	Category of revenue (Refer Table 0.12 for detailed analysis)	Total amount collected[1]	Frequency of data transfer to the central agency	Transferred data characteristics (Y/N):		
				Broken down by revenue type	Consolidated into a report	Consolidated
GRA	Domestic taxes	5,609.53	Monthly	Y	Y	Y
GRA	Customs & Excise	7,093.24	Monthly	Y	Y	Y
MDAs	Admin fees &	NA	Monthly	NA	N	N

PI-20.2. Transfer of revenue collections

PI-20.2 assesses the promptness of transfers of collected revenue to the Treasury and/or other designated agencies, avail them to the government as soon as possible to support its cash management and spending. There are two ways to achieve this, the first is through a process that obliges direct payment into Treasury-controlled accounts in a commercial bank or, more rarely, the central bank. This is usually the case where the collecting agency is the same as the government or where, if different, it does not maintain its own accounts. The alternative approach applies when the collecting agency maintains its own collecting accounts in commercial banks, by "frequent and full transfers from those accounts to Treasury-controlled accounts" in commercial banks or at the central bank. In this latter case, the transfer process must work effectively and minimize any revenue float or residual account balance. An automatic process that electronically sweeps balances into designated Treasury-controlled accounts at specified intervals will help in tis regard. The same standards should apply where the requirement is to transfer part of the revenue to other designated accounts not managed by the Treasury, e.g., earmarked or extrabudgetary funds.

For GRA collectible revenue, revenue payers (individuals, enterprises, importers, or any other debtors) pay their revenue obligations into GRA accounts in six designated commercial bank accounts, as already explained. Balances in these accounts sweep twice weekly the AGD-managed TSA at the CBG, less a float of GMD50,000 kept by the banks in lieu of bank charges. However, the entire balance sweeps into the TSA at the end of the month, i.e., including the floats. GRA officials informed the assessors that the collecting banks issue daily bank statements on the accounts, which helps the Authority monitor the state of the accounts. The operationalization of the TSA was ongoing at the time of data collection for the PEFA exercise; however, the AGD confirmed that it was

[1] As described under PI-19 to determine the materiality

sufficiently operational to receive revenue sweeps of GRA revenues as stated, and to report them on the IFMIS, also controlled by the AGD. GRA collectible revenues accounted for about 80 percent of government revenues in FY2021; thus, the government has access to about 80 percent of its collected revenues every week.

Performance level and evidence for scoring the dimension

The GRA collects 80 percent of government revenues through its "post-no-debit" accounts in commercial banks. Balances in these accounts automatically sweep into the TSA kept at the CBG twice weekly. The TSA interfaces with the IFMIS, providing the Accountant General's Department of MoFEA real-time information and access to the funds. This level of performance is consistent with the requirements for an "A" score, which is that "Entities collecting most (75 percent or more) central government revenue transfer the collections directly into accounts controlled by the Treasury or transfer the collections daily to the Treasury and other designated agencies. Consequently, the score for this dimension is **"A"**.

Table 20.2: Transfer of revenue collections

Collecting entity	Category of revenue (Refer Table 0.12 for detailed analysis)	Frequency of revenue collections transfer to the Treasury
GRA	Domestic taxes Department	Twice weekly sweeps to the TSA
GRA	Customs & Excise Department	Twice weekly sweeps to the TSA
MDAs	Administrative fees & charges	Not available

PI-20.3. Revenue accounts reconciliation

PI-20.3 assesses the regularity of transfers to (and receipts by) the Treasury or designated other agencies of aggregate amounts related to assessments/charges, collections, arrears, etc., and the extent and timeliness of their reconciliation. Complete and timely reconciliation is vital in ensuring that the collection and transfer system function as intended and in monitoring and minimizing the level of arrears and revenue float. Reconciliation is complete when it can explain any difference between assessed or levied amounts and receipts by the treasury. This is possible only when the accounting system keeps records of aggregate amounts of assessment and transfers to the Treasury. Complete reconciliation will also require detailed records of amounts levied and paid by each payer, usually kept by the responsible entity, such as the GRA, in its (alternative) data systems. Aggregating this information makes it possible to perform the reconciliation, i.e., determine how much of the aggregate levied/assessed amounts is

- Not yet due
- In arrears - due but not collected, i.e., difference between due and collected amounts
- Outstanding - collected by the responsible entity (GRA, MDAs) but not yet transferred to the Treasury

Inevitably, complete reconciliation must involve the revenue collection entities (GRA, MDAs) and the Treasury, and it must resolve assessments, collections, arrears, and transfers to treasury accounts. Resolution of any issues (disputes) that may arise between the Treasury and revenue collection entities. Such disputes can arise where the Treasury and the revenue collecting entities use nonidentical account codes to hold revenues or where deposits by revenue payers into the revenue accounts of the collecting entity do not automatically transfer to or reflect in Treasury accounts and records, i.e., transfers are periodic – daily, weekly, monthly, etc. Unresolved differences imply improper accounting for funds in the Treasury system, leading to deviations in reporting. Large differences could have a material effect on the quality of reporting.

The status of revenue reconciliation in the Gambia is not satisfactory. There is no evidence that complete reconciliation of assessments (charges, levies, etc.), collections, arrears, and transfers to treasury accounts between the AGD and the collecting agencies (the GRA and MDAs) has taken place recently, if ever. It was not possible to reconciliation reports or documents or to ascertain that reconciliations of such a nature take place, and how frequently.

The GRA stated that it performs revenue reconciliations of its assessments, collections, daily bank statements issued by the collecting banks, although it did not provide copies of such reconciliation statements when requested. The

Authority confirmed that the reconciliation did not involve officials of the AGD. However, the 2019 audit report[1] disputes this, and accused the GRA of "Failure to Perform reconciliation"[2]. The report notes as follows.

> "During the audit, we noted that there was no evidence of reconciliation performed between the daily collection report and the bank accounts maintained at the commercial banks in respect of scanning fees … There was no evidence provided to show that reconciliation was performed. Therefore, the issue remained outstanding up to the time of finalising this management letter."

Other relevant issues identified in the audit report that signify inadequacy of reconciliation of GRA revenues include those affecting (i) management and control of GRA receipt books, (ii) issuing of receipts without recipient signature, (iii) failure to record General Triplicate Receipt (GTR) books received from GPPC, and (iv) overstatement of scanning fees revenue by D34,676,214.75.

Both the 2019 audit report and 2021 DIA Activity Report identified revenue reconciliation issues affecting non-GRA collected revenues. The Activity Report identified the following five issues signifying failure of reconciliation of non-GRA collectible revenues[3]: (i) inefficient reconciliation of received revenue before banking, (ii) weak supervision exercised on revenue collection, posting, and banking, (iii) inaccurate recording of revenues collected, (iv) ate banking of collected revenue, and (v) cash suppressions and banking shortfalls. The following issues identified in the 2019 audit report also indicate non-reconciliation or ineffective reconciliation of non-GRA collectible revenues:[4]

i. Failure to maintain receipt book register
ii. Untraced receipts, i.e., failure to maintain a cash book to record collections made in respect of licence fees and royalties on both sand mining operations and stone quarries
iii. Non-Monitoring of shipment – lack of verification control over the number of shipments made or amount of sand exported from the country and sole reliance on the bill of quantity (BOQ) licencee company: the Gambia Angola and China Global Company (GACH)
iv. Differences (amounting to D100,208.29) between invoiced amount and amount paid by the customer (Ministry of Lands)
v. Failure to pay various execution fees (Judiciary) of D170, 591.01 and D682, 376.27
vi. Non-recording of General Triplicate Receipt (GTR) numbers not recorded in bank pay-in slips for deposits totaling D52,250.00 (Integrated Financial Management Information System (IFMIS) - risk of understating revenue collected

Performance level and evidence for scoring the dimension

The foregoing narrative and analysis shows that no complete reconciliation of assessments (charges, levies, etc.), collections, arrears, and transfers to treasury accounts takes place between the AGD and the revenue collecting entities - the GRA and MDAs. The GRA does not involve the AGD in any revenue reconciliation efforts undertaking to ensure its completeness. Besides, there is no documentary evidence produced of a recent GRA reconciliation exercise. This level of performance does not meet the requirement for a higher score; consequently, the score for this dimension is **"D"**.

Table 20.3: Revenue accounts reconciliation

Collecting entity	Category of revenue	Frequency	Timeline	Type of reconciled data (Y/N):			
				Assessments	Collections	Arrears	Transfers to Treasury
GRA	Domestic taxes Department	N/A	N/A	Y	Y	Y	Y
GRA	Customs & Excise Department	N/A		Y	Y	Y	Y

[1] The latest audit report issued
[2] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp 66 - 67 of 512*
[3] Directorate of Internal Audit Annual Activity Report for the Fiscal Year 1st January to 31st December 2021. *Page 6 of 42*
[4] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp 70 - 86 of 512*

Table 20.3: Revenue accounts reconciliation							
Collecting entity	Category of revenue	Frequency	Timeline	Type of reconciled data (Y/N):			
				Assessments	Collections	Arrears	Transfers to Treasury
MDAs	Administrative fees & charges	N/A	N/A	N/A	N/A	N/A	N/A

Recent or ongoing reform activities

See PI-19 above.

PI-21. Predictability of in-year resource allocation

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-21 Predictability of in-year resource allocation (M2/AV)	**D**	**Consolidation excludes more than 40 percent of cash; cash forecasting excludes, at least, 35 percent of resources and 40 percent of expenditures; MDA commitment ceilings are not sacrosanct; and in-year changes to the approved budget is significant, frequent, and nontransparent.**
21.1 Consolidation of cash balances	**D**	At the least, the bank accounts of donor-executed projects (40 percent of expenditures), extrabudgetary agencies, and self-raised revenue agencies are outside the government's cash consolidation process.
21.2 Cash forecasting and monitoring	**D**	Annual cashflow forecasts and monthly updates prepared by MoFEA are not comprehensive, omitting, at least, 35 percent or government resources and 40 percent of government expenditures.
21.3 Information on commitment ceilings	**D**	MDAs do not receive advance reliable information on actual resource availability for expenditure commitment; spending warrants issued by MoFEA and information provided based on the CMC meeting are also not sacrosanct, as there may not be cash-backing for them at the end of the day.
21.4 Significance of in-year budget adjustments	**D**	MoFEA makes significant, frequent, and nontransparent in-year adjustments to the approved budget, using powers ascribed to it under the PFA Act 2014 and other enactments.

General description of the characteristics of the indicator within the scope covered

PI-21 assesses the extent to which MoFEA forecasts cash commitments and requirements and provides reliable information to budgetary units on fund availability for service delivery. The focus of the indicator is the delivery of service according to work plans, which requires that service delivery entities receive reliable information on the availability of funds to enable them control commitments and pay for nonfinancial assets, goods, and services. In a word, budget entities ought to be able to predict resource allocation to them within the year for service delivery. Such predictability will promote fiscal discipline, which requires the effective use of government resources to achieve fiscal objectives.

Fiscal discipline further entails ensuring the availability of cash to meet maturing obligations, and the prudent use of any excess cash (not immediately required for priorities) to reduce debt service costs or increase short-term investment returns. Fiscal discipline requires an effective cash management system as an anchor. An effective cash management system will provide detailed information on the amount and timing of all receipts and payments, assure budgetary units of the availability of the approved budget as needed, and ensure good communication between budgetary units and the cash managers on cash requirements and commitment limits.

This indicator (predictability of in-year resource allocation) also requires proper management of in-year budget adjustments when they become inevitable. Proper management will give sufficient advance information on the size and timing of the adjustments to service providers, to enable them to plan to accommodate the implications of the adjustment, whether they be additional or reduced resources than originally anticipated. This way, in-year budget adjustments will likely have less adverse impact on the efficiency of service delivery.

This indicator contains the following four dimensions and uses the M2 (AV) method for aggregating dimension scores:

- Dimension 21.1. Consolidation of cash balances
- Dimension 21.2. Cash forecasting and monitoring
- Dimension 21.3. Information on commitment ceilings
- Dimension 21.4. Significance of in-year budget adjustments

Information for this indicator came from various sources. The primary sources include the following five: (i) annual and monthly cashflow projections prepared by the AGD of MoFEA provided during meetings at the department, (ii) IFMIS transcripts on contingency votes and virements for FYs 2019 – 2021 provided by the Budget Directorate of MoFEA on both PDF and Excel spreadsheet formats, (iii) oral evidence provided at meetings at the AGD and the Budget Directorate, and the Directorate of Loans and Debt Management (DLDM), (iv) minutes of meetings of the cash management committee (CMC), and (v) government policy, legal, and regulatory framework documents – PFA 2014, FR 2016, and APM 2017. Corroboratory evidence also came from meetings held with the leading development partners in the country (the IMF, WB, EU) and their comments on the initial draft of this report, especially on the IFMIS and cash management procedures, including the cash management committee (CMC).

Legal and regulatory framework for predictability in resource allocation

The Public Finance Act 2014 is the overarching legal enactment underpinning resource allocation for budget implementation in The Gambia. The Financial Regulations 2016 made by MoFEA provides guidelines for operationalizing the legal provisions of PFA 2014, while the Accounting Procedures Manual (APM) 2017 provides relevant guidance on the recording and accounting procedures.

Sections 29 and 30 of the PFA on "Warrants for Spending" and "Revised Budget", respectively, are the key provisions on cash allocation and in-year adjustments to the budget. Preceding sections of this report have extensively discussed these provisions, especially in PIs 1, 2, and 18. The discussion on PI-18.4 is elaborate, and there is no need to repeat this here. Besides, the analysis in PI-21-3 and 4 below provides additional insight. The analysis in PI-21-3 and 4 below also elaborates on the provisions of paragraph 12 of FR 2016, which outlines the key steps in MoFEA's operationalization of the s. 29 of the PFA 2014. APM 2017 further elaborates on the PFA and the FR, including by prescribing standard operating procedures (SOP) for cash management. The SOP requires the Cash Management Unit (CMU) of the AGD to update the cash plans (forecasts) monthly, based on information supplied by vote controllers.

PI-21.1. Consolidation of cash balances

PI-21.1 assesses the extent to which the MoF identifies and consolidates cash balances to inform funds' release. The MoF would achieve consolidation if it knows the total of its cash and bank balances and can switch unused balances to meet overdrawn accounts and, thereby, minimize its borrowing costs. A functional treasury single account (TSA system will facilitate consolidation. "A TSA is a bank account or a set of linked accounts through which the government transacts every receipt and payment."[1] The TSA system works on the principle of the fungibility of funds, which allows it to the host central or commercial bank to treat all government accounts as sub-accounts of one consolidated account (the TSA), and to apply interest charges and overdraft limits only to the consolidated account balance, rather than to individual government accounts. This helps to minimize bank charges. A TSA system delinks management of cash from control of individual transactions, allowing the Treasury to concentrate on the former and consigning the latter to the accounting system. Achieving consolidation in a non-centralized arrangement, with multiple bank accounts held in different banks is more challenging. Generally, it requires instituting a regime of timely electronic clearing and payment with the bankers that automatically sweeps balances from the accounts into a central or consolidated account at defined regular intervals, e.g., daily, weekly, etc.

[1] PEFA Fieldguide, Vol 2, 2018, *p. 129*

The Gambia TSA and EFT (electronic funds transfer) reforms had reached an advanced, but not finalized, stage at the time data gathering for this assignment, as variously stated above (e.g., in PIs 1, 19, 20). The TSA had successfully linked the GRA revenue collecting accounts in commercial banks to the TSA domiciled at the CBG. Balances in these accounts sweep automatically into the TSA twice weekly, except for float balances of GMD 50,000 allowed the collecting banks in lieu of bank charges. At month end, however, all balances in these revenue accounts sweep into the TSA, including the floats. However, the TSA and EFT reforms were still work-in-progress, and some accounts remained outside the TSA and EFT system. It was not possible for the assessors to verify the number of these accounts or their balances, as repeated requests to MoFEA, AGD, and the CBG for the information proved unproductive.

The government and the auditor confirm the non integration of the accounts of SAPs into the consolidation process. The *"Commentary on the Financial Statements by the Accountant General"* on the FY2021 draft financial statement, includes this caveat.

> **"Consolidation of the Accounts of the Self Accounting Projects;** Projects funded and administered entirely by external agencies but representing development expenditure are required to submit certified quarterly summary accounts to the Accountant General's Department to be included in the Government accounts.
>
> "However, during the reporting period this requirement was not met by the Self Accounting Projects and therefore their accounts have not been incorporated in the Government Accounts for the financial year 2021. It is for this reason that much of the external assistance received (including the third-party payments made on behalf of [the] government) has not been included in the financial statements.
>
> "Although the Accounts of the Self-Accounting Projects have not been fully consolidated in the Government Financial Statements, we have included Loans and Grants on the *Statement of Cash Receipts and Payments* and in the *Statement of External Assistance.* It is planned to roll out the IFMIS to all donor funded projects … to ensure that Government Accounts are comprehensive by including all information relating to the donor funded transactions."

The FY2019 audit report (the latest one available to this exercise), notes further,

> "The most notable departure [from IPSAS Cash Accounting Basis] is that the preparation of the financial statements did not include transactions in all funds or bank accounts controlled by the Government or held for its use"[1].

These bank accounts include those of donor-executed projects, the expenditures of which amounted to about 40 percent of total government projects in FY2021 *(PI-6 above)*. They also include the bank accounts of budget-subvented extrabudgetary agencies and those of agencies constitutionally permitted to retain and administer their self-raised revenues. It was not possible to calculate the relative size of these extrabudgetary agencies' funds.

Performance level and evidence for scoring the dimension

The foregoing discussion and analysis show that, at the least, the bank accounts of donor-executed projects (about 40 percent of expenditures) budget-subvented extrabudgetary agencies, agencies constitutionally permitted to retain and administer their self-raised revenues are outside the government's cash consolidation process. This level of performance does not meet the requirements for a higher score. Consequently, the score for this dimension is **D**.

PI-21.2. Cash forecasting and monitoring

PI-22.2 assesses the effectiveness of forecasting and monitoring the commitments and cashflows of budget entities. Effective cashflow planning, monitoring, and management facilitates the predictability of the availability of funds for budgetary units. The process involves the Treasury/MoF's consolidation of reliable forecasts of expected cash inflows and outflows of budget-linked expenditure from budget entities, and analysis based on additional information at its disposal. Usually, the approved budget provides the raw material for budget entities' cashflow forecasts or projections, which should include both routine commitments (i.e., regular items) and nonroutine commitments, i.e., nonregular, infrequent outflows such as the costs of discrete capital investments, conducting a

[1] FY2019 Certificate of the Auditor General (i.e., FY2019 Audit Report), *p. 12 of 393*

census, or holding elections. Preparation of the consolidated cashflow forecasts happens at the start of the fiscal year, but it is essential to monitor and update it periodically, as the need arises, e.g., monthly, quarterly, half-yearly. Cashflow updates involve the re-estimation and/or rescheduling of future cash flows based on emerging and previously unforeseen exigencies.

*In The Gambia, MoFEA prepares annual forecasts of cash inflows and outflows at the beginning of the fiscal year, as the FR 2016 requires. T*he ingredients for the initial forecasts include cash outflow projection (expenditure disbursement) submitted by MDAs, revenue projections prepared by the GRA and respective vote controllers (for non-GRA revenue), borrowing projections by the Directorate of Debt and Loans Management (DLMD), projections of MoFEA projections of grants-in-aid, etc., as required in *para. 12(9)*. The process enjoins the permanent secretary of MoFEA to "to create an aggregate annual cash plan by collecting from all ministries their expected cash expenditures and expected cash inflows, including those from the various departments and agencies that generate revenue". The FR further requires "to enable the government to determine its cash flow requirements", the cash plan should have monthly breakdowns and be comprehensive, i.e., indicating "all sources of revenue and expenditure", "government financing", "internally generated funds", and "donor financing" *(para. 12(10))*. In practice, the Accountant General's Department prepares the cashflow plan on behalf of MoFEA and uploads this on the IFMIS together with the approved annual budget.

The FR also mandates quarterly revision of the cash plan, also beginning with ministerial submissions. It enjoins each ministry to "update its annual cash plan each quarter" to account for "any variation in the revenue inflows and … expenditure requirements" *(para. 12(11))*. Ministries are to submit their revised cash plans to MoFEA, at least, days before the beginning of the quarter *(para. 12(12))*. These revised submissions form part of the ingredients for the monthly revision of the annual cash plan by MoFEA.

The cash plans or cashflow projections are not binding. Budget entities cannot begin to process vouchers based on the cash pans approved by MoFEA. Approved cash plans are only a general guide to or tool for cash management, and budget entities must receive cash allocations to on which to base their spending. In this regard, the FR strictly enjoins the permanent secretary to limit the issue of cash allocations "to the availability of funds within the overall cash plans of budget agencies".

Cash management and cash allocation are part of the functions of the Liquidity Forecast Committee (LFC) headed by deputy permanent secretary (Fiscal) of MoFEA, and the higher-level Cash Management Committee (CMC) headed by the permanent secretary of MoFEA; the LFC is a technical subcommittee of the CMC. The committees draw their memberships from MoFEA directorates of Budget, Internal Audit, Loans & Debt Management, Revenue and Tax Policy, and Accountant General (Cash Management Unit). The GRA and CBG are also members. The committees review monthly revenue and expenditure forecast and establish when a borrowing as the need arises, which forms the basis of cash allocations to budget entities. Minutes of the CMC indicate that the committee also reviews the preceding month's outturn in the process of deciding on cash flow allocation for the succeeding month.

Annual cashflow forecasts prepared by the Treasury and updated monthly are neither comprehensive, as FR 2016 requires (para. 12(10b)), nor of good quality. The forecasts relate only to GLF resources and expenditure, which they barely cover. Among the excluded revenues resources and expenditure projections are those of self-accounting projects (SAP) and MDA self-raised and retained revenues, conservatively estimated at more than 35 percent of resources and 40 percent of expenditure *(see PI-6)*. Estimates of the size of MDA self-raised and retained revenues and on them expenditure are not available. In addition, the 2019 audit report found that government fiscal reports do not "include … all funds or bank accounts controlled by the government or held for its use". The liquidity and cash management meetings and conclusions, and subsequent cash allocations, also excludes these revenue and expenditure sources.

Performance level and evidence for scoring the dimension

The foregoing narrative and analysis show that, although the government prepares annual cashflow forecasts and updates them monthly, the forecasts are not comprehensive. The forecasts do not cover, at least, 35 percent or government resources and 40 percent of government expenditures. This level of performance does not meet the requirements for a higher score; consequently, the score for this dimension is **D**.

PI-21.3. Information on commitment ceilings

PI-21.3 assesses how reliable periodic, in-year information on expenditure commitment ceilings received by budget entities is. Budget entities need reliable information on resource availability to enhance the predictability of funds available for commitment and facilitate their ability to plan input procurement and other service delivery related activities. Reliable information reduces midstream disruption of the implementation activities and improves the completion rate for project implementation. Funds release practices differ among jurisdictions. For instance, in highly advanced economic jurisdictions with mature money and debt markets and sound PFM, the passing of the annual budget law grants budget entities full authority to commit and spend from the beginning of the year. Budget agencies implement the budget as approved, while the MoF worries ensuring the availability of funds. However, the MoF may impose constraints on incurring new commitments and making related payments when severe cash flow problems due to unforeseen circumstances, such as in the COVID-19 pandemic; any such constraint would not affect commitments already made.

The practice differs in some other jurisdictions, mostly emerging economies, with scarce resources, less versatile and evolving debt and money markets, and less robust PFM. Often, funds' release funds to budget entities in these systems occurs in stages throughout the budget year via periodic (monthly or quarterly) funds release warrants that authorize budget entities to incur expenditure. The approved budget does not authorize entities to commence procurement of activities; the periodic release warrants do. Sometimes, even these fund release warrants are not sacrosanct, as they may have no cash backing (which leaves budget entities relying on them vulnerable and unable to process due invoices incurred based on the warrants), or the MoF may cancel, withdraw, or reallocate funds from the release warrants midcourse to meet exigencies. Such practices make information on commitment ceilings and resource availability both unreliable and predictable. For this dimension, commitments are reliable only if the amount of funds for commitment or spending made available to an entity for a specific period is irreducible during that period. Note: this dimension assesses whether information on expenditure commitment ceilings and payments provided by the MoF is reliable, not whether budget entities are adhering to the ceilings. PI-25 on internal controls covers the issue of adherence by budget entities. This dimension also does not deal with the question of

In The Gambia, the approved budget does not authorize budget agencies to commence implementation. The PFA 2014 and the FR 2016 set guidelines on the release of funds for budget implementation. The procedure is as follows: the Ministry of Finance and Economic Affairs issues "warrants for spending of appropriations and inform the Vote Controller of each budget agency of its approved budget" upon the National Assembly approving the budget, *(s 29(1) of the PFA 2014)*. Upon receiving the warrant, budget agencies may "make commitments and payment for the purchase of goods and services" according to their budget allocation "and the statutory instruments issued by the Ministry", i.e., the release warrant *(s 29(2))*. The Ministry may set "such periodic limits on incurring of commitments and execution of payments, as are deemed necessary" … "for cash management purposes" *(s 29(3)*. In simple terms, budget agencies execute the budget according to period warrants issues by MoFEA; however, these warrants are not reliable because the ministry may constrain and limit them as exigencies arise.

MoFEA's powers to limit commitment on already released warrants is wide and sweeping, as para. 1*2 of the FR shows, and the ministry does exercise it.* *Paragraph 12(20)* of the FR states that, *"The Minister may, where he or she is satisfied that it is in the public interest or financial exigencies so demand – (a) suspend, (b) withdraw, (c) reduce, or (d) limit, any Warrant, authorisation given or cash plans approved, subject to any limitations indicated in the Act"*. The monthly meetings of the LMC and CMC affords the ministry necessary information on cash availability for the next month, based on which the Minister exercises the powers to "suspend", "withdraw", "reduce", or "limit" already given "warrant, authorization" or approved "cash plans".

One way through which the ministry exercises its powers is through the free use of the already liberal provisions on virement, as discussed in PIs 1, 2, and (especially)18.4 above. Virement rules allow up to 75 percent or more of an entity's approved annual budget. The manner of deploying this tool in practice further undermines the reliability of resource availability information to MDAs. For instance, the 2019 audit reported that the minister vired resources among budget entities without their information, contrary to legal enactments. Resources vired in this manner in 2019 totaled D2,469,441,457.38, equivalent to 16.4 percent of the year's actual aggregate expenditure *(see the analysis in PIs 1, 2, and 18.4)*.

Performance level and evidence for scoring the dimension

The foregoing analysis and discussions show that MDAs do not receive advance reliable information on actual resource availability for expenditure commitment. Commitment ceilings provided on the IFMIS while uploading the approved annual budget *(PI-21.2)* do not offer a practical guide for expenditure commitment. "Warrants for spending of appropriations" issued by MoFEA and information provided by the Ministry based on the CMC meeting are also not sacrosanct, as there may not be cash-backing for them at the end of the day.

This level of performance does not meet the requirements for a higher score; consequently, the score for this dimension is **D**.

PI-21.4. Significance of in-year budget adjustments

PI-21.4 assesses the frequency and transparency of adjustments to budget allocations instigated by the MoF or other central agency with a corresponding mandate, such as the ministry of planning for capital investments. (The measurement guidance generally excludes virements typically of insignificant value between budget lines for a single budget entity, instigated by the entity itself within approved limits according to the arrangements established in PI-18. The caveat here is that, in the case of The Gambia, the rules (s. 29 of the PFA) permit highly significant virements (up to 75 percent) between lines of a single budget entity, and instigated by the budget entity, as shown in PI-18.4 above). Such in-year adjustments to allocations sometimes become inevitable, due to unanticipated events that may affect revenue and expenditure flows, e.g., the COVID-19 pandemic. It is vital to establish advance procedures that systematically and transparently link necessary adjustments to budget priorities in a way that minimizes their adverse impact on predictability and integrity of original budget allocations, e.g., by protecting proactively identifying high priority or poverty related votes or budget lines from adjustment. Without such a clear and proactive mechanism, the process of adjustment may involve opaque or informal procedures, such as through the imposition of delays on new commitments. This indicator differs from PI-2 that assesses the impact of adjustments on expenditure composition outturn at higher levels of aggregation in the administrative, functional, and economic budget classifications. It also differs from PI-18 that assesses rules for involving the legislature in such in-year budget amendments.

The rating of performance for this dimension is according to whether 'significant in-year budget adjustments to budget allocations" are "frequent", "partially transparent", "fairly transparent", or "transparent and predictable". These terms have the following meanings.

- 'Frequent' implies "more than twice in a year".
- 'Partially transparent' means "done in compliance with documented procedures, which should be in place governing requests for virements, reallocations, and changes in MDA spending ceilings.
- 'Fairly transparent' requires that the adjustments be consistent with the government's stated priorities; this implies that informing and involving budgetary units of the adjustment to budget allocations.
- 'Predictable way' means the existence of clearly defined rules and evidence of compliance with them.

In The Gambia, rules outlined in the PFA 2014, and the FR 2016 govern adjustments to budget allocations by MoFEA. *PI-18-4* and *PI-21-3* above have already outlined these rules. In summary, the Minister of Finance approves all proposed changes to the budget, however initiated, and whether they be within a single budget agency, between budget agencies in the same supervising department, or between and among budget entities belonging to different supervising department. The category of possible changes are as follows

- Virements within a budget agency – allows up to 75 percent of appropriations of donor and receiving budget agency, *s. 29(4)a*
- Virement (transfers) between budget agencies of same supervising department – allows up to 50 percent of donor and receiving agency, *s. 29(4)b*
- Changes among budget agencies with different supervising departments – unspecified upper limits, *s.29(4)c*

- Budget revision/reallocation – largescale changes within approved budget revenue and expenditure aggregates initiated by the minister and (expressly) approved by the National Assembly, *s. 30(1)*
- Supplementary budget involving changes to budget aggregates or revenue or expenditure, or both, initiated by te minister and approved by the National Assembly, *s. 30(2)*

In addition to these, (s. 29(3)) of the PFA 2014, allows MoFEA to set periodic cash limits for commitments and payments by budget entities for the purpose of cash management and control. In the exercise of this power, the minister may suspend, withdraw, reduce, or limit, any warrant authorization already given, or cash plans already approved, subject to any limitations indicated in the Act *(para. 12, FR 2016)*, as pointed out in *P-21.3* above. The limitation referenced here is the proviso in *s. 29(8)* of the PFA 2014 prohibiting changes between personnel emoluments and other charges. The only other requirement of the minister is that of being "satisfied that it is in the public interest or financial exigencies so demand" *(para. 12, FR 2016)*, which is not measurable, controllable, or accountable.

The evidence shows that MoFEA does liberally exercise its powers of making in-year budget adjustments. *PI-21.3* has already established that MoFEA issues monthly cash availability notices to budget agencies following the monthly LMC and CMC meetings. These notices have the effect of 'informally' adjusting the approved budget by limiting the ability of budget entities to make commitments and execute their approved budgets, resulting in lopsided budget implementation outcomes with some budget agencies hardly able to execute their (especially) capital budgets *(see PIs 2 and 8 above)*.

In addition, the PFA 2014 provisions on "virement" go beyond usual provisions on the subject and afford MoFEA with additional powers to adjust the budget "informally" in the process. The provisions allow the minister to *initiate* virements "among budget agencies" in consultation with vote controllers of the affected budget agencies (s.29(4)c). This is in addition to approving virements within and between budget agencies in (s.29(4)a and b) and approving "virements" exceeding 75 percent of the approved budget within a budget agency and 50 percent of the approved budget between budget agencies. The assessment in PI-18.4 above summed up the practical outcomes of these provisions thus:

> *"The evidence presented in Pillar 1 shows that budget execution freely uses these provisions, and has, in fact, routinized the virement tool beyond the spirit of the legal provisions and the sacrosanctity that good practice requires.* For instance, the 2019 audit report found that, "that approvals for virements" amounting to D67,960,644.78 made between and across budget entities "were granted by Deputy Director of Budget Unit without formal delegation of authority by the Minister". This is contrary to the Financial Regulations that require the minister to sign a Virement Warrant and send it to the Accountant General, together with copies to the Auditor General and the applicant Vote Controller''[1]. The audit also found no evidence of minister notifying or consulting with budget entities of virement amounting to D2,469,441,457.38 "between and across budget entities" contrary to the regulations[2]. The infringements affect a total of D2,537,402,102.16, which is only 15.4 percent of the D16,527,972,000.00 aggregate expenditure for the year. Audit reports for FY2020 and FY2021 are not year ready yet."

The analysis in PI-2 above found that budget reallocation in The Gambia is frequent, rather than occasional. Much of the reallocations are via the instrumentation of the contingency votes - "contingency other charges" and "contingency payroll". The analysis in PI-2 found that the votes do not work as mechanisms for meeting unforeseen emergencies; rather they operate as "general purpose" funds, accessible for all functions, in principle". The analysis wrote that

> "… the votes are not for emergencies (properly defined) and unforeseeable at the time of budgeting but for all kinds of expediencies and exigencies that proper budgeting should have provided for, *ab initio*. To illustrate, expenditures drawing on the 'contingency other charges' vote include the purchase of construction of buildings, vehicles and office furniture, peacekeeping operations, contributions to international organizations, operating costs, executive travels (including the president and the vice president's), refunds to public officers, purchase of fuel, funding of various items for foreign embassies, augmentation of spending shortfalls, etc. Similarly, the payroll vote provided resources for basic emoluments and personnel allowances, especially in the foreign missions, medical treatment, etc."

The analysis counted 103 such transactions on "contingency other charges" and 97 on "contingency payroll" in

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[1] See the Management Audit Letter on the FY2019 financial statements, *pp 10 - 11*
[2] Ibid, *p. 12*

FY2021 from the IFMIS export data on contingencies provided by the Budget Directorate of MoFEA.

Performance level and evidence for scoring the dimension

The foregoing analysis and narrative show that MoFEA makes significant, frequent, and nontransparent adjustments to the approved budget, using powers ascribed to it under the PFA Act 2014 and other enactments. MoFEA uses these powers to suspend, withdraw, reduce, or limit, any warrant authorization already given, or cash plan approved if it believes that doing so is in the public interest or that financial exigencies so demand. There is no additional requirement binding MoFEA to follow defined and laid down procedures or to limit the number of times that it can adjust the approved budget.

This level of performance does not meet the requirements for a higher score. Consequently, the score for this dimension is **D**.

Recent or ongoing reform activities

See PI 2 and PI-above, regarding reforms on the preparation of a new Public Financia Management legislation.

PI-22. Expenditure arrears

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-22 Expenditure arrears (M1/WL)	**D**	**The quality of records on expenditure arrears does not allow for accurate determination of the stock of expenditure arrears or for arrears monitoring.**
22.1. Stock of expenditure arrears	**D**	The state of the records does not permit accurate determination of the stock of expenditure arrears; records kept, and information reported are on "outstanding commitments", which encompass "approved purchase orders, unpaid payment vouchers, and outstanding imprests".
22.2 Expenditure arrears monitoring	**D**	The government does not maintain or report reliable data on the stock, age, and composition of EPA of any type – contract arrears, unpaid claims for salaries, pensions, supplies, services, rents, interest on domestic and external debt, etc.

General description of the characteristics of the indicator within the scope covered

PI-22 measures the existence and quantum of a stock of expenditure arrears, and how the government is addressing and containing the underlying systemic causes. Expenditure payment arrears (EPAs) are overdue debts, liabilities, or obligations, i.e., government expenditure obligations, with payment to the employee, retiree, supplier, contractor, or loan creditor overdue. Arrears constitute a form of nontransparent financing. Government contractual obligations usually establish the payment deadlines, beyond which arrears fall due. Such contractual obligations include procurement or contractual grant agreements, debt service, or other legal obligations such as payroll, pension, welfare payments, or noncontractual grants. An unpaid claim or obligation becomes an arrear at the expiration of the date stipulated for payment in the contract or in the corresponding law or financial regulation. Even inadmissible or incomplete payment claims can become arrears if the government does not notify the beneficiaries of the defect before the payment deadline is due.

Expenditure arrears have vital significance in PFM. Persistent high levels of arrears implicate systematic problems, e.g., inadequate commitment controls, cash rationing, budgeting errors (including under-budgeting of specific items), and lack of information. Arrears can increase costs to the government and affect service delivery if suppliers adjust prices and add premiums to cater for expected late payment, and/or if they delay the supply of inputs. Arrears undermine the attainment of the budgetary objectives of aggregate fiscal discipline, strategic allocation f resources, and efficient service delivery. The failure of commitments controlling and inability to meet due obligations that arrears represent implicate fiscal indiscipline, and if unchecked, can grow and burden future budgets with meeting past unauthorized or excessive consumption obligations. Arrears distort resource allocation by unduly expanding expenditures, although they may also indicate the inadequacy of allocated resources to achieve planned service delivery levels. Finally, can indicate ineffective management of cash allocation, including the inadequacy of allocated cash to meet obligations and deliver planned services.

PI-22 comprises two dimensions and uses the M1 (WL) method to aggregate the dimension scores. the indicators are

- Dimension 22.1. Stock of expenditure arrears
- Dimension 22.2. Expenditure arrears monitoring

The main source of information is the disclosure in the (unaudited) and draft consolidated annual financial statements, compiled and maintained on IPSAS Cash Basis, and information supplied by the Accountant General. Compiling information on accruals/arrear balances is a decentralized manual process as relevant information cannot be extracted from the IFMIS and to keep track of arrears, these manual processes are done by the individual ministries and their vote controllers. MoFEA, however, includes two discretionary notes pertaining to monies owed, other than debt, in their consolidated annual financial statements. These annual financial statements have however not yet been audited and the note Accounts Payable for example, contain items that have a "negative" Balance in 2020 i.e., it is a net receivable.

This assessment is preliminary because it covers the last three completed fiscal years and relies on data obtained from the 2020 and 2021 unaudited financial statements. Audit of financial statements in the Gambia is in arrears, as explained throughout the assessment, with audit FY 2019 statements completed, audit of FY2020 statements in process, and audit of FY2021 financial statements not yet commenced and still in draft at the conclusion of the field mission on November 29, 2021. Guidance provide in the PEFA Fieldguide directs the use of unaudited financial statements for the assessment of this indicator, provided that the assessment remains preliminary where previous audits reveal significant differences with unaudited financial statements *(Guidance 3.9 on p. 34 of the PEFA Fieldguide, 2/e, 2018)*. The auditor general has qualified all recent audit reports, listing significant findings as the basis, as shown in PIs 1 and 2. Consequently, this assessment will remain preliminary, pending completion of the FY2021 audit.

It does not appear that there is a clear and general understanding or acceptance of what constitutes "expenditure arrears" in the Gambia; local laws and regulations do not offer a generic definition of the term (i.e., PFA 2014, FR, and APM). This lacuna may have contributed to the finding in the 2019 audit report that, "The statement of outstanding commitments includes amounts relating to incomplete transactions such as pending government orders placed with suppliers, outstanding imprest and unpaid payment vouchers and claims"[1] (emphasis added for clarity). The use of the term, "outstanding commitments" instead of "expenditure arrears" may be partly responsible for this lumping together of "pending government orders placed with suppliers" for which the government has not yet received any value, "outstanding imprests" of advances to government entities, and "unpaid payment vouchers and claims", representing expired contractual obligations that the government is yet to pay for. This latter item constitutes arrears under internationally accepted business practice, which recognize the occurrence of an arrear on claim for supplies, services, or works delivered that remain unpaid after 30 days of falling due or of receipt of the invoice/claim, unless the supplier receives notice of rejection of the invoice or of a defect in it within the 30-day period. The audit report "noted an outstanding commitment [arrears] of D351,693,000 in respect of Ministries, Agencies and Embassies not cleared at the year end"[2], i.e., after accounting for the incomplete transactions. The auditor general found this lack of clarity in definition of "arrears" serious enough to be one of 21 grounds for the issuance of an adverse audit opinion for that year *(see PI-1 above)*.

Notwithstanding this lack of generic definition, the Accounting Procedure Manual (APM) discourages the accumulation of arrears (unpaid commitment and expenditure), requiring the clearance of all commitments before the end of the year, see para. 7.10, which provides as follows

> "Unpaid commitment and Expenditure at the end of Financial Year
> At the end of the financial year, all authorities and warrants in respect of appropriated expenditures lapse and any unspent balances at the close of the financial year shall be repaid into the Consolidated Revenue Fund bank account. Vote Controllers shall therefore ensure that all commitments and expenditure incurred during the year are paid by the close of the financial year. No fund shall be set aside in respect of any unpaid expenditure and commitments for

[1] 2019 Audit Report; Certificate of the Auditor General, *page 5 of 393*
[2] Ibid.

> payment in the following financial year. Any unpaid expenditure at the close of the financial year shall be appropriated for and paid in the following financial year.
>
> Unpaid commitments will include all Issued Purchase Orders where Goods and Services have not been received, unpaid expenditure constitute all unpaid posted payment vouchers."

Validation checks by the accountant general such as analyzing payments in the next reporting period are not done, hence reliance is placed on the debit memos submitted by vote controllers when compiling year-end financial statements. Having adopted the EFT payment system to some extent nullify delays with processing payments such as "withholding processing of cheques issued" and as discussed in PI 23, the payroll is integrated within the IFMIS system, transferring salaries and deductions electronically to beneficiaries, the extent of unpaid benefits, if any, could however not be validated. The composition and extent of Arrears pertaining to operational activities for assessing this indicator are therefore accepted to be limited to the disclosure note on *Accounts Payable*.

Audit Outcomes - external audit (NAO) made one reference to arrears being part of the Disclosure Note on Commitments in the 2019 Audit Report giving rise to the adverse opinion (item no 15). The audit report identified "outstanding commitment" (presumably arrears) of D351, 693,000 for the year, despite the lack of effort in the AFS to distinguish between arrears and commitments.

The MoFEA Directorate of Internal Audit issued a report [dated 30 January 2020] on the internal audit of arrears as at 31 December 2019 that concluded that based on the sample selected (GMD 311m), that 15 percent of arrears could not be validated. (Of GMD311, 176, 580.52 of arrears submitted for review, GMD265, 676,899.57 were substantiated and GMD45,499,680.95 arrears could not be substantiated for payment). This report, however, does not deal with the completeness of disclosure of Arrears but rather on a 15% over-statement of arrears (i.e., claims that could not be substantiated). A review of some of the unpaid invoices reflected in the report are dated as far back as 2012; 2013 and 2014.

A follow-up internal audit was conducted and reported on 07 December, assessing arrears as at 30 September 2020, where 4 percent of the arrears could not be substantiated (i.e., of the total GMD 337m presented for validation, GMD323m were substantiated, GMD 14m were not substantiated). The audit outcome as expressed in the Executive Summary is as follows:

> "*As a result of the audit review, it is the Director General Internal Audit's opinion, that internal control for arrears accumulation by MDAs are not very satisfactory and internal controls are poor plus non enforcement of penalties or surcharges for accumulation of arrears over and above their budget limitations to be liable for such arrears."*

PI-22.1. Stock of expenditure arrears

PI-22.1 assesses the extent of existence of a stock of arrears, identified at the end of the fiscal year, and compared to total expenditure for the year. The state of records on expenditure arrears makes it difficult to assess this dimension; there is no conscious effort to record and account for arrears due to the lack of definition of the term, as explained above. Government accounting policies define "outstanding commitments" but not expenditure arrears, and it complies data according to its definition. The definition of "outstanding commitments" includes "approved purchase orders, unpaid payment vouchers and outstanding imprests"[1]. "Approved purchase orders" and "outstanding imprests" do not constitute expenditure arrears, but "unpaid payment vouchers" (also referred to as, "unpaid invoices and claims" in FY2020 and FY2021 unaudited statements) do. The APM requires vote controllers to report the existence of and compile statistics on "outstanding commitments". The financial statements consolidate and report this information as shown in *Table 0.14* below, reflecting the situation in FYs 2019, 2018, and 2017, which are the latest years of completed audit.

[1] See "Commentary on the Financial Statements by the Accountant General", The Audited Government of The Gambia consolidated Financial Statements 31 December 2019, *pp. 46 – 49, at p. 48*; a similar statement appears in the FY2020 unaudited and FY2021 draft financial statements issued by the AGD on behalf of MoFEA.

Table 0.15: Summary Statements of Outstanding Commitments for the Year Ended 31 December (GMD'000')			
	2019	**2018**	**2017**
Agencies	3,548	471	447
Embassies and Missions	233,168	267,735	77,840
Ministries	115,816	189,571	23,150
Total Outstanding commitments	**352,532**	**457,777**	**101,437**
Source: complied by the consultants from the Audited Financial Statements 2019 (p. 298) and 2018 (p. 367)			

The explanation provided in the 2019 audited financial statements on the "Statement of Outstanding Commitments" is as follows.

> "The statement provides information on the outstanding commitments at the end of the financial year, which the Government has entered into for the supply of goods and services for each vote summarised and analysed in terms of functions of government, and between operating and capital commitments. The consolidated statement, summarised by class of votes, is derived from statements prepared for each Vote. The consolidated statement is further supported by detailed statements for each vote.
>
> "Outstanding commitments are defined to include approved purchase orders, unpaid payment vouchers and outstanding imprests."[1]

This lack of definition may itself be, at least, partly due to the cash basis of accounting used in the country; however, this need not be so. IPSAS cash accounting encourages the maintenance of accurate memorandum records and reporting on arrears. This lack of record on arrears already poses fiscal risks for the country, as the assessment in PI-10.3 above shows. This risk was sufficiently serious to warrant the government and the IMF to commission the Directorate of Internal Audit to "review … the accumulated arrears of all Ministries Departments and Agencies owed to suppliers/vendors", among other objectives, following numerous claims by vendors and suppliers. The study substantiated EPAs to domestic creditors and vendors of GMD 322,645,649.41 in 2020, and to three external vendors of US $9,582,464.00, $273,845, and €56,030.01, respectively, in December 2020 (see Pi-10-3 for detailed analysis).

Performance level and evidence for scoring the dimension

The foregoing narrative and analysis shows that the government does not maintain adequate records on EPAs; the books do not disclose information on expenditure payment arrears (EPA), probably due to the cash basis nature of accounting used. However, the year end financial statements disclose information on "outstanding commitments". This level of performance does not meet the requirements for a higher score. Consequently, the appropriate score is **"D"**.

PI-22.2. Expenditure arrears monitoring

Pi-22-2 assesses the extent of identification and monitoring of any expenditure arrears. Effective monitoring requires that PFM systematically generates and periodically reports information on the stock, age, and composition of expenditure arrears to promote transparency and minimize potential risks of expenditure does arrears. The 'stock or magnitude of arrears' refers to the total value of arrears; this information helps the government keep tabs on the quantum of debt and to ensure that is within management limits. The 'age of arrears' refers to the length of time between when the incurrence of the arrears and the date of their recording; the longer an arrear remains unpaid, the riskier it becomes for the government. The 'composition of arrears' refers to its breakdown in two ways - according to the government entity that incurred it and the type of arrears, i.e., goods and services, salary payments, pension payments, statutory transfers, judgements debt, utility arrears, etc. This information is vital for effective monitoring and management of expenditure arrears. This assessment focuses on the extent of monitoring of these aspects of arrears, in addition to the frequency of generation and reporting of arrears information, e.g., quarterly, annually, etc., and how quickly after the end of the reporting period.

[1] Op. cit. *p. 48*

Effective monitoring of expenditure payment arrears is lacking in The Gambia, as the foregoing reporting indicates. There is no proper definition of the term "arrears" in the PFM lexicon, which is necessary to lay the foundation for recording and reporting. The accounting policy in this area is record and report "outstanding commitment" *(see the APM, para. 7.10)*; the definition of outstanding commitments lumps together purchase orders, outstanding imprests, and unpaid vouchers and claims, as explained above. Even then, if the quality of data recording had been good it would have allowed the disaggregation of data on "outstanding commitments" into their component parts to extract information on "unpaid vouchers and claims", and further breakdown of "unpaid vouchers and claims" into different types of arrears. The fact that this is currently not possible reflects the poor quality of the recordkeeping in this area; a fact amplified by the need for a special DIA Arrears Review Exercise in 2019/2020 to determine the stock of contractor arrears.

Performance level and evidence for scoring the dimension

The government does not maintain or report reliable data on the stock, age, and composition of EPA of any type – contract arrears, unpaid claims for salaries, pensions, supplies, services, rents, interest on domestic and external debt, etc. In FY2020, the Internal Audit Directorate conducted a one-off verification exercise to confirm the contractor arrears, at the request of MoFEA; there was no repeat exercise in FY2021.

This level of performance does not meet the requirements for a higher score; therefore, the score for this dimension is **D**.

Recent or ongoing reform activities

None.

PI-23. Payroll controls

Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-23 Payroll controls (M1/WL)	**D+**	**Payroll and personnel databases are separate records, with infrequent reconciliation between them. Existing control measures are sufficient to ensure the integrity of the payroll data of greatest importance, but changes to the payroll are subject to long delays. A comprehensive payroll audit took place in 2019.**
23.1 Integration of payroll and personnel records	**D**	There is no indication of how often reconciliation takes place between the payroll controlled by the AGD, the nominal roll or personnel database maintained at the PMO, and individual staff files maintained at MDA offices. There is no indication that an effective reconciliation has taken place within the last six months. Besides, identified shortfalls weaknesses in the staff audit of 2019, the lates financial audit report, and 2021 DIA Activity Report indicate serious integrity issues.
23.2 Management of payroll changes	**D**	The evidence shows systemic long delays in reflecting changes in personnel and payroll records.
23.3 Internal control of payroll	**C**	Sufficient control measures exist to ensure integrity of the payroll data of greatest importance, but they do not successfully secure full data integrity, as evidenced by the payment of unidentified staff (ghost workers), staff receiving double salaries, and outdated staff profiles, including cases of civil servants earning the salaries of their promotion while their personal files did not reflect their redesignations
23.4 Payroll audit	**B**	The 2019 staff audit exercise had statewide coverage, including agencies outside the payroll system, e.g., Drug Law Enforcement Agency.

General description of the characteristics of the indicator within the scope covered

PI-23 on payroll controls deals with the payroll for public servants only, i.e., its management, including the process of making changes to it and securing its consistency with personnel records. The indicator excludes wages for casual workers, which are usually outside the personnel and payroll databases; PI-25 (Internal controls) includes the assessment of casual workers' wages.

The importance of the payroll includes its impact on the three budgetary outcomes of aggregate fiscal discipline, strategic allocation of resources, and efficient delivery of public services. The wage bill is often one of the biggest items of government expenditure and is usually susceptible to weak controls and corruption. Analysis shows that the payroll in The Gambia accounted for, at least, 30 percent of public expenditures between FY2018 and FY2021. Data from the audited financial statements of FY2018 and FY2019 show that compensation of employees constituted 34.2 percent and 36.5 percent of total expenditures, respectively, while the percentages in the unaudited statements of FY2020 and draft statements of FY2021 are 30.3 percent and 31.9 percent, respectively; however, it is important to note that the unaudited financial statements are typically inaccurate, with the final figures after audit differing significantly. Table 0.15 gives an indication of the size of the workforce in numbers and budget, noting two caveats. Figures for FY2021 are missing because the assessors could only obtain the 2020 Manpower Budget from MoFEA's Budget Directorate. The establishment quotas for the armed forces, police, and paramilitary services are missing from the official record provided, and whether deliberately suppressed due to their sensitive nature is unclear.

Payroll management practices can affect fiscal discipline positively or negatively; the impact will be positive when payroll management contains expenditures within extant laws and approved allocations. Payroll impact on fiscal discipline will be adverse when weak payroll controls result in unintended expansion of payroll costs or unmet obligations to employees. The implications of these can be far reaching, including, lower allocative efficiency and demotivation of staff "with wider implications for the quality of services and incentives for unauthorized behaviors by staff to compensate for weaknesses in the payroll system"[1].

Table 0.16: PSC Selected Statistics

Activities	2019	2020	2021
Appointments	3 245	1 342	693
Contract Appointments	205	248	63
Dismissals	556	9	85
Promotions	692	564	404
Resignations	187	18	11
Statutory Retirement	306	183	60
Voluntary Retirement		12	13
Transfer of Service	156	15	11

Source: *PSC Activity Reports 2019; 2020 - 2021*

This indicator has four dimensions and uses the M1 (WL) method for aggregating dimension scores. The dimensions are

- Dimension 23.1. Integration of payroll and personnel records
- Dimension 23.2. Management of payroll changes
- Dimension 23.3. Internal control of payroll
- Dimension 23.4. Payroll audit

Legal and regulatory framework for payroll management

The 1997 Constitution and the Public Service Act, 1991 provide the overarching legal framework for payroll management in The Gambia. Other complementary regulatory policies include the Personnel Procedures Manual and the set of three documents last revised and updated in September 2013, i.e., the Public Service Commission Regulations, General Orders for the Public Service of The Gambia (GO), and the Code of Conduct for the Civil Service of The Gambia.

Section 166(1) of the Constitution defines the public service as comprising "the civil service … and the offices declared elsewhere in this constitution to be offices in the public service". These include "the office of judge of a superior court, and of any other court that emoluments of which are payable out of any public fund of The Gambia, and the office of a principal representative of The Gambia abroad" *(s. 166 (3))*. This definition broadens the scope

[1] The PEFA Fieldguide, *p.138*

of public service beyond the civil service, as *s. 2* of the PS Act 1991 described it. Expressively excluded from the definition of public service are the common services of the staff of local government authorities and staff of public enterprises *(s. 166 (2))*. Thus, this assessment of payroll controls is of the public service of The Gambia as defined here, and thus excludes the payrolls of local government personnel and of public enterprises.

The Constitution also establishes the Public Service Commission (PSC) in s. 172(1) and vests it with powers to make appointments into the public service (s. 173(1)). By the expression provision of the Constitution, this power to make appointments includes power to regulate the public service *(s. 167(a))*. The section provides that the

> "power to appoint any person to hold or act in any office in the public service shall include the power to confirm appointments, to exercise disciplinary control over and to remove persons holding or acting in such offices and to re-appoint or reinstate any person appointed in exercise of the power in question unless such power is expressly or by necessary implication vested in some other person or authority".

The Constitution also empowers the Commission in *s 174(1))* to:

(a) Provide for the overall management and efficiency of the public service
(b) Review the terms and conditions of service of persons holding office in the public service
(c) Review the *General Orders and Regulations* of the public service and the requirement of training and qualifications in the public service, and to advise the government thereon
(d) Prescribe the terms and standards for entrance and promotion examinations and establish standards and guidelines for the public service

The Public Service Act, 1991 predates the 1997 Constitution but is subservient to it by virtue of the latter being the grundnorm of the country. However, the Act elaborates on the matters that the Constitution merely made general provision on. These include the management and administration of the service (Part II) and appointments, promotions, retirement, and discipline (Part III). The Act also elaborates on the definition, roles, powers, and *modus operandi* of the Commission (Part V), in addition to providing guidelines for public offices' work (Part IV).

The Public Service Commission (PSC) Regulations 2013 provides detailed guidance for the day-to-day management of the public service. It elaborates on rules guiding the following (i) the activities of the PSC, (ii) appointments, promotions, and transfers, (iii) removal from office, revocation of appointments and extension of probationary service, (iv) discipline, and (v) overall coordination and management of the functions of the civil service, which is essentially trough the creation and adequate staffing of the Office of the Head of the Civil Service, as provided for in the 1997 Constitution.

The General Orders (GO) 2013 elaborate on and operationalize the provisions of the PSC Regulations. Together with the Regulations, the Orders constitute the system for the engagement and employment of public officers[1]. The Orders define the procedure for performing, and the controls and checks around the human resource management tasks. The tasks encompass the following

- Appointments, promotions, resignations, retirements, secondments, and transfers
- Conduct and discipline
- Leave and Passages
- Transport and travelling entitlements within The Gambia
- Scholarships, training, conferences, attachments, and official visits
- Medical and dental treatment
- Private work by government officers
- Use of government transport
- Use of Government quarters and government buildings
- Government business – responsibilities, security, and handing over
- Officers engaged on special terms
- Schemes of service

[1] General Orders 2013, *p. 2*

The Code of Conduct for the Civil Service is the ethical code for all civil servants in The Gambia. It defines and codifies the set of rules and guiding principles that all civil servants must observe in the performance of their duties. The code encompasses the civil servant's relationship with the other arms of government (the legislature and the executive), members of the public, and other employees. They also specify rules governing the performance of daily activities, and the conduct of personal and private interests. Specifically, the Code defines acts that may constitute misconduct and gross misconduct and specifies penalties for them. The penalties include dismissal from service, termination of appointment, demotion, reduction of salary, deferment of salary increment, suspension, interdiction, compulsory retirement, reprimand, and surcharge.

The Personnel Procedures Manual (PPM) is, perhaps, the most important document regulating the day-to-day conduct of human resources management in the Gambia. The document clearly specifies the organizational arrangement and mandates in the personnel management function, and the detailed procedures for and responsibilities in for carrying out HR activities. These activities are those of recruitment and selection, appointment procedures, training and development, leaves and absence, wage and salary administration, performance management, staff development, disciplinary procedures, retrenchment, workforce planning and budgeting, and other aspects of personnel management. The appendix to the Manual contains sample appointment letter, proformas, integrated payscale and annual leave entitlements, performance rating, etc.

Institutional arrangements for the payroll management and control

The PPM outlines the structure of command within the CS as comprising the Minister for the Civil Service, the Head of the Civil Service, and the Public Service Commission. The Vice President serves as the Minister for the Civil Service and is responsible for the general supervision of the public service, including the management and training policies of the service. The Head of the Civil Service is the Secretary General and the principal adviser to the executive or government on matters affecting the public service. The Secretary General has executive responsibility for the efficient functioning of the public service. The PSC is responsible for making appointments into the public service *(s. 173(1))*, which powers also entail responsibility to regulate the public service *(s. 167(a))*. In practice, the PSC appoints all Grades 3 to 12 public officers; MDA permanent secretaries are responsible for appointment and management of Grades 1 and 2 employees. The constitution vests the appointment of certain very senior public officers on special grades on the President and/or other bodies, with the PSC playing only advisory or consultative roles in them. These appointments include the following eight (i) members of the Independent Electoral Commission *(s. 42(3))*, (ii) the National Assembly Service *(s. 111(1))*, (iii) the Auditor-General *(158(1))*, (iv) the staff of the National Audit Office *(s. 159(2))*, (v) members of the Board of Directors of the Central Bank *(s. 162(2))*, (vi) an ombudsman and his or her deputies *(s. 164(1))*, (vii) the Head of the Civil Service, *(s. 168 (1))*, and (viii) permanent secretaries, in conjunction with the head of the civil service *(s. 173(3))*. However, the PSC does not play any role in appointments within the province of the Judicial Service Commission (JSC).

The Personnel Management Office (PMO) is the technical/operational arm of the PSC, established in February 1988 as part of the then ongoing Administrative Reform Programme (ARP), aimed at improving HR management. The PMO implements the rules and regulations of the PSC for better public service delivery. The objective of the PMO was and still is to achieve an effective, efficient, streamlined, and professional civil service, with improved performance, discipline, controlled workforce, working methods, procedures, and staff development [1]. The PMO implements the government's staffing policies, and both undertakes and oversees day-to-day HRM – recruitments, promotions, postings and placements, staff remuneration, training and development, etc. In summary, the PMO coordinates personnel activities from entry to exit and in between.

A permanent secretary heads the PMO, and s/he is the "principal adviser to the Secretary General and the Minister for Civil Service" and "responsible for the personnel functions of the Public Service" (see s. 5 (1) of the PSC Act 1991). Specifically, the permanent secretary is responsible for the performance of the following duties (in consultation with the Secretary General, the chairman of the Commission, and other appropriate public officers), see *s. 5(2-3)*

[1] Personnel Procedures Manual, *p. 10*

a) Administration of the General Orders
b) Recruitment of volunteers and technical assistance personnel
c) Public service training and staff development policies and implementation
d) Staff inspection, organization, and methods
e) Formulation and review of schemes of service
f) Policy formulation and administration of pensions and gratuities
g) Personnel statistics
h) Workforce budgeting and control, and
i) Such other matters as may be prescribed by regulations under this act

Notwithstanding the foregoing, the PSC delegates all appointments on Grades 1 and 2 to heads of MDAs, subject to PMO authorization and clearance[1]*.* The PSC also delegates "authority to make appointments and promotions and enforce discipline of teachers in Grades 6 - 8" to the permanent secretary, MoBSE, to "expedite the process of appointment, promotion and discipline of teachers"[2]. Appointing authorities must ensure that all appointments, confirmations, promotions, dismissals, and transfer of public officers observe prescribed procedures, and the PMO must periodically monitor the exercise of delegated authority to ensure adherence to established guidelines and criteria and to prevent abuses, anomalies, subjectivity, and unfair treatment[3].

Structurally, the PMO comprises six divisions (one of them a service/staff unit) and a semiautonomous body - the National Records Service (NRS)[4]*.* The service/staff unit is the Finance and Administration Division (FAD), responsible for office supplies, procurement, travel arrangements, accounting functions, transport control, office maintenance, and day-to-day office administration[5]. The line departments are Personnel Management Division (PMD), Management Services Division (MSD), Human Resource Information System Division (HRIS), Human Resource Development Division (HRDD), and Civil Service Reform and Planning Unit (CSRPU). *Figure 0.3 above* sketches the line divisions and their functions, as outlined in the PPM.

[1] General Orders, *p. 8*
[2] General Orders, *p. 9*
[3] General Orders, *p. 10*
[4] Personnel Procedures Manual, *para. 1.6*; the PMO's website lists the Pensions Directorate in place of the National Records Service (NRS), and its functions as Administration of the pension scheme - registration management, assessment and verification, accounts management, payroll management, and day-to-day operations of scheme. The assessors have used the listing in the PPM, instead of that on the website.
[5] Personnel Procedures Manual, *para. 1.6.5*

Figure 0.4: Line Departments of the Personnel Management Office (PMO)

Personal Management Division (PMD)
- Appointments (including acting appointments) and and postings
- Promotions
- Retirements (statutory, voluntary, medical, marriage, etc.)
- Leave (sick leave, leave of absence, special leave, maternity & paternity leave, etc.)
- Change of name
- Interdiction/suspension, dismissal/termination
- Petitions

Human Resource Development Division (HRDD)
- Study Leave, execution of surety bond
- Training (local & overseas)
- Secondment
- Focal point for all capacity building institutions

Human Resources Information System (HRIS) Division
- Database administration
- Maintenance of computers & network troubleshooting
- Staff audit
- Management information
- Widows and Orphans Pension Scheme (WOPS) WOPS
- Longevity

Management Services Division (MSD)
- Schemes of service
- Staff inspection
- Confirmation in appointment
- Wages
- Manpower control & budgeting
- Transfer of service
- Job evaluation/grading

Civil Service Reform and Planning Unit (CSR&PU)
- Coordination of civil service reform activities
- Resource mobilization
- Civil service revolving loan scheme

Payroll administration and management of databases

From indications, administration of the personnel databases and the payroll is a shared responsibility of the PMO and the Accountant General's Department (AGD), although discussions at both departments did not satisfactorily resolve questions on delineation of roles on certain roles, e.g., payroll changes. Responsibility for administration of the personnel database rests with the HRIS division of the PMO *(Figure 0.3)*. This requires (the PMO) guaranteeing that "all data relating to employees are up to date to ensure accurate strategic and management decision. Administrative decisions such as recruitments, promotion and other human resource processes depend on reliable and credible data"[1]. The personnel database also anchors the payroll, and its sanctity reflects on the integrity of the payroll. However, evidence on the state of the personnel database remains cloudy as testimonials from the PMO and the AGD differ on the issue, making it difficult to gain a clear understanding of the current domicile of the database (whether the HRIS Division of the PMO or the AGD through the HR module of the IFMIS), the management of changes to it, and how this affects the payroll.

[1] https://pmo.gov.gm/index.php/hris

The picture remains blurry even after interviews at both the PMO and the AGD, and review of the WB-sponsored Implementation Completion Report (ICR) Review report on The Gambia Integrated Financial Management Information System Project (P117275) prepared by the Bank's Independent Evaluation Group (IEG)1. The IEG's observation that the introduction of the HR model and other objectives into the IFMIS during its implementation "confused" the IFMIS project is informative. The report states, "The "project [IFMIS] logic was originally straightforward but then confused through the introduction of a number of at best peripherally related objectives (SOEs, energy, human resources)"[2].

The Status of the IFMIS HITS HR and Payroll Solution

These systems are nominally in place, but there remains a weak link between them and the HR functions of planning, budgeting, recruitment, and deployment within the public sector, as evidenced by the growth of public employment over the past decade, which has not been strategic. Most ministries maintain outdated establishment lists, with incumbents not mapped to budgeted positions, and enforcement of annual staffing ceilings, a challenge. While the digital payroll system (HITS-DNA) serves as the main source of data on public employment, it lacks key functionalities required for ensuring adequate payroll and establishment controls. While it is used to create the monthly payment file for each employee, it is difficult to keep up-to-date and has resulted in the payment of incorrect emoluments. Further, it only captures basic biographic details, and therefore, information on employee qualifications, language, and other relevant details is either missing or inaccessible in paper files.

WB comments on the initial draft of this PEFA report.

Synthesis of evidence of engagements at the PMO and AGD lends greater weight to the evidence from the AGD, which indicates that integration of the personnel and payroll databases is still work in process, and the two databases currently remain separate, as summarized below. The PMO continues to be responsible for the two personnel databases, i.e., one for Grades 1 and 2 staff and the other for staff on Grades 3 – 12, and fixed grades, while the AGD maintains the payroll on the IFMIS, i.e., the digital HITS-DNA Payroll system. There is no indication of how often the PMO and the AGD reconcile their respective databases; however, evidence abounds that shows that the personnel databases are not up to date, as shown in *Dimension 23.1* below; see also *Box 0.2*.

The PMO initiates and completes changes to the personnel databases and is currently solely responsible for their integrity; however, it cannot complete changes that also affect the payroll – that requires action by the AGD. PMO-deployed HR practitioners support general HR functions in MDAs, where they maintain personnel files in hard-copy. They also initiate payroll-related changes on hard-copy forms, which they submit with supporting documents to the PMO for review and capturing, after approval by the vote controller. The PMO submits the forms to the changes to the AGD for completion.

The AGD is responsible for changes that affect the payroll and makes them on the evidence of the same initiating forms and evidential documents used by the PMO to effect changes to the databases, with all the endorsements, as transmitted by the PMO to the AGD. A possible exception to this would be changes to the payroll arising from routine annual salary increments, which the regulations require the AGD to pay "automatically" *(see para. 6.8 of the PPM)*. Evidence from the PMO suggests "significant" delays to changes to the payroll. The PMO complained of limited access rights for its personnel to the IFMIS to make changes to the payroll controlled by the AGD. According to the PMO, its personnel have no right to update HR information on the IFMIS. This affects the timeliness of changes as AGD personnel who can enter the changes alone are often very busy. However, it would be a manifest weakness for PMO personnel to have access rights to make changes to the payroll. A better approach would be for the PMO to manage changes to the nominal roll on the HR module, which if seamlessly linked to the payroll module, would automatically reflect in the payroll database.

Nonetheless, the point is clear that current arrangements occasion significant delays in making changes to the payroll. These changes include the following, *inter alia*, taken from the Personnel Procedures Manual (PPM)

[1] Report Number: ICRR0022633; the project closed officially on 30-Nov-2020, and the ICR Review by the IEG took place later, 2021/08/30, see https://documents.worldbank.org/en/publication/documents-reports/documentdetail/960741630332642424/gambia-the-integrated-fin-mgt-infor-system
[2] See *p. 8*.

- Transfer of officers from one ministry to another or from one department to another; this is a responsibility of the PSC, which may result in alteration of the officer's grade, salary, and status" (emphasis added).
- Promotions, also approved by the PSC, although the Commission delegates the power to approve promotions up to certain grades to permanent secretaries and heads of department[1]
- Exit from service, including retirements *(paras. 12.9 – 12.15)*, resignations *(paras. 12.6 – 12.8)*, dismissals, terminations of appointment *(para. 9.15)*, death, etc.
- Personal changes – change of name, change of bank, etc.
- Leaves, including study leave *(paras. 4.6 – 4.9)*, annual leave *(paras. 5.7 – 5.10)*, maternity leave *(paras.5.11 – 5.15)*, paternity leave *(para. 5.16)*, special leave *(paras. 5.17 – 18)*, leave of absence *(para. 5.19 – 5.20)*, etc.
- Punishment, including interdiction, suspension without pay, reduction in salary, reduction in rank, deferment of increment, etc. *(para. 9.15)*

In summary,

- Payroll and human resource activities remain separate, and not yet integrated, although the IFMIs has both payroll and HR modules.
- The payroll module on the IFMIS is active and working the AGD uses it to make personnel emoluments.
- The HR module on the IFMIS is not yet in use; the AGD indicated that it was undergoing inauguration and test run at the time data gathering for this assessment.
- The PMO keeps the HR databases on its HRIS, while the AGD maintains a separate payroll database – there is no link between the two. any reconciliation between the two is manual, but there is no indication on how often officials undertake this exercise or when they conducted the last one.
- Payroll uses the same forms used by the HR to input data into the payroll; HR initiates the changes; except possibly for annual salary increments[2]. The forms used to initiate HR changes are the same forms that the AGD uses to initiate changes to the payroll – the PMO transmits them to the AGD with the underlying evidence.

The PMO conducted a staff verification (audit) exercise in 2019 with the support of development partners. The exercise unearthed some key issues that remain pertinent today, as a reading of the 2021 DIA Activity Report shows *(see the assessments in PI-23.1, 23.2, and 23.3 below)*. The findings of the staff audit exercise include the following

- 1,401 alleged ghost employees were identified (representing 3.5% of the expected headcount of 39 847)
- 41 individuals received double salaries (as result of transfers between institutions)
- High level of unauthorized absenteeism from workstations and lack of attendance records
- Employees with double and wrong Tax identification numbers (TIN)
- Out-dated staff profiles
- Departments placed under wrong ministries
- Inefficient contract management
- Staff overdue for statutory retirement
- Staff on long-term studies without study leave
- Unauthorized extended sick leave
- Wrong and blank gradings

Scope covered by this assessment

This assessment covers the public service of The Gambia, as indicated above; see also Box 0.3 and Table 0.15. The Table summarizes the state's manpower budget for 2019 and 2020, as provided by the PM; the 2021 manpower budget was not available at the time of preparing this draft. The manpower budget shows the approved personnel establishment quota and approved budget for each agency for all agencies in the public service, including the National Assembly, Judiciary, Independent Electoral Commission (IEC), Public Service Commission, Office of the Ombudsman, etc. The state manpower budget groups agencies under their parent ministries; *Table 0.15* summarizes them under their ministries, where applicable. The PSC and the PMO are responsible for manpower budget and

[1] Personnel Procedures Manual (PPM), *paras. 8.7 – 8.6, p. 41*
[2] See *para. 6.8* of the PPM, which states that "Increments are paid automatically by the Accountant General"

control statewide, including in the agencies. The assessment in dimensions (i) to (iv) of this indicator encompasses the civil service and these other public services.

Box 0.3: The Role of The Gambia PSC and PMO in Managing the Public Service, including Manpower Budget & Control

This assessment covers the public service of The Gambia, as defined by the Constitution and the PS Act 1991. *Section 2* of the Act provides that the "“Public service” means, subject to the provisions of *section 133* [now *s. 166*] of the Constitution, the civil service of the Government of The Gambia". *Section 166(1)* of the Constitution defines the public service as comprising "the civil service as established immediately before this Constitution comes into force and the offices declared elsewhere in this constitution to be offices in the public service". *Section 166(2)* empowers the National Assembly to "provide for the establishment and regulation of separate public services of The Gambia"; however, "Any such particular public service shall form part of the public service of The Gambia" even if such service has "an appointing authority other than the Public Service Commission" *(166(2)b)*. "For the avoidance of doubt, …the public service includes the office of judge of a superior court and of any other court" appointed by the JSC, the "emoluments of which are payable out of any public fund of The Gambia, and the office of a principal representative of The Gambia abroad" *(166(3))*.

Appointments to offices in the public service lies with the PSC, except as otherwise provided by the Constitution or Act establishing a particular public service (173(1)). Other (absolute) powers of the PSC include to (a) provide for the overall management and efficiency of the public service, (b) review the terms and conditions of service of public servants, c) review the GO, PSR, and training requirements and qualifications, and (d) prescribe the terms and standards for entrance and promotion examinations and establish standards and guidelines for the public service *(174(1))*. The PSC exercises these public service regulatory powers "notwithstanding that the power to make appointments to such offices is vested in some person or authority other than the Commission" *(174(3))*. Consequently, while the other public services may have different appointing authorities, the PSC (and its technical arm - the PMO) retains general management and regulatory powers over the service, including that of manpower planning and payroll management. The PS Act vests the function of service wide "manpower budgeting and control" on the permanent secretary of the PMO *(s. 5(2)h)*, which function, the PMO assigns to its Management Services Division (MSD) - *see para. 1.6.2 of the Personnel Procedures Manual, and Figure 0.4.*

The "public service" of The Gambia created under s. 166 of the Constitution, therefore, includes (i) National Assembly, (ii) Judiciary, (iii) Independent Electoral Commission (IEC), (iv) National Audit Office (NAO), (v) Public Service Commission, (vi) Office of the Ombudsman, (vii) Gambia Revenue Authority (GRA), (viii) University of the Gambia, and (ix) the Gambia Tourism and Hospitality Institute, etc. These bodies may retain mainly appointing and emoluments fixing powers; however, they do not operate independent manpower planning and payroll management. The PMO-prepared manpower budget prepared incorporates them.

Finally, the Constitution or establishment Acts nearly always specifies a role for the PSC in the HR management of these agencies, aside appointment of personnel on fixed or special grade salary (except for the JSC). Here is a sample:

- Auditor-General: appointed by the President after consultation with the PSC *(s. 158(2) of the Constitution)*
- National Audit Office: The Auditor General appoints other staff after consulting with the PSC and the Board, and, in the case of such senior or professional staff, as may be prescribed by regulations of the PSC *(s. 159(2) of the Constitution; s. 18(1) of the NAO Act 2015)*,
- Independent Electoral Commission members: appointed by the president in consultation with the JSC and PSC *(s. 42 of the Constitution)*
- The National Assembly Service "shall form part of the public service and its members shall be appointed by the National Assembly after consultation with the" PSC *(s. 111 of the Constitution)*
- Ombudsman and deputies: appointed by the president in consultation with the PSC, subject to confirmation of the National Assembly *(s. 164 (1) of the Constitution)*

Table 0.17: The Gambia: 2020 Approved Manpower Budget (Number, Dalasi)

	Head	Item	2019		2020	
			Establishment	Budget	Establishment	Budget
1	01	Office of the President	535	70,778,209	620	92,059,138
2	02	National Assembly	141	50,676,192	158	51,562,336
3	03	Judiciary	515	55,641,051	536	70,274,196
4	04	Independent Electoral Commission	62	5,270,561	61	8,278,726

• *Table 0.17: The Gambia: 2020 Approved Manpower Budget (Number, Dalasi)*						
	Head	**Item**	**2019**		**2020**	
			Establishment	**Budget**	**Establish ment**	**Budget**
5	05	Public Service Commission	25	2,653,507	25	2,672,507
6	07	Ministry of Defence, incl. Armed Forces*	93	202,197,869	95	466,240,543
7	08	Ministry of Interior, incl. Police Force, Immigration Department, The Gambia Fire & Rescue Services, Prisons*	43	487,263,786	44	510,640,686
8	09	Ministry of Tourism & Culture	34	2,547,707	31	3,377,879
9	10	Ministry of Foreign Affairs, incl. foreign missions	411	149,030,156	468	171,426,167
10	11	Ministry of Justice, incl. Law Reform Commission	183	14,698,895	189	14,879,146
11	12	Ministry of Finance & Economic Affairs, incl. Accountant General's Department	389	21,026,849	394	40,256,164
12	14	Office of the Ombudsman	48	7,983,321	49	10,166,510
13	16	Ministry of Lands, Regional Government, & Religious Affairs	16	28,397,866	602	35,027,505
14	17	Ministry of Agriculture	1215	89,282,824	1300	107,833,235
15	18	Ministry of Transport, Works & Infrastructure	205	10,333,683	210	13,331,192
16	19	Ministry of Trade, Industry, Regional Integration. & Employment	139	9,225,910	145	12,107,602
17	20	Ministry of Basic & Secondary Edu.	15,861	807,340,398	16,089	865,415,241
18	21	Ministry of Health	2,905	233,720,266	3,226	256,235,602
19	22	Ministry of Youths & Sports	75	5,047,254	75	5,723,649
20	23	Min. of Environment, Clm. Change & Nat. Resources	554	17,627,019	559	25,851,833
21	24	Ministry of Information & Commerce Infrastructure.	88	6,201,270	95	9,154,529
22	25	Ministry of Fisheries & Water Resources	412	17,541,095	426	19,709,813
23	27	Ministry of Higher Edu, Res, Science, & Tech	81	6,310,786	88	6,372,946
24	29	Ministry of Petroleum and Energy	111	7,017,466	109	10,648,832
25	30	Ministry of Women, Children, and Social Welfare	192	10,542,884	200	10,492,332
		Total	**24,333**	**2,318,356,824**	**25,794**	**2,819,738,309**
**These establishment numbers are too low, with the establishment quotas for the armed forces, police, and other paramilitary services personnel missing from the official record provided.*						
Source: MoFEA - 2020 Approved Manpower Budget (number, Dalasi); summarized and compiled by the consultants.						

PI-23.1. Integration of payroll and personnel records

PI-23.1 assesses the degree of integration between personnel, payroll, and budget data. Integration requires frequent and full reconciliation between the three documents to ensure effective controls and maintain the integrity of the documents. The integrity of the records is achievable through manual means, although more and more countries are moving towards using more effective electronic systems to secure the integrity of payroll and personnel records. Electronic systems can secure full integration by linking the personnel database directly to the payroll (e.g., the IFMIS) so that changes in the personnel database affecting the payroll automatically reflect in the payroll without human intervention. Manual systems achieve integration when they underpin the payroll to a personnel database of staff for payment in a pay period, together with their relevant particulars. They also must verify the payroll list against (i) an independently managed establishment list or nominal roll that anchor budget allocations, and (ii) individual personnel records or staff files kept in MDA offices. In addition, manual systems need to ensure that staff appointments and promotions are according to the approved personnel budget allocations. Automated electronic systems can integrate all these activities seamlessly to achieve effective controls.

As explained above, the HR module of the AGD-hosted IFMIS was docile and not activated at the time of the assessment, whereas the payroll module was active. There was thus no seamless integration of the personnel databases and the payroll at the time of the assessment. The PMO still hosts the two payroll databases (for Grades 1 and 2, and Grades 3 and above and fixed grades)[1], while the AGD hosts the payroll database on the IFMIS. The integration of the payroll and personnel records could only be thorough manual, rather than automatic, means. However, it was not possible for the assessors to ascertain how frequently officials attempt a reconciliation of the payroll, the two nominal rolls (personnel databases), and staff files maintained in MDAs. There is also no information on the last date of such reconciliation.

[1] The PMO maintains a personnel database for civil servants on GL 3 – 12 and fixed income earners, while individual MDAs maintain and manage databases for GLs 1 and 2.

Evidence of the latest omnibus 2019 Staff Audit, the 2019 audit report, and the 2021 DIA Activity reports highlight continuing irregularities that are inconsistent with properly integrated and effectively reconciled personnel and payroll records. Irregularities identified in the 2019 statewide staff audit are incongruent with integrated systems. These irregularities include the following 13

i. Unidentified staff costing D8,127,258.29
ii. Staff receiving double salaries to the tune of to the tune of D6,545,327.73, especially in hospitals
iii. Employees with double and wrong tax identification numbers (TIN)
iv. Outdated staff profiles – nonexistent and inaccurate dates of birth, stale and non-updated designations, non-updated employee status in the payroll, nonreflecting of statuses of civil servants on study leave, secondment, contract, etc.
v. Departments placed under wrong ministries
vi. Staff overdue for statutory retirement
vii. Staff on long-term studies without study leave
viii. Unauthorized extended sick leave
ix. Wrongful appointment of foreign nationals on permanent positions
x. Staff overdue for longevity pay
xi. Wrongful appointment of staff to permanent positions with less than five years to statutory retirement age
xii. Payrolling of officers at wrong cost centres and locations
xiii. Wrong and blank gradings, etc.

The limited review reported in the more recent 2021 DIA Activity confirms that these issues identified in the 2019 audit are continuing. Examples include the following five cases of (i) staff receiving double salaries in the Ministry of Basic Education (MoBSE), (ii) exited employees not removed from personnel files resulting in the irregular payment of D202,410.50, (iii) unverified staff, (iv) staff receiving double provincial allowances, and (v) payment of rental allowances to officers living in government housing, etc., all in the Judiciary.

Performance level and evidence for scoring the dimension

There is no indication of how often reconciliation takes place between the payroll controlled by the AGD, the nominal roll or personnel database maintained at the PMO, and individual staff files maintained at MDA offices. There is no indication that an effective reconciliation has taken place within the last six months. Besides, identified weaknesses in the staff audit of 2019 (the latest financial audit report) and 2021 DIA Activity Report indicate serious integrity issues.

This level of performance does not meet the conditions for a higher score. Consequently, the score for the dimension is **D**.

PI-23.2 Management of payroll changes

PI-23.2 assesses the timeliness of changes to personnel and payroll data. Timely processing of amendments to the personnel database is vital for effective payroll management and fiscal controls. Changes require proper evidencing, i.e., through the generation of a change report, and they should leave an audit trail, i.e., a detailed, chronological record or footprints that to allow the tracking and tracing of user activities or other financial data relating to the change. Audit trails are vital in the management of changes to the payroll. Without an audit trial, it will be difficult to verify and track the sequence of activities, processes, authorization, approvals, budget implications, and data security of payroll changes.

Directly linked and fully integrated HR and payroll systems make changes to the payroll automatically and seamlessly, as explained above. Manually integrated systems often require retroactive adjustments, i.e., changes in the payroll follow relevant changes in personnel status or to correct errors. Retroactive adjustments may require supplementary compensation to staff to correct underpayments, e.g., payment of promotion, promotion, gratuity arrears, or delayed first salary payment upon initial appointment. This could result in payment arears, which may have, sometimes, serious budgetary implications *(see PI-22)*. Retroactive adjustments could also be to or “claw back” excess payments to an employee beyond his/her entitlement.

As already explained above, the AGD makes changes to the payroll retroactively, using the same forms and support documents that the PMO used to complete changes to personnel records. There is no clear indication of the length of time it takes to make changes, although the evidence shows systemic long delays in reflecting changes in personnel and payroll records. For instance, the 2019 Staff Audit Report noted that "Most civil servants in the payroll have their profiles incomplete and outdated. Dates of birth are largely absent and inaccurate while designations remain not updated despite changes of designation through promotions and re-designations for such civil servants. Employee status in the payroll was also often not updated. As a result, the statuses of civil servants on study leave, secondment, contract, etc. remained unchanged. This makes human resource planning, monitoring, and control very difficult"[1]. The 2019 Audit report made similar findings, including the following five

i. Partially updated personal files
ii. Poor record management
iii. Failure to maintain personal files for staff on contract
iv. Staff receiving salary after end of contract
v. Contract employees' status not updated in the system after end of contract, etc.

Verbal testimony by Personnel Management Office (PMO) officials provide insight into the reasons for delays in changes to personnel records. The explanation is to the following effect: the IFMIS personnel management module does not yet have a full-fledged HR Management Information System that would have facilitated changes to personnel and payroll records. Besides, the AGD manages the IFMIS personnel module, to which PMO officials have only limited access rights, which excludes the right to update personnel information. However, Finance (AGD) staff are always busy, which delays the update of personnel records.

Performance level and evidence for scoring the dimension

The evidence suggests significant delays in updating personnel records and payroll, requiring retroactive adjustments. This level of performance does not meet the conditions for a higher score. Consequently, the score for the dimension is **D**.

PI-23.3. Internal control of payroll

PI 23.3 assesses the controls applied to the making of changes to personnel and payroll data; it assesses the integrity and effectiveness controls applied to the making of changes to personnel and payroll data. The controls would be effective when they achieve three objectives simultaneously, i.e., (i) restrict authority to change records and payroll; (ii) require separate verification; and (iii) require production of adequate audit trail to maintain a permanent history of transactions together with details of the authorizing officers. Audit trails are important in assessing the integrity of controls for several reasons. First, they enable and ease checks on individual accountability, detection of intrusion, and problem analysis. Second, they provide information on who accessed the data, who initiated the transaction, the date and time of entry, the fields of information included, the files updated, and the changes made.

Authority for changes to the personnel data lie with the PSC and the PMO, except for certain instances delegated to MDA heads, as explained above. Appointments, promotions, transfers, etc., certain disciplinary measures, etc., are among the changes that require approval of the PSC, except when delegated to the PMO or heads of MDAs. The PMO or the line ministry initiates the changes, once approved. For changes involving Grades 3 and above,

- The line ministry prepares and forwards the *Request for Change* the to PMO in hard-copy format
- The PMO reviews and validates the request against supporting documents and makes the changes in its databases; *note:* the HR module of the IFMIS is not fully active, as explained above, and the PMO cannot make the changes directly to it. The permanent secretary of the PMO is the final authority that signs off on changes affecting the database, and it is not clear what the role of the Head of the Civil Service is in the process.
- The PMO transmits the change request form and supporting documentation to the AGD for processing
- The AGD reviews and makes changes to the payroll as necessary; the accountant general signs off on the change form before its reflection on the payroll.

[1] Personnel Management Office: 2019 Staff Audit Final Report, *p. 6*

For appointments and promotions affecting Grades 1 and 2, it appears that line ministries forward the forms directly to the AGD for review and processing.

Written comments of development partners working in the HR/Payroll space on an early draft of this report (see Box 0.2 above) indicate that the digital payroll system (HITS-DNA) lacks key functionalities required for ensuring adequate payroll and establishment controls, notwithstanding that it serves as the main source of data on public employment. The system is the source of the monthly payment file for each employee; however, it is difficult to keep the profile up to date, resulting in the payment of incorrect emoluments. Further, it only captures basic biographic details, and therefore, information on employee qualifications, language, and other relevant details is either missing or inaccessible in paper files. This confirms the persistence of incidents identifies the 2019 staff audit, including the following

- Payment of unidentified staff (ghost workers)
- Staff receiving double salaries
- Outdated staff profiles, including cases of civil servants earning the salaries of their promotion while their personal files did not reflect their redesignations, as reported in Dimensions (i) and (ii) above, for instance

The staff audit report was categorical in its conclusion that, "in terms of payroll and personnel management, outdated, inaccurate, and un-reliable personnel profiles remain a major challenge, as shown by the audit exercise"[1]. There is no evidence that this situation has changed; indeed, triangulation of evidence confirms the persistence of the issues.

Thus, the 2019 financial audit report makes similar findings, including the following (note: the 2019 financial audit exercise took place in 2021/2022, and the evidence of inspection of personnel files and payroll records took place at the time of the audit, not back in 2019. The findings are, therefore, current):

- Partially updated personal files[2]
- Poor record management[3]
- Failure to maintain personal files for staff on contract[4]
- Staff receiving salary after end of their contracts, amounting to D110, 88
- Contract employees' status not updated in the system after end of contract[5]
- Inability to agree the recovery payment vouchers of "1x6 salary advance payments and recoveries" against the general ledger due to missing recovery payment vouchers for the Ministries: Education (November 2019), Communication, Information, & Technology (November 2019 and March 2020), Health & Social Welfare (November 2019 and January 2020), Tourism & Culture (November 2019)[6], etc.

In addition, the 2021 DIA Activity Report notes that the selective audit of the payroll conducted by the DIA using the Judiciary as sample, did not obtain access to a copy of the Judicial Service Commission (JSC) regulations, often cited in appointment letters of judicial personnel. This made it "harder for [the] audit team to ascertain which guidelines … JSC used for its operations … Without JSC regulation there is a risk that the activities may not be guided by laid down plans and procedures"[7].

Finally, the 2022 BTI report on the Gambia commented on reports on ghost workers and other payroll anomalies. It states, "There have been numerous incidents, in numerous sectors, of "ghost personnel," fake or deceased

[1] Personnel Management Office: 2019 Staff Audit Final Report, *p. 13*
[2] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *p. 254 of 512*
[3] Op. cit., *p. 255 of 512*
[4] Op. cit., *pp. 256 - 257 of 512*
[5] Op. cit., *pp. 260 - 261 of 512*
[6] Op. cit., *p. 262 of 512*
[7] See 2021DIA Activity Report, *page 13 of 42*

individuals, on the payrolls of government entities. There are also frequent allegations of inappropriate, but not illegal expenses, such as transportation allowances”[1].

Performance level and evidence for scoring the dimension

The best scenario outcome of the foregoing analysis is to argue that sufficient controls exist to ensure the integrity of payroll data of greatest importance, but that they do not successfully secure full data integrity. This level of performance only satisfies the conditions for a score of “C”, but not higher. The evidence clearly does not support the requirements for the next higher score, which is that “authority and basis for changes to personnel records and the payroll are clear and adequate to ensure high integrity of data”. The evidence of lack of high data integrity belies any argument for a higher score. Consequently, the applicable score is **C**.

PI-23.4. Payroll audit

PI-23.4 assesses the degree of integrity of the payroll, i.e., it evaluates the extent of accuracy, reliability, and currency of payroll records. By nature, payroll information is fluid and constantly changing due to new entrants and exits from the service, salary increments, promotions, transfers, disciplinary actions, changes to personal staff details, etc. Payroll information must keep pace with these changes to maintain integrity and avoid unnecessary financial losses. In addition, regular payroll audit will provide an additional layer of check and help to secure the integrity of the payroll, e.g., through identifying ghost workers, filling data gaps, and detecting control weaknesses. Good payroll audits encompass both documentation check and physical verification of personnel. Documents’ inspection ensures that individual staff records and complete and adequate to support their remuneration, i.e., that each employee is receiving exactly the amount of pay due to him/her. Physical verification of workers establishes the (continued) existence of the payee and matches the face with the payment.

The latest payroll audit took place in 2019, with the support of development partners. The audit was a follow-up exercise to the 2017 exercise that identified and removed “over two thousand absentee workers … from the payroll thereby saving government ten million Dalasis monthly”[2]. The 2019 exercise aimed to update the employee profiles, thereby smoothening migration to the IFMIS HR Module. Consequently, the advertised objectives of the exercise were to identify ‘ghost’ workers and rectify anomalies relating to retirements, personnel profiles, salary, grade, and other administrative irregularities. The specific objectives were to[3]

- Update the personnel records of civil servants in the payroll (NASDNA) and the Personnel Management Information System (PMIS)
- Satisfy the basic requirements of implementing a human resource module as part of the IFMIS Additional Financing II (IFMIS AF II) implementation
- Improve the accuracy of subsequent human resource planning and analysis; and
- Identify and eliminate existing and potential “ghost workers” from the payroll

The May 2019 payroll audit was statewide and expected to meet 39,847 civil servants[4] but it physically met only 38,446 personnel[5]. At the completion of the exercise, the team could not see 1,401 staff, and it advised the “Accountant General’s Department … to stop the salaries paid in their names”[6]. The exercise covered all civil servants in line ministries and departments, security forces and law enforcement agencies, such as the army, police, immigration, prisons, fire service, and intelligence service. It also covered personnel of the Drug Law Enforcement Agency, although they are not on the payroll. The audit teams visited all workstations nationwide, including schools, health facilities, etc., and they both checked the completeness of staff documentation in files and physically

[1] BTI 2022 Country Report-Gambia, https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2022_GMB.pdf; p. 31
[2] Personnel Management Office: 2019 Staff Audit Final Report, *p. 2*
[3] ibidem
[4] Op. cit., *p. 3*
[5] Op. cit., *p. 5*
[6] ibidem

identified each personnel, according to the report of the exercise. It advised stoppage of the salary of those personnel that it did not see, as shown above.

The auditors comprised personnel from PMO, PSC, AGD, Directorate of Internal Audit, and the Ministry of Basic and Secondary Education. "The National Audit Office were unable to send a representative"[1]. The exercise took place in two phases. Phase 1 covered the Greater Banjul Area and West Coast Region, and the initial schedule was from May 27 to June 15, 2019; the exercise overran this schedule. Phase II of the exercise covered the inland regions (Lower River, North Bank, Central River, and Upper River), with a scheduled period of 3 weeks from June 17 – July 6, 2019. The audit team complained that the "duration of the exercise was … short. Most of the people who were missed during the field exercise with genuine reasons had to come to PMO to be audited, thus extending the exercise beyond the scheduled time"[2].

The narratives in PI 23.1, 2, and 3 above have highlighted the more important of the findings of the 2019 staff verification' there is no need to repeat them. The report also included recommendations for improvement. These include a bi-monthly review of the payroll by heads of departments, who should be accountable for subsequent anomalies. In its conclusion, the report noted the failure to deal satisfactory "with all the issues and challenges raised in the 2017 audit" and advised on the need to address the "challenges … to ensure efficiency in service delivery"[3]. Finally, the report identified the need for "a more comprehensive institutional assessment and workload analysis … to determine the efficiency or otherwise of current staffing levels throughout the Civil Service"[4].

However, there is no evidence that the payroll audit exercise covered staff of the judiciary, controlled by the Judicial Service Commission (JSC), and there is no evidence of an independent payroll audit in the judiciary in the last three fiscal years.

Performance level and evidence for scoring the dimension

The 2019 staff audit exercise had statewide coverage, including personnel of agencies that operate outside the payroll system, e.g., Drug Law Enforcement Agency. Based on the analysis and supporting evidence, the score for the present dimension is **B**.

Recent or ongoing reform activities

PI-24. Procurement

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-24 Procurement (M2/AV)	**D**	**Information on procurement monitoring and procurement complaints management is insufficient, and the evidence shows that less than 10 percent of approved contracts is by open tendering; the public has limited access to procurement information.**
24.1 Procurement monitoring	**D**	No databases or records for contracts containing information on procured items, value of procurement, and supplier/successful bidder existed as at the cutoff date for this assessment, i.e., end of November 2022.
24.2 Procurement methods	**D***	There is insufficient evidence to score this dimension, given the nonavailability of information on contracts awarded on the WB projects, the Kuwaiti Fund, and other similar projects that use alternative procurement methods.
24.3 Public access to procurement information	**D**	The procurement system does not meet the complete requirements for public access on any of the six key items of information.
24.4 Procurement complaints	**D***	The complaints review mechanism meets criterion 6 (i.e., issues decisions binding on every party, without precluding subsequent access to an external higher authority),

[1] Op. cit., *p. 4*
[2] Ibidem
[3] Op. cit., *p. 13*
[4] ibidem

management		but that there is insufficient evidence to rate performance under the five other criteria

General description of the characteristics of the indicator within the scope covered

PI-24 deals with public procurement, focusing on arrangements for transparency, openness, and competitiveness of procedures, monitoring of procurement results, and public access to appeal and redress arrangements. Significant public spending takes place through the public procurement system. This indicator deals with every procurement of goods, services, civil works, and major equipment investments, whether classified as recurrent or capital investment expenditure. A dated but still relevant Transparency International working paper aptly captures the importance of this indicator in these words,

> "Public procurement affects all aspects of people's lives and assumes a large share of government budgets. The acquisition of buildings and land by municipal and national governments, the construction of roads, the provision of health and education services, and the construction and operation of drinking water and sanitation systems are just a few examples of public investments that involve procurement. The Organisation for Economic Co-operation and Development (OECD) has estimated the value of government procurement markets worldwide to be US$ 2 trillion annually. Wherever such large quantities of money change hands, the risk of corruption is high."[1].

A well-functioning procurement system should enhance economy, efficiency, effectiveness, and value for money (VFM) in the use of PP funds. The legal framework plays an important role in securing such a PP system. This requires the regulatory framework to enunciate well-defined, tight, and clear principles for procurement and establish appropriate policy, procedures, accountability, and control mechanism. Enforcement of procurement rules is also vital, and as important as making the rules themselves.

The indicator covers CG procurements in the last completed fiscal year, i.e., FY2021. The indicator has the following four dimensions, and it uses the M2 (AV) method for aggregating dimension scores:

- Dimension 24.1. Procurement monitoring
- Dimension 24.2. Procurement methods
- Dimension 24.3. Public access to procurement information
- Dimension 24.4. Procurement complaints management

Legal and statutory framework for public procurement in The Gambia

The relevant legal and regulatory framework for public procurement in The Gambia for this assessment comprise the Gambia Public Procurement Authority (GPPA) Act 2014, as amended by the GPPA (Amendment) Act 2018, and the Gambia Public Procurement Authority Regulations (GPPAR) 2018[2]. The government enacted the GPPA Act 2022 during the pendency of this assessment exercise to replace the 2014 enactment; however, that law became effective after the cut off date for the assessment *(see below)*. The history of attempts at modern procurement legislation in The Gambia dates to 2001 with the enactment the Gambia Public Procurement Act, 2001, assented to by the president on February 1, 2002[3]. To all intents and purposes, the 'United Nations Commission on International Trade Law (UNCITRAL) Model Law for Public Procurement' inspired the attempts, especially from the 2014 Act onwards. Prior to the enactment of the 2001 Act, the public procurement system operated a centralized purchasing and supply process domiciled at the Ministry of Finance and Economic Affairs (MoFEA). Purchases by all central and local government authorities went through the major and minor tender boards (as appropriate) hosted and controlled by MoFEA. The unwieldiness and inefficiency of that process was a major finding of the Country Procurement Assessment Review (CPAR) conducted by the World Bank in 1998. The findings of that review kickstarted the reforms that lead to the enactment of the Procurement Act of 2001.

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[1] Transparency International, Corruption and public procurement, TI Working Paper # 05/2010, https://www.oecd.org/newsroom/thesizeofgovernmentprocurementmarkets.htm; the OECD document referred to in the quotation is available at https://www.oecd.org/newsroom/archives/1845927.pdf

[2] Made by the Minister pursuant to powers conferred by *s. 65* of the Gambia Public Procurement Authority (Amendment) Act 2018

[3] No. 3 of 2002

The Act defined "the basic principles and procedures to be applied in the public procurement of goods, works and services, and to make provision for matters connected therewith"[1]. *Section 3* of the Act outlined the objective of the Act, which is to provide a system for ensuring

(a) transparent, efficient, and economic public procurement
(b) accountability in public procurement
(c) a fair opportunity to all prospective suppliers of goods, works and consultancy services
(d) the prevention of fraud, corruption, and other malpractices in public procurement; and
(e) improvements in social and economic capacity in The Gambia, including providing opportunities for local small enterprises and individuals to participate in an economic manner as suppliers, contractors, and subcontractors in public procurement.

The Act also established the Gambia Public Procurement Authority (GPPA) in s. 4, defined its functions and powers, and charged it with an admixture of regulatory, executory, adjudicatory, reporting, and monitoring functions, including the following (s. 13):

- Regulation and monitoring of public procurement; approving every stage of the procurement proceedings (including tendering, request for proposals, awards, and direct procurement) for all contracts above the specified threshold
- Designating agents to procure goods, works, or services required by two or more procuring organizations (POs) services on their behalf
- Entering into framework agreements under which POs may place orders for certain types of goods, works or services
- Developing standardized and unified procurement regulations and bidding documents for general use
- Fostering a professional procurement workforce, organizing and conducting training programmes, developing policies and programmes aimed at establishing procurement related positions, etc.
- Collection of data on public procurement, monitoring the performance of POs in their conduct of procurement proceedings to ascertain efficiency and compliance with applicable legislation, regulations, and instructions, etc.
- Provision of administrative review of bid protests
- Participation in discussions on public procurement issues affecting The Gambia with development partners
- Proposing improvements in public procurement procedures
- Inspection of records and activities of POs, and referring procurement violations to the Auditor General
- External liaison with The Gambia Chamber of Commerce and other private sector bodies on public procurement matters
- Provision of annual quantitative and qualitative reports to the Minister of Finance and Economic Affairs

"However, the 2001 Public Procurement Act (PPA) could not stand the test of time"[2] due to inherent limitations included in the functions of the GPPA. The roles of participating in the approval of bidding documents; providing *ex-ante* approvals, including of bid evaluation reports; and conducting compliance review are conflicting and are not compatible in modern procurement processes, and translate into the Authority "being a judge and a jury" in procurement matters.

The failure of the 2001 enactment to live up to its billing led to its replacement with the GPPA Act 2014. The enactment of the GPPA Act 2014 was to resolve these conflicts and launch modern procurement processing in The Gambia. The major reforms introduced under the Act included removing the GPPA from direct participation in the procurement process and restricting its role to regulation, capacity building, monitoring, reporting, maintaining a data base of suppliers, contractors, and consultants and a record of prices, and other matters, as listed in *s. 12 of the Act*. Procuring organizations (POs) acquired the power to start and complete procurement and contract, subject to "no objections" certification issued by the Authority in cases above defined thresholds. The GPPA Act 2014 also established the Complaints Review Board (CRB) to adjudicate on procurement complaints (with the GPPA providing the secretariat), and (reestablished) the Major Tender Board (MTB) in *s. 52* to "handle procurements beyond a certain threshold as specified in the Regulations" (subsequently set at tenders above GMD 10,000,000).

Notwithstanding these reforms, the 2014 Act still had important flaws and did not result in the envisioned transparent and competitive procurements. On the surface, the Act appears to cover all procurements *(s. 20(1)),*

[1] See the citation to the Act.
[2] https://gppa.gm/about-gppa/

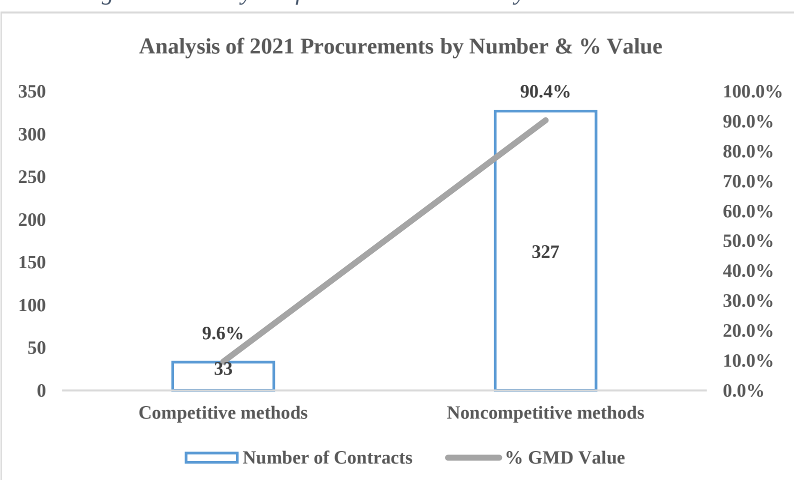
but there are important exceptions and loopholes. Two notable cases are where the minister for defence decides and the minister for finance approves, that certain items are exempt on account of national defence or national security; and where the president by order published in the gazette, exempts "any procuring organization from requiring the approval of the Authority with respect to any procurement in whole or in part, and in such case the Cabinet shall be responsible for giving such approvals instead of the Authority" *(s. 20(2, 5))*. Exploitation of these and other loopholes in the provisions of the Act led to major abuses of the procurement process, e.g., through excessive use of emergency contracting to circumvent the requirements for open competitive bidding, inordinate use of single sourcing and the splitting of major contracts to fit into the threshold, etc. One critique observed as follows,

> "The procurement system is conspicuously abused during the pre-bidding process. … bids are altered with noticeable and unlimited extension time for submissions and the falsifications on the bid logs and documents. Inference of an abused or politicized procurement system from the invitation to the selection of bidders can be drawn of recent in The Gambia …."[1].

This prompted the enactment of the GPPA (Amendment) Act 2018 abolishing the "Major Tender Board" (MTB). The intended impact of this amendment was to decentralize the procurement process by allowing procurement organizations (POs), i.e., procuring entities, to initiate and conclude the administrative process of purchasing public works, goods, and services, and to remove or minimize the incentive for corruption that the centralization of large tenders ostensibly encouraged. The amendment did not circumscribe much of the GPPA's role in contracting, including its involvements in prior and post reviews. For instance, the GPPA Regulations 2018[2], in *regulation 13*[3], still required contracts committees to submit "any proposed contract for procurement with a value of one million dalasi and above… to the Authority for its approval". In addition, *regulation 7* of the Regulations grants "observer status" to the Authority "to attend any meeting of the Contract Committees as non-voting" … "At the request of the contracts committee or as the Authority deems fit".

The 2018 amendment did not resolve the problems with the procurement process; the abolition of the MTB proved insufficient to secure the desired level of openness and competitiveness in public procurement. Rather, it appears to have birthed or invigorated the phenomenon of contract splitting, unwittingly incentivizing procuring organizations (POs) to fragment major contracts into bits to fit them below the threshold required for open competitive tendering, thereby enabling sole/single source contracting. Analysis of 2021 procurement data obtained from the GPPA website (www.gppa.gm)[4] buttresses this observation and shows that, of the 360 procurements implemented in the year, amounting to GMD 41,666.60 million by monetary value, only 33 of them or 9.6 percent by value were by competitive tendering

Figure 0.5: Analysis of 2021 Procurements by Number & % Value



[1] Assan Jallow, A Critique of the Procurement System in The Gambia; electronic copy available at: https://ssrn.com/abstract=3603556
[2] Made to reflect the GPPA (Amendment) Act 2018
[3] Pursuant to *s.12(2)* of the GPPA (Amendment) Act 2018
[4] Note: this data was not available on the website during the field mission that ended at the end of November 2022, nor was it available up to the time of submitting the draft PEFA report for review in April 2023. Besides, the GPPA provide it. The publication of the 2021 and 2021 procurement information on the website is a relatively very recent development, discovered while considering reviewers' comments.

methods. The remaining 327 procurements, amounting to 90.4 percent by value were by noncompetitive methods *(Figure 0.4)*. The competitive methods used comprise open tendering (OT), request for proposal (RfP), and national competitive bidding (NCB), while the noncompetitive methods were restricted tendering (RT), request for quotation (RfQ), and single source (SS).

Besides, the BTI 2022 report on the Gambia mentioned "multiple reports of cronyism in the procurement process"[1]. Further, the WB noted in 2022 as follows, "Limited competition and transparency in procurement and the non-compliance with regulations of the Gambia Public Procurement Authority (GPPA) have led to inefficient use of public resources and undermined trust in procurement processes."[2] In addition, annual financial audit and internal audit reports cite instances of serious violations and other issues affecting procurement. For examples of these, see the section of procurement methods below.

The prevalence of bad procurement practices led to the government to begin the process of enacting a new procurement law in 2020) that would "reduce the sole-sourcing of million-dalasi projects". The National Assembly eventually approved the 2020 Gambia Public Procurement Authority Act after several delays and president signed it into law in late 2022. The government is in the process of preparing new procurement regulations for the new Procurement Act 2022. The main mischief that the GPPA Act 2022 seeks to cure is the leeway allowed for noncompetitive procurement, especially the single sourcing of procurements and emergency contracting. A recent IMF report aptly sums up the purpose of the Act thus,

> "The Act aimed at fostering transparency in public procurement and promoting value for money in public spending. It introduces the e-procurement, redefines the conditions for single-source procurement, and adds preference clauses to support local businesses and marginalized groups such as women, youths and the physically challenged. However, the exclusion of some SOEs from being subjected to the provisions of the new act creates a vacuum that will require close attention to ensure SOEs have transparent and cost-effective procurement processes. The implementation regulations of the act are expected to be finalized in the coming weeks"[3].

Structural and organizational framework for public procurement in The Gambia

MoFEA, the GPPA, MDAs acting as procurement organs, and the Complaints Review Board (CRB) are some of the key constituents of the procurement organizational framework. Structurally, the Ministry of Finance and Economic Affairs has always had overall responsibility for procurement in The Gambia. Prior to the enactment of the 2001 Procurement act, the Ministry hosted the major and minor tenders' boards that centrally handled all central and local government procurement. The ministry no longer plays operational or regulatory procurement roles but remains central in superintending and oversight functions. For instance, the GPPA board reports to the minister, including through annual qualitative and quantitative reports *(s. 12(7, 18))*. The minister reports to the National Assembly on behalf of the Authority, including by laying its annual report to the Assembly for debate *(s. 18)*. Other roles of the minister include to

- Approve the remuneration of the members of the GPPA board of directors *(s. 10(1))*
- Provide prior consent for the GPPA to engage in consultations with external parties outside the government of the Gambia *(s. 13(1))*,
- Grant approval for the Authority to raise loans *(s. 16(1))*
- Approve other sources of revenue for the Authourity than those named in the Act *(s. 16(1))*

[1] BTI 2022 Country Report: Gambia, https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2022_GMB.pdf; "The BTI is the result of the collaboration of nearly 300 country and regional experts from leading universities and think tanks worldwide. The project analyzes and compares transformation processes towards democracy and inclusive market economy worldwide. The BTI aims to identify successful strategies for steering change" - https://bti-project.org/en/about.

[2] The World Bank Group (2022), Country Partnership Framework for Republic of The Gambia for the Period FY22-FY26, Report No. 154485-GM March 2, 2022, https://documents1.worldbank.org/curated/en/450591652556583165/pdf/Gambia-Country-Partnership-Framework-for-the-Period-FY22-26.pdf; *p. 21*

[3] IMF Country Report No. 23/216: The Gambia: Sixth Review Under the Extended Credit Facility Arrangement, Request for A Waiver of Nonobservance of a Performance Criterion, and Financing Assurances Review – Press Release; Staff Report; and Statement by the Executive Director f or The Gambia, *p. 42*

- Approve the exemption of certain procurements from applicability under the Act on the grounds of national defence or national security *(s. 20)*
- Approval regulations made by the Authority for the better implementation of this Act *(s. 65)*

The Gambia Public Procurement Authority (GPPA) is the government organ responsible for regulating public procurements. The GPPA is an autonomous government agency, a body corporate with perpetual succession and a common seal, and capable of litigating in its corporate name *(s. 4, GPPA Act 2014)*. The executive head of the Authority is the director general, and there are six administrative departments. These are (i) Office of the Director General, (ii) Admin and Finance, (iii) Compliance and Professional Practices, (iv) Policy and Operations, (v) IT and Business Processes, and (Training and Career Development (GPPI)). Structurally, the GPPA accounts to the Minister of Finance and Economic Affairs (MoFEA).

The board of directors is responsible for governance of the Authority, being its highest decision-making body, except in such matters that require the minister's approval (see above). Membership of the Board comprises: (i) a chairperson, (ii) the permanent secretary of the Ministry, (iii) the solicitor general, (iv) the auditor general,[1] (v) two persons from the private sector, and (vi) the director general. The functions of the board include to (i) setting the financial, operational, organizational, and administrative policies and strategies of the Authority and ensuring their implementation, (ii) approving and adopting the internal rules of the Authority and its component parts, including its own rules of procedure, (iii) adopt the Authority`s procurement regulations entailing procurement best practices, and (iv) do anything to ensure that the Authority carries out its functions and performs the tasks assigned to it under the Act. Among the regulatory and bidding documents approved by the Board in the exercise of its functions are the following generic planning and bidding documents[2]

- **Standard Bidding Documents**
  - Gambia-Simple -Works - July-03
  - Gambia-Services July - 03
  - Gambia-Goods-JULY-03-1
  - Gambia-Complex-Works-JULY-03
- **Forms**
  - GPPA Form 103 - Annual Procurement Plan
  - GPPA-Form 001 - Record of Open Tender
  - GPPA-Form 002 - Record of Restricted Tendering
  - GPPA-Form 003 - Record of Single Source Procurement
  - GPPA-Form 004 - Record of Request for Quotation
  - GPPA-Form 005 - Record of Request for Proposals
  - GPPA-Form 006 - Monthly Summary Reports of Local Purchase Orders and Petty Contracts
  - GPPA-Form 010 - Record of Pre-qualification Determination
  - GPPA-Form 011 - Record of Transmission of Bidding Documents
  - GPPA-Form 012 - Declaration by Members of Contracts Committee
  - GPPA-Form 013 - Record of Tender Opening
  - GPPA-Form 015 - Record of Receipt of Bid Security
  - GPPA-Form 022 - Record of Final Discussion
  - GPPA-Form 030 - Notice of Award
  - GPPA-Form 040 - Payment Authorization
  - GPPA-Form 041 - Record of Supplier Performance
  - GPPA-Form 100 - Procurement Requisition
  - GPPA-Form 101 - Request for Quotation
  - GPPA-Form 102 - Purchase Order
  - GPPA-Form 200 - Monthly Report on Status of Procurement
  - GPPA-Form 201 - Record of Annual Single-Source
  - Standard Evaluation - Forms Goods, Services and Works
  - Standard Evaluation Forms RFP

Procuring organizations (POs) are the government entities charged with the function of procuring works, goods, and services on behalf of the State. A PO "is responsible … for public procurement in accordance with this Act and any regulations issued by the Authority, and other applicable laws, regulations, and Financial Instructions applicable

[1] The membership of the auditor general in this board is a possible source of conflict of interests.
[2] See the GPA website: www.gppa.gm

in The Gambia", and the accounting officers and other officials concerned are accountable *(s. 47(3))*. Procuring organizations comprise MDAs or other units of the central government, public enterprises, local government authority or other arm or unit of government, subvented institution or any subdivision thereof *(s. 2)*. The probity and sanctity of the procurement process depends much on the capacity and professionalism of POs, and the integrity that they bring to bear on their tasks. The dutiful application of procurement methods or their violations through various malpractices, e.g., contract splitting, misuse of the single sourcing method, etc., take place at the procuring entity level.

The GPPA Act 2018 requires the establishment of a contracts committee (CC) in every PO, supported by a specialized procurement unit (SPU). Section 50 of the Act enjoins the permanent secretary or head of a PO to establish a specialized procurement unit (SPU) and assign authority to conduct procurement activities according to the Act and regulations to its head. Staffing of the SPU shall be with well trained public procurement personnel, whose qualifications meet the standards set by the GPPA. Section 51 requires the head of a PO to "support the development of a pool of personnel for the specialized procurement unit with relevant qualifications to assume procurement responsibilities in the public as well as the private sector" *(Reg. 20)*. POs with low levels of procurement may collaborate to share one SPU.

A CC shall comprise, at least, three persons, with the head of the PO or its accounting officer as chair and the head of the procurement unit as secretary. The appointment shall be according to the instructions of the Authority *(Regulation 18, GPPA Regulations 2018[1])*. The committee may draw *ad hoc* membership from the ministry or unit to provide it with necessary technical and business expertise*)*. *Regulation 17(3)* outlines the functions of the CC, made pursuant to *s. 49 of the 2018 Act*, as follows, i.e., to

a) Review, verify, and ascertain the undertaking of all procurement and disposal according to the provisions of the Act, Regulations, and the tender documents
b) Approve the selection of the successful tender or proposal
c) Ensure that the PO does not pay more than prevailing market prices
d) Review and approve aggregation of procurements, where proposed
e) Review and approve the use of lots, where the proposal is to use packaging into lots
f) Approve the list of tenderers, in cases of restricted tendering
g) Approve the list of persons qualified to submit proposals
h) Approve the list of persons to be given requests for quotations
i) Review the quarterly reports on quotations awarded by the specialized procurement unit (in case of delegation)
j) Undertake any other function and duty as stipulated under the Act, the Regulations, or by the Authority

A CC may delegate authority to make contract award decisions below a value threshold it establishes to one or more officials within the specialized procurement unit of the procuring organization, and promptly report to the Director General of the Authority *(Reg 19(3))*. The CC subsequently ratifies decisions made under such delegated authority and records them in the minutes. Provisions on delegation of contract awarding powers and subsequent ratification are sources of much abuse of the procurement process in many countries, as they also proved to be in The Gambia.

Procurement methods

The procurement methods provided for in the law include, in addition to open tendering (s. 38), restricted tendering (s. 39), two-stage tendering, (s. 40) international competitive tendering (s. 41), request for proposals (s. 42), request for quotations (s. 43), single-source procurement (s. 44). However, the Act stipulates for the use of open tender proceedings in public procurement, except as otherwise provided in the Act *(s. 38)*. It also requires justification for the use of any procurement method other than open competition. Section 45 requires the PO to note in the record of procurement proceedings, the grounds for the choice of the procurement method used, where the PO uses "a method of procurement other than open tender or, in the case of procurement of consultants' services, a method other than request for proposals" *(s. 45)*.

[1] References to the Regulations here are to the GPPA Regulations 2018.

The Act provides in the sections cited above, acceptable or justifiable grounds for the use of each noncompetitive procurement method. The only conditions for use of single-source procurement, for example, are the following, i.e., where *(s. 44)*:

(a) The estimated value of the procurement does not exceed the threshold set in the Regulations
(b) Only one supplier has the technical knowhow or the exclusive right to fulfil the procurement requirement, and no suitable alternative exists; this requires "no objection" certification by the GPPA
(c) There is an emergency need for the goods, works, consultancy services or services, involving an imminent threat to the physical safety of the population, of damage to property, or in the case of other unforeseeable urgent circumstances not due to the dilatory conduct of the PO, and engaging in tendering proceedings or other procurement methods would therefore be impractical; this also requires "no objection" certification by the GPPA
(d) For reasons of standardization or compatibility, it is best to procure additional goods, works or services from the same supplier that provided the earlier items, considering
    (i) the effectiveness of the original procurement in meeting the needs of the PO,
    (ii) the limited size of the proposed procurement in relation to the original procurement,
    (iii) the reasonableness of the price, and
    (iv) the unsuitability of alternatives to the goods or services in question
    This requires "no objection" certification by the GPPA
(e) The procurement is for the purchase of perishable commodities such as fresh fruits, vegetables or other similar items purchased on competitive market terms.

As already indicated above, there were widespread violations of the precision of s. 38 making open tendering the default procurement method, and s. 45 requiring proper justification for the use of noncompetitive procurement methods. These violations extend to the highest levels of the government, as the following example cited in the 2019 financial audit report relating to a contract at the state house show.

- Failure to adhere to contract agreement, e.g., payment of full value of contract amount of D17,488,155.63 to the contractor (GAI Enterprise) on 27th May 2019, at the commencement of rehabilitation works at State House, contrary to the specific contract terms of four-installment payments, corresponding to the accomplishment of stated milestones. The FY2019 audit report found the mode of payment to be suggestive of "high-level corruption" and to have overlooked "value for money, transparency, and accountability"[1].
- Excessive use of simplified procurement methods to circumvent extant procurement requirements, e.g., unsubstituted use of urgency to justify the single source procurement of a contract of GMD 17,488,155.63 to rehabilitate the State House in May 2019
- Other issues with this contract include
    - Voucher 01PV021043 paid the full amount of as opposed to payment in stages
    - Copies of completion certificate for each stage not provided to the audit team
    - Contract document faked to cover for the failure to follow procurement regulations
    - Violations of the contract payment methodology suggest high-level corruption
    - Increased risk that the contractor might not be held accountable in full for defects or substandard work during the rehabilitation work

CG entities covered in in this assessment

This assessment below (i.e., PI-24.1 - PI-24.4) covers all CG entities that apply national procurement procedures, i.e., the GPPA Act 2014 and its amendment in 2018, the GPPA Regulations 2018, and all other regulatory instruments issued by the Gambia Procurement Authority. Evidence gathered from the GPPA, MoFEA, and some procurement organizations (principally, Ministry of Health and the Ministry of Basic and Secondary Education (MoBSE)) indicate the coverage to encompass the following:

- All budgetary central government entities, including MDAs and their departments
- All extra ministerial departments, subvented agencies, and extrabudgetary agencies executing GLF funded projects; these entities include the National Assembly, Judiciary, National Audit Office (NAO), Independent Electoral Commission (IEC), Ombudsman, Human Rights Commission, Gambia Revenue Authority, etc.

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019; *pp. 28 - 29 of 512*

- External donor funded projects, except those implementing World Bank financed projects and a few other projects directly managed by the foreign sponsors, e.g., the Kuwaiti Fund; examples of donor funded projects that use national procurement processes include Gavi, the Vaccine Alliance[1]

The evidence suggests that World Bank financed projects do not apply national procurement procedures; instead, they apply specifically approved WB procurement procedures for projects[2]. The assessors could not obtain information on how many WB projects the country was executing in FY2021 and details of their procurement processes. Consequently, this assessment does cover procurement processes of WB funded projects.

Information gathered from MoBSE also indicates that Kuwaiti Fund directly manages procurement on a schools' construction project that it finances. The Fund directly selects the contractors, manages the contracts, and processes and pays invoices directly, even though it does not have offices in the country; it does these remotely[3]. MoBSE explained that this is the only such project in the ministry; however, the assessors could not confirm how many such projects existed in the CG during the period covered by this indicator, i.e., the last completed fiscal year (2021). This assessment also excludes all such procurement activities.

PI-24.1. Procurement monitoring

PI-24-1 assesses whether prudent procurement monitoring and reporting systems are in place to secure value for money and promote fiduciary integrity. Such monitoring and reporting systems should have complete and accurate information on contracts awarded and all procurement methods for goods, services and works. This dimension measures the extent to which such databases exist, and their accuracy, completeness, and reliability. The narrative below applies to all CG procurements, except for those conducted by donor-finance projects, about which the assessors do not have evidence.

The responsibility for procurement monitoring rested with the GPPA (s. 12) during the period of assessment, as already explained above. To this end, the Authority was to "(d) collect data on public procurement and monitor the performance of procuring organizations in their conduct of procurement proceedings to ascertain efficiency and, compliance with applicable legislation, regulations and instructions, including by way of procurement reviews" (*s. 12(7)d)*. The Authority is also to provide annual quantitative and qualitative assessment reports of procurement activities to the minister (*s. 12(7)e)*, in addition to publishing quarterly public procurement bulletins containing "information germane to public procurement, including proposed procurement notices, notices of invitation to tender and contract award information" (*s. 12(7)l)*. Finally, the Authority is to maintain a database of suppliers, contractors, and consultants and a record of prices to assist in the work of procurement entities (*s. 12(7)m)*.

Interactions at the GPPA during the fieldwork phase of this exercise (October – November 2022) showed that there was no organized procurement database at the time. Interactions at MoFEA, with development partners, and with The Association of Nongovernmental Organizations in the Gambia (TANGO), also confirmed the dearth of organized statistics on public procurement, which indicates problems with procurement monitoring. There was no functioning process for systematically collecting, recording, and monitoring procurement information in place at the time of the assessment. The GPPA could not provide information on procurement plans, procurements in process, awarded contracts, value of procurement, etc., for the last completed fiscal year (FY2021), which is the time coverage for this dimension. This remained the situation up to the time of submitting the draft of this PEFA report to the government for review in April 2023.

Subsequently, however, the GPPA has published procurement statistics for FY 2021 and 2022 on its website. The statistics show details of contracts awarded for each of the years under six different procurement methos, i.e., (i) open tender (OT), request for proposal (RfP), (iii) national competitive bidding (NCB), (iv) restricted tender (RT), (v) request for quotation (RfQ), and (vi) single source. The website database also contains information on "COVID-19 Related Contracts" under a different heading, but these are mostly 2020 procurement, with only three of the 35 contracts occurring in 2021. Information disclosed under each of the procurement methods are the following seven

[1] Previously known as the GAVI Alliance or the Global Alliance for Vaccines and Immunization
[2] Information provided by Ministry of Health official in an interview on November 9, 2022
[3] Information provided by the MoBSE officials in an interview on November 9, 2022

(i) institution awarding the contract (procurement organization), (ii) description (of the procurement), (iii) beneficiary/public entity, (iv) suppliers/contractors, (v) procurement method, (vi) approved (contact) amount, and (vi) approval date. The 2022 database includes an additional item on "initial estimate", before the "approved amount". In addition, the website contains a database of registered suppliers containing nine fields of information. These are supplier ID, (ii) business name, (iii) business owner, (iv) business address, (v) business types, (vi) registration date, (vii) certificate number, (viii) telephone number, and (ix) registration year.

Performance level and evidence for scoring the dimension

The foregoing analysis shows that no databases or records for contracts containing information on procured items, value of procurement, and supplier/successful bidder existed as at the cutoff date for this assessment, i.e., end of November 2022. This creation of such a database after that date is a good development, although it cannot influence the assessment of this dimension because its creation if out of time. This performance does not meet the requirements for a higher score. The applicable score is **D**.

PI-24.2 Procurement methods

PI-24-2 assesses the use of competitive tendering methods in government contracting, i.e., methods that promote open participation of potential providers. It analyzes the relative value of contracts awarded by competitive methods vis-à-vis noncompetitive techniques. Competitive tendering ought to be the default public procurement method; its use enhances economy, efficiency, effectiveness, and value for money in government contracting. The use of other (noncompetitive) methods is prone to abuse and often leads to suboptimal outcomes. Their use should be sparing, and only in justifiable circumstances where they are likely to produce the best procurement result, e.g., in low-value contracts where the cost and time involved in competitive tendering would not be justifiable. Good procurement frameworks define permissible circumstances for the use of noncompetitive methods, set appropriate thresholds for their application, and require proper, documented, and auditable justification for their use in each circumstance. This dimension focuses on the actual use of competitive methods.

The GPPA Regulations 2018 sets thresholds for the applicability of the different procurement methods provided for in the GPPA (Amendment Act) 2018, subject to periodic reviews (Table 0.12). Different thresholds apply under the different procurement methods for goods, works, and services. The threshold for international contracts is contracts 10 million dalasi and above for goods, and services and 15 million dalasi and above for works. The lower threshold for open (national) procurement is contracts above one million dalasi. The upper threshold is contacts under 10 dalasi for goods and services and under 15 million dalasi for works. Requests for proposals apply only to procurement for services, and the minimum threshold depends on the nature of the service; RfPs do not have upper thresholds. The approval of the CC and the accounting officer is necessary for all contracts, notwithstanding the thresholds. The approval of the GPPA is also necessary for all but certain categories of RFP and RfQ contacts.

Table 0.18: Procurement Threshold under the GPPA Regulations 2019 (GMD million, unless otherwise stated)

	Procurement Methods	Goods	Works	Services	Awarding Committee
1	International Procurement	≥ 10	≥ 15	≥ 10	CC/Acc. Officer (subject to GPPA approval)
2	Open (National) Procurement	> 1 and < 10	> 1 and < 15	> 1 and < 10	CC/Acc. Officer (subject to GPPA approval)
3	Restricted Tender	>1 and < 10 **OR** > 1 and < 5 depending on the items	> 1 and < 15 **OR** > 1 and < 10 depending on the items	> 1 and < 10 **OR** > 1 and < 5 depending on the items	CC/Acc. Officer (subject to GPPA approval)
4	Single Sourcing	≤ 20,000	≤ 50,000	≤ 20,000	CC/Acc. Officer (subject to GPPA approval)

5	Request for Proposal	N/A	N/A	> 500,000, for certain items, and 20,000 – 500,000 for some others	CC/Acc. Officer (subject to GPPA approval)
6	Request for Quotation	>500,000 - 1,000,000 for some items, and >20,000 - 500,000 for others	> 500,000 - 1,000,000 for some items, and >20,000 - 500,000 for others	> 500,000 - 1,000,000 for some items, and >20,000 - 500,000 for others	CC/Acc. Officer

Analysis of 2021 procurement data published on the GPPA website shows widespread use of noncompetitive tendering methods of procurement. Of the 360 contracts awarded within the year amounting to 41,666.60 mullion dalasi, only 22 of them amounting to 3,530.65 million dalasi was through open tendering. This amounts to less than 8.5 percent by value *(Table 0.13)*. The other competitive methods (RfP and NCB) account for 147 and 2 contracts, respectively, 602.91 million dalasi and 463.63 million dalasi, also respectively. This means that RfP and NCB contracts respectively constituted only 1.45 percent and 1.11 percent of the total value of contracts in FY 2021. Together, competitive tendering contracts were 33 of the 360, constituting 4,009.88 million dalasi or 9.6 percent of the total value of contracts in the year *(see Figure 0.4 above)*. Conversely, noncompetitive contracts were 327, amounting to 37,656.73 million dalasi or 90.4 percent. Restricted tender (RT) methods account for only 60 of the 360 contracts, i.e., one-sixth or 17 percent by number. However, it accounts for 36,484.83 dalasi or over 87.5 percent by value, indicating that it was the preferred method of awarding large contracts, rather than open competitive methods.

Table 0.19: Analysis of 2021 Procurements by Value (GMD Millions)

	Number of Contracts	**Value of Contract (GMD Millions)**	**% Value**
Open Tender (OT)	22	3,530.65	8.47%
Restricted Tender (RT)	60	36,484.83	87.56%
Single Source (SS)	120	568.98	1.37%
Request for Quotations (RQ)	147	602.91	1.45%
Request for Proposals (RfP)	9	15.60	0.04%
National Competitive Bidding (NCB)	2	463.63	1.11%
Total	**360**	**41,666.60**	**100.0%**

Source: Data from GPPA website (www.gppa/gm); analysis by the consultants

External and internal audit reports include evidence and comments on the abuse of procurement methods, including the 'misfitting' of large contracts into restricted tendering processes, with weak or no justifications. Verbal and documentary evidence (including from the GPPA, the 2019 Audit Report, and development partners) suggests that the prevalence of noncompetitive procurement methods is to avoid the use of transparent and competitive bidding methods. Misuse of 'emergency" and "urgency" provisions in the law, and 'contract splitting' to fit otherwise large contracts into thresholds for single sourcing are some of the processes employed. For example, the 2019 audit report noted the following, regarding a large project in the president's office (cost: USD 35,720,000 equivalent to D1,821,720,000), "retrospective approval was sought for the use of single source well after this rehabilitation work was completed. This is a gross violation of the GPPA regulations"[1]. The report also noted, concerning a different project, "…goods bought from Fatima trading amounting to D5,637,000.00 were delivered to the Office of the President before requesting for a single source approval from GPPA. The date on the goods delivery note was 11th March 2019 whilst the date on the GPPA approval was 2nd April 2019. This suggests that the services of Fatima Trading were utilized three weeks before seeking single source approval from GPPA"[2]. Other findings of the audit report include:

- Failure to adhere to GPPA conditional approval for rehabilitation work at State House[3]

[1] Report of the Auditor General (2019) *Page 18 of 393*
[2] Ibidem.
[3] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *page 24 of 512*

- Inappropriate Procurement Process by Office of the President[1]
- Failure to adhere to contract agreement[2]
- Commencement of project before contract signature[3]
- Unjustified single source procurement[4]
- Failure to present contract documents for audit review[5]

The audit report was especially critical while discussing "Unjustified Single Source Procurement". The report noted as follows,

> "Single source award scheme is often used to avoid competition and award contracts directly to a favoured supplier. In such a case, the price by the buyer is often higher than what the buyer could have obtained through competitive bidding, which is designed to produce the lowest or best price.
>
> "Review of the contract documents at various Ministries, Departments and Agencies revealed that the underlisted contracts signed during 2019 were done using single source procurement. These procurements have exceeded the threshold required for single sourcing which is set at GMD 20,000 for goods and service and GMD 50,000 for works.
>
> "Therefore, the procurements should have been subjected to competitive bidding. Some of the reasons posited for the use of this type of procurement is the urgency of the work required even though these procurements did not appear to be urgent to choose the single source procurement."[6]

The SS contracts referenced in the auditor's comment above included

(1) Purchase of 1 unit of Toyota Land Cruiser (Prado) 4X4WD, 1 unit of Toyota Fortuner 4X4 WD, 000 and 2 units of Toyota (Hilux) double cabin pickup 4X4 WD by the Internal Audit Unit, MoFEA; total amount → GMD 11,040,000
(2) Banjul Rehabilitation and Rebuilding Project by the Ministry of Transport, Works, and Infrastructure: amount → USD 35,610,000
(3) Two 4X4 WD Station Wagons, Three SUV 4X4 WD and one 4X4 WD double Cabin Pickup by MoFEA; amount → GMD 11,409,500
(4) Procurement of Five (5) Troops carrier vehicles (TCVS) from TK MOTORS LIMITED by the Gambia Armed Forces; amount → GMD 11,812,500
(5) Procurement of office furniture and equipment by the Office of The President; amount → € 100,000
(6) Construction of the New President's Office and rehabilitation at works at State House by the Office of The President; amount → GMD 17,488,155.63

The DIA Activity Report 2021 identified seven issues with the procurement system, two of which were outrightly unsatisfactory, four of which needed significant improvement, and only one of which needed moderate improvement. The two outrightly unsatisfactory issues are "partial, dormant, and sometimes, nonexistent contract committees" and "weak procurement systems, processes, and practices".

Table 0.20: DIA Activity Report (2021): Summary of Key Procurement Deficiencies, Risk Rating and

	Summary of Deficiency	Risk Rating	Recommendations
1	Partial, dormant, and sometimes, nonexistent contract committees	Unsatisfactory	Establishment of contract committees across MDAs, and for them to operate in according to the GPPA Act. The committees must meet regularly, and perform their responsibilities, including proper contract monitoring
2	Weak procurement systems, processes, and practices		Adherence to GPPA rules and guidance always

[1] Op. cit. *page 26 of 512*
[2] Op. cit. *page 28 of 512*
[3] Op. cit. *page 32 of 512*
[4] Op. cit. *page 43 of 512*
[5] Op. cit. *page 48 of 512*
[6] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *page 43 of 512*

Table 0.20: DIA Activity Report (2021): Summary of Key Procurement Deficiencies, Risk Rating and

	Summary of Deficiency	Risk Rating	Recommendations
3	The absence of properly written procurement policies and established procedures for organization specific, general, and unique procurements	Significant improvement needed	Enactment of written procurement policies and procedures, and their application, all according to the GPPA Act
4	Improper and unwritten delegation of authority, especially to specific procurement units (SPUs) as dictated by the GPPA Act		Establishment of SPUs across MDAs with delegated authority to act and take decisions on behalf of the contract committees, especially when members of the committees are absent with good reasons.
5	The execution of non-value for money procurements and the use of wrong procurement methods.		Strongly recommend the use of transparent and competitive practices to help in safeguarding the scarce government resources
6	Inadequate contract administration and management		Establishment of contract committees in MDAs according to the GPPA Act, the supervision and constant monitoring of contract activities to enhance management
7	Improper performance measurement and monitoring	Moderate improvement needed	MDA contracts committees/SPUs should be proactive in always discharging their responsibilities.

Key:
Unsatisfactory → controls are not functioning and/or fraudulent activities have been detected which will have a material impact on both the financial statements and operations of the MDA
Significant improvements needed → the control environment is lacking which would encourage misuse and/or risk of loss by misappropriation contributing to financial losses. Immediate management actions need to be taken to address the control deficiencies noted

Moderate Improvements needed → some controls are in place and functioning; however, several major issues were noted that could jeopardize the accomplishment of the MDA's objectives.

Source: "Directorate of Internal Audit Annual Activity Report for the Fiscal Year 1st January to 31st December 2021", *pages 7 – 8 of 42*

Among the issues cited in the DIA Activity Report 2021 in evidence of the violation of procurement methods are the following two cases

- Procurements of goods worth GMD 5,284,902 at the National Environment Agency (NEA) by the Director of Administration and Finance (DAF), without the involvement of procurement officers and, possibly, knowledge of the end users, raising a "high risk of embezzlement and misappropriation of public funds"[1].
- Inappropriate procurement of office furniture's and fittings at the Gambian Embassy Ankara, Turkey, without te use of a contracts committee and without informing the Ministry of Foreign Affairs[2]

Performance level and evidence for scoring the dimension

The scoring methodology for this dimension requires that the total value of contracts awarded through competitive methods in the last completed fiscal year (FY2021) represents 60 percent or more of total value of contracts to merit a score of C. There is insufficient evidence to score this dimension, given the nonavailability of information on contracts awarded on the WB projects, the Kuwaiti Fund, and other similar projects that use alternative procurement methods. Consequently, the appropriate score for this dimension of **D***.

PI-24.3. Public access to procurement information

PI-24.3 reviews the extent of public access to complete, reliable, and timely procurement information. Public access is vital to transparency. The procurement information system should securely capture and accurately report necessary data on procurement transactions. In this case, public access means the information is available to all without restriction, registration requirement, or free of charge. Posting procurement information on freely

[1] Directorate of Internal Audit Annual Activity Report for the Fiscal Year 1st January to 31st December 2021, *p. 17*
[2] Op. cit. *p. 31*

accessible official websites would meet the requirement in most cases, unless otherwise justified by specific country circumstances. Third-party assurance is usually sufficient to confirm the requirements of "completeness and reliability"; such third parties include external and internal auditors, the procurement authority, suppliers, civil society groups, etc. Timeliness of procurement information means the information is and remains available within a timeframe useful to the people most likely to need or use it, as established in the country's business practices and/or as set out in the regulatory framework.

This dimension focuses on the availability of six key items of procurement information to the public. These are

(1) legal and regulatory framework for procurement
(2) government procurement plans
(3) bidding opportunities
(4) contract awards (purpose, contractor, and value)
(5) data on resolution of procurement complaints
(6) annual procurement statistics

The evidence for scoring this dimension came from various sources – both verbal and documentary. The verbal sources include respective interviews with officials GPPA, three key MDAs (MoFEA, MoBSE, and MoH), development partners, and the civil society amalgam, TANGO. Documentary evidence came from both the internal and external audit reports, the 2019 IMF PIMA report, etc. *Table 0.15* below summarizes the outcome of the evidence.

Table 0.21: Public Access to Key Procurement information

	Element/ Requirements	Availability (Y/N)	Evidence used/Comments
1	Legal and regulatory framework for procurement	N	Contrary to GPPA assertion, the relevant law, the GPPA (Amendment) Act, was (and is still) not available on the website, but the GPPA Regulations 2018 made to implement the Act was (and still is) available. Information on this item, therefore, dos does not meet the "completeness" test.
2	Government procurement plans	N	Not available on government websites (even to date) - the GPPA confirmed that procurement plans "are never on the website". Testimonies from MoFEA, MoBSE, MoH, and DPs confirm this. TANGO explained that MDA SPUs propose procurement plans, but do not publish them.
3	Bidding opportunities	N	Not available on government websites, up to the cutoff period for this assessment, i.e., end November 2022. TANGO officials attributed this to a misunderstanding/misapplication of the oath of secrecy taken by civil servants not to disclose government information. However, TONGA confirmed that information on bidding opportunities become available only when printed in the media, but this is often for large contracts, which are relatively few. However, the GPPA has recently posted a "General Procurement Notices" opportunity on its website, i.e., "Letter of Invitation to Bid Ministry of Finance and Economic Affairs, The Quadrangle, Banjul, The Gambia - Invitation to Bid for the Implementation Oo the Rental Income Mobilization System at the Gambia Revenue Authority, Republic of The Gambia". The date of posting the bid is November 8, 2023, and "The Closing date for the receipt of Bids is Friday 24th November 2023 at 12.00 NOON Banjul Time". The tab for "Specific Procurement Notices" is empty, and not populated.
4	Contract awards (purpose, contractor, and value)	N	Not available on government websites at the relevant time, even up to April 2023, contrary to GPPA assertions. The GPPA had asserted that it publishes data on contract approvals on its website, but never on contract awards; however, that information did not exist on the Authority's website at the time of the assessment, neither could the Authority provide information for the relevant year of 2021. The Authority provided the data only for the uncompleted year of 2022. Lately, the GPPA has published approved

Table 0.21: Public Access to Key Procurement information

	Element/ Requirements	Availability (Y/N)	Evidence used/Comments
			contract information for FY2021 and GY2022, but not on awards. Information on contract awards is still not accessible. TANGO also confirmed the nonavailability of contract-award information, which it also attributed to the oath of secrecy of civil servants. According to TANGO, “people learn about contract awards when the contractor has defaulted, e.g., by abandoning the contract, and the news spreads”.
5	Data on resolution of procurement complaints	N	Not available on government websites (even to date); the GPPA explained the Authority is not responsible for that information, but the Complaints Review Board (CRB). Indeed, the GPPA website has a tab on “Complaints Review”, with two dropdowns for “Table/Schedule” and “Reports”. However, it has not populated either; see https://gppa.gm/complaints-review/#1622148752582-22ef8793-f162.
6	Annual procurement statistics	N	Not available on government websites (even to date).

Performance level and evidence for scoring the dimension

The methodology for the assessment of this dimension requires that, at least, three of the six key procurement information elements discussed above should be complete and reliable for government units representing majority of procurement operations, and that they should be available to the public. This is the requirement for a score of C. The methodology defines “majority” as 50 percent or more by value. The forgoing narrative and analysis shows that the procurement system does not meet the complete requirements for public access on any of the six key items of information. This level of performance does not support a score of C. Consequently, the appropriate score for this dimension is **D**.

PI-24.4. Procurement complaints management

PI-24.4 assesses the existence, independence, and effectiveness of an administrative mechanism for procurement complaints (disputes) resolution. A complaints resolution mechanism functions as a part of the procurement control system, and offers stakeholders the opportunity to resolve disputes internally, before escalation to the general court system, if necessary. Fairness, transparency, independence, and timeliness are the hallmarks of an effective dispute resolution mechanism. Achieving these requires the resolution mechanism should have, at least, the following six attributes, i.e., it

(1) Does not get involved in any capacity in procurement transactions or in the process leading to contract award decisions
(2) Does not charge fees that prohibit access by concerned parties
(3) Follows processes for submission and resolution of complaints that are clearly defined and publicly available
(4) Exercises authority to suspend the procurement process, as necessary
(5) Issues decisions within the timeframe specified in the rules/regulations, and
(6) Issues decisions binding on every party (without precluding subsequent access to an external higher authority)

Timely resolution of disputes is key to the process; it promotes effectiveness by allowing reversal of contract awards if required, and limits costs associated with preparation of bids/proposals, or remedies tied to profit/loss after the conclusion and signing of contracts. Good resolution mechanisms also include an appeal process to an external higher authority by an aggrieved party.

The procurement complaints resolution mechanism in The Gambia is a two-stage process. The second stage is an appeal process to the Complaints Review Board (CRB). The CRB is a seven-member panel established under the Act to review decisions made by procuring organizations at any stage of the procurement proceedings. The Board hears claims from any bidder who claims to have suffered or fears the likelihood of suffering loss or injury, due to a breach of a duty imposed on a PO under the procurement regulations. The complaint must clearly identify the specific act of omission or commission alleged to violate the procurement laws. Such an allegation may not, however, include a decision by a PO to reject all bids or to cancel the procurement proceedings, or a refusal by a PO to respond to an expression of interest in participating in RfP for services proceedings.

Prior to approaching the Board, the aggrieved bidder must have applied in writing to the head of the PO prior to the procurement contract coming into effect. For this purpose, a PO "shall allow a period of ten days between the award of a contract and its conclusion"[1]. This window is to enable any aggrieved bidder to file complaints with the PO. An application filed outside this 10-day window shall be ineffective, as the head of the PO "shall not entertain an application for reconsideration unless it was submitted within ten working days of when the bidder submitting it became aware of the circumstances giving rise to the challenge or of when that bidder should have become aware of those circumstances, or other deadlines set in the regulations, whichever is earlier"[2]. The head of the PO shall render a decision within 10 "working days of the submission of the application for reconsideration". An appeal shall lie to the CRB only against a decision by the head of the PO or refusal to issue a decision to an application for review duly filed within time.

The timely submission of a challenge automatically suspends the procurement proceedings for 10 working days, effective from the day of filing the application for review. The head of the PO or the DG of the Authority may extend the suspension period, to preserve the rights of the bidder submitting the application for review, provided that the total period of suspension shall not exceed 30 days, i.e., the appeal process should have concluded within this period. However, the head of a PO may issue a certification that "urgent public interest considerations require the procurement to proceed", stating the grounds for such finding, and making the finding a part of the record of the procurement proceedings. Such certification shall operate against any suspension of the procurement proceedings and shall be is conclusive with respect to all levels of review except judicial review.[3]

The CRB has a menu of decisions to choose from, including the following[4]

- Prohibit the PO from acting, taking a decision, or following a procedure contrary to regulatory provisions
- Require the PO that has acted otherwise to reverse course and comply with regulatory requirements
- Overturn part or all decisions of the PO, not according to regulatory provisions, except an act or decision bringing the procurement contract into force
- confirm a decision of the PO
- Overturn the award of a procurement contract made in a manner contrary to the legal provisions and order the publication of notice of the overturning of the award, where already published
- Order the termination of procurement proceedings
- Dismiss the application
- Require the payment of compensation for any reasonable costs incurred by the supplier or contractor, as appropriate
- Take such alternative action as is appropriate in the circumstances

The Minister of Finance appoints members of the Complaints Review Board, who shall also determine allowances payable to them (Reg. 170, GPPA Regulations 2018). The members shall be of "high integrity with experience in public procurement or related fields, but with no direct or indirect personal involvement in public procurement functions during the period of their service on the Review Board". The Board shall designate staff to provide it with secretarial services, but no staff of the Authority or the procurement cadre shall be a member. The Board may also engage technical specialists to assist in its work if so required. CRB members, technical specialists, and staff providing secretariat services shall declare that they have no conflict of interest in relation to any application before the Board.

There is insufficient information to rate this dimension, notwithstanding the clear and elaborate provisions of the Act in creating the Complaints Review Board, defining its functions and powers, and setting out the complaint procedure. It was not possible to meet with the CRB, gather evidence of its modus operandi, or access reports on its activities to verify the extent to which the complaint resolution mechanism meets the six criteria for this

[1] *Section 55(1) of the GPPA Act 2014*
[2] *Section 55(2) of the GPPA Act 2014*
[3] *Section 55(8 - 10) of the GPPA Act 2014*
[4] *Section 55(6) of the GPPA Act 2014*

dimension. As explained in PI-24.3 above, "data on resolution of procurement complaints" is not available on government websites (even to date). The GPPA explained that the Complaints Review Board (CRB) is responsible for such information, rather than the Authority. Indeed, the GPPA website has a tab for "Complaints Review", with two dropdowns for "Table/Schedule" and "Reports". However, it has not populated either; see https://gppa.gm/complaints-review/#1622148752582-22ef8793-f162.

Performance level and evidence for scoring the dimension

The foregoing analysis shows that the legal and regulatory framework may have international standard provisions on complaints resolution, but there is insufficient evidence to establish how it works in practice. The scoring methodology for this dimension requires that the procurement complaints resolution mechanism meets criterion (1) of the six criteria outlined above (and reproduced in *Table 0.16* below) and one of the other criteria, to merit a score of C. *Table 0.16* summarizes performance on this dimension, and it shows that the complaints review mechanism meets criterion 6, but that there is insufficient evidence to rate performance under the five other criteria. Consequently, the score for this dimension is **D***.

Table 0.22: Review of the Complaints Review Mechanism

Element/ Requirements	Met (Y/N)	Evidence used/Comments
(1) is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	N*	Provided for in the regulations, but no evidence to establish of validate practice
(2) does not charge fees that prohibit access by concerned parties	N*	No evidence to establish of validate practice.
(3) follows processes for submission and resolution of complaints that are clearly defined and publicly available	N*	The precise process and challenge procedures are provided for in section 55 of the GPPA 55.
(4) exercises the authority to suspend the procurement process	N*	Provided for in the regulations, but no evidence to establish of validate practice.
(5) issues decisions within the timeframe specified in the rules/ regulations	N*	No evidence to establish of validate practice.
(6) issues decisions that are binding on every party (without precluding subsequent access to an external higher authority)	Y	Yes, and the Act provides for judicial review *(s. 55(10))*.
*Indicates "insufficient or no evidence to establish or validate practice"		

Recent or ongoing reform activities

The most important going in this area is the implementation of Gambia Public Procurement Authority Act 2022. The national assembly approved, and the president signed the Act in into low late 2022. The Act seeks to plug observed loopholes and the improve transparency and competitiveness in public procurement by securing prominence for open competitive tendering and reducing incentives for noncompetitive methods in public procurements. The Act also has provision for e-procurement. in addition, the Act also removes the GPPA from prior-review approvals of procurements to post-review, thereby allowing procuring organizations to conduct procurements from start to finish, while the GPPA concentrates on regulatory and monitoring role. The government is in the process of preparing procurement regulations to go with the new law.

In addition, longstanding reforms are still underway on several other fronts of the procurement agenda, supported by development partners, especially the African Development Bank (AfDB). These include a review of the complaints system, including the development of training manuals and ICT needs assessment for the procurement system, with the finalized reports since 2018. The purpose of the ICT assessment was to improve the electronic aspects of GPPA's operations. These include enhancing capacity within the GPPA for gathering and compiling procurement statistical information for its database, enhancing website enhancement and information uploads, especially in engaging with the POs in the submission of procurement plans, other reporting requirements, and feedback, and engagements with other procurement actors. Reform inertia, aided by the lack of an enabling law for e-procurement, contributed to stalling these initiatives. However, the recent enactment of GPPA Act 2022, with e-procurement provisions, has provided the necessary impetus for e-procurement reform revival, as evidenced by the recent (October 2022) study tour of the Lagos State of Nigeria e-procurement system by GPPA officials.

PI-25. Internal controls on nonsalary expenditure

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-25 Internal controls on nonsalary expenditure (M2/AV)	**D+**	**Regulatory provisions are clear and detailed; however, compliance is poor in segregation of duties, expenditure commitment controls, and payment rules and procedures.**
25.1 Segregation of duties	**C**	The regulations prescribe appropriate segregation of duties and responsibilities throughout the expenditure process; however, a recent IA review rates compliances as “unsatisfactory” due to “increasing irregular expenditure and noncompliance to set procedures”.
25.2 Effectiveness of expenditure commitment controls	**D**	Management practices (cash rationing, unorthodox use of virements, etc.) and MDA noncompliance with set procedures nullify the practicality of cash plans and expenditure warrants in limiting commitments and payments to available cash, thereby rendering them ineffective.
25.3 Compliance with payment rules and procedures	**D**	The 2021 DIA Activity Report identifies serious issues of noncompliance with government regulation regarding payments.

General description of the characteristics of the indicator within the scope covered

This indicator measures the effectiveness of general internal controls for non - salary expenditures. It contains three dimensions and uses the M2 (AV) method for aggregating dimension scores. The main source of information is discussions with the Office of the Accountant General and document review which includes MoFEA *Accounting Procedures Manual* (government’s financial manual), the annual financial statements and reports issued by internal and external audit. As already stated in previous indicators, the 2020 and 2021 audits are in progress and the 2019 audit report is the most recently published report used for gathering information on identified control weaknesses and incidents of non-compliance.

The regulatory framework providing for internal controls within ministries and within the office of the Accountant General consist basically of three main documents i.e. (i) the 2014 Public Finance Act (PFA) - Section 28(5) of the PFA that place the responsibility on each Vote Controller for [a] complying to rules and regulations, and [b] for maintaining proper systems for effective internal control. (ii) The 2016 Financial Regulations (FR) sections 7 to 9 relate to Duties of Vote Controllers and Other Financial Officers regarding management of government resources and assets. Finally, (iii) the Accounting Procedures Manual (a 400-page manual) guiding officials through every aspect of public financial management and include for example sections on-

- Chapter 3.7: Internal Controls (including a sub-section on Segregation of Duties)
- Chapter 5: Budget execution and Cash Allocation Management
- Chapter 6: Procurement for Goods and Services
- Chapter 7: Expenditure and Payments
- Chapter 12: Fixed Assets and Inventory Management
- Chapter 13: Losses
- Chapter 14: Month-end and Year-end procedures and reports

COMPLIANCE remains the main risk and concern, which risk is mitigated to some extent by the involvement of the internal auditors in the pre-audit of expenditure transactions and conducting risk-based audit assignments at MDA level (refer further discussions in PI 26). Two aspects that have the potential to strengthen internal controls are the operational framework and the generic organizational structures for ministries i.e.

(i) Operational Framework: The Accountant General use a IFMIS that provides for its office uploading the approved annual budget ceilings (and changes thereto), the decentralized placing of orders with service providers for approved procurement, and the capturing of payment requisitions at spending ministries. The release of the actual payment (cheques) is by the Central Payments Office in the Office of the Accountant General.

(ii) (ii) Organograms and Staff Establishment: Organograms at ministry level are generic regarding the Finance Unit, providing for budget, procurement, accountant, and asset management sections. The Establishment is annually approved as part of the budget submission presented to the National Assembly.

External and Internal Audit outcomes provide an independent overview on the effectiveness of internal controls and the following observations were made as part of the assessment i.e.

External Audit:

There is a significant backlog in publishing the NAO reports on the consolidated annual financial statements, mainly as result of the backlog in finalizing these annual financial statements by the Office of the Accountant General. To date the 2019 audit report has formally been tabled and published containing an ***adverse audit opinion*** (as did the prior years). For assessing non-payroll internal controls *at the time of the PEFA assessment* these external audit reports are however viewed as outdated and will not be analyzed further.

Internal Audit:

In MoFEA Directorate of Internal Audit's Annual Activity Report for the year ending 31 December 2021, audit outcomes are presented and concluded as follows i.e.-

> *"The annual opinion concludes on the overall adequacy and effectiveness of GoTG's framework of governance, risk management and control. In giving this opinion, assurance CAN NEVER BE ABSOLUTE and therefore, only reasonable assurance can be provided.* ***In my opinion, the framework of governance, risk management and management control NEEDS SIGNIFICANT IMPROVEMENT."***

An analysis provided on the severance of findings indicates that 85%+ of all internal audit findings on Internal Control; Procurement, Governance, Asset Management and Risk Management are rated as unsatisfactory or that significant improvement is needed.

The indicator contains the following three dimensions

- Dimension 25.1. Segregation of duties
- Dimension 25.2. Effectiveness of expenditure commitment controls
- Dimension 25.3. Compliance with payment rules and procedures

PI-25.1. Segregation of duties

Performance level and evidence for scoring the dimension

This dimension assesses the existence of segregation of duties between four main incompatible responsibilities as presented in Table 25.1. The Office of the Accountant General has developed a financial guideline ("The Accounting Procedures Manual") (APM) with a section dealing specifically with segregation of duties. Furthermore, the Accountant General employs the accountants at the ministries to promote compliance and to strengthen internal controls. Chapter 3, sections 3.7 and 3.8 of the APM sets out more details for explaining terminology and the role of the various actors (key staff involved). Segregation is also arranged in the design of generic organograms for Finance and Administration sections within a ministry (the establishment), and between the ministries and the Office of the Accountant General (setting out roles and responsibilities).

To further strengthen internal controls over expenditure payments, the Directorate of Internal Audit are providing Advisory Services to ministries where internal auditors review and approve 100 percent of all payment requisitions before final approval by the Permanent Secretary ("pre-payment audit") and capturing the payment by seconded officials from the Office of the Accountant General. The issue of non-compliance and root causes as highlighted by both the internal and external auditors is assessed in PI 25.3

Meetings were held with ministries to confirm segregation within ministries. Based on the discussions, the structures provide for adequate segregation of duties as-

- each ministry has units for each of the following functions i.e.-
  - Budget,
  - Procurement
  - Accountant (Finance)
  - Asset Management, (refer additional discussion here below), and
  - Vote Controller (Permanent Secretary (as Accounting Officer))
- Each ministry is responsible for procurement subject to the approval of the GPPA of Procurement Plans, reconciling invoices to certification that services were rendered and authorizing payment, and
- where the Office of the Accountant General captures invoices ready for payment in the IFMIS and release payments (physical cheques; or Bank Orders, depending on the amount of the payment)

Nonfinancial asset monitoring is assessed in PI 12.2 with a detailed discussion on weaknesses in asset management such as the lack of a policy on public asset management, different forms and level of detail contained in asset registers between the various ministries, and current valuations of these assets. Copies of registers for selected ministries were not provided to the assessors during the mission. Similarly, record keeping on asset disposals was assessed in PI 12.3 to be weak and documentary evidence could not be supplied to the assessor team in all instances.

Table 25.1: *Assessment of the extent of segregation of duties*

Responsibility Area	Segregation Achieved	Discussion / Motivation
Authorization [of payments]	Y	♦ Authorization is of payment requisitions is done by Vote Controllers (Permanent Secretaries) within the ministries ♦ Procurement is subject to GPPA approval of procurement plans, methods and involvement in advertising and the award of tenders.
Recording [once payments are made]	Y	Recording is done once requisitions are captured into the IFMIS system, validated by the Office of the Accountant General and payments are released.
Custody of assets [asset registers]	Y	Asset Registers are maintained at ministry level with Asset Managers located within the Finance Units. Also refer the discussion in PI 12.2 (Non-Financial Asset Monitoring) and PI 12.3 (Asset Disposals).
Reconciliation or audit	Y	The Internal Auditors are charged with the responsibility of checking all expenditure 100% before submitted for approval by the Vote Controllers. External Audit is done by the semi-autonomous National Audit Office (NAO).

The regulations prescribe appropriate segregation of duties and responsibilities throughout the expenditure process; however, a recent IA review rates compliances as "unsatisfactory" due to "increasing irregular expenditure and noncompliance to set procedures". The prescription of segregation of duties throughout the expenditure process meets the requirements for a score of **C**.

PI-25.2 Effectiveness of expenditure commitment controls

PI-25 assesses the effectiveness of expenditure commitment controls, which seek to avoid expenditure arrears (PI-22) by pegging expenditure commitments to approved budget limits and payment obligations to cash availability. PFM requires effective expenditure commitment controls in all jurisdictions; however, mechanisms for achieving this differ, and depends on the maturity of the local debt/money markets and PFM institutions, as explained in PI-21 above. The more mature and advanced economies with comprehensive and robust fiscal rules and well-developed debt and money markets may not face any constraints in financing cashflow fluctuations and may, therefore, limit commitments only to the approved annual appropriations. In such jurisdictions, the approved budget provides the commitment controls required by budget entities; the entities procure according to the approved budget, against implicit guarantees provided by the MoF to fund the budget to the approved budget limits. Budget entities have sufficient discipline not to incur expenditure above the approved budget. The situation varies in most emerging market economies with underdeveloped debt markets and, often, weak fiscal rules to deal with fluctuating cash availability. Extra measures are usually inevitable to keep commitments and payments within approved budget and cash availability limits. These commitment controls must be comprehensive to be effective, i.e., they deploy diverse mechanisms that prevent all CG entities from incurring unauthorized commitments. Such diverse mechanisms include regulations and procedures, system controls, additional pre-commitment checking arrangements, and audit or review arrangements that procure compliance, and they are effective when they successfully cap expenditure commitments and payment obligations within stated limits.

In the Gambia, the approved budget does not provide definitive limits to budget agencies on expenditure commitment and payment limits. Expressive commitment control measures are in place, as already mentioned in foregoing discussions above, see especially, *PIs 20, 21*, and *22*. The PFA 2014 and the accompanying FR 2016 provide the overarching legal and regulatory framework for expenditure commitment controls. Internal and external audit laws, regulations, and procedures provide additional measures, while the APM 2017 details the necessary bookkeeping and accounting measures.

Periodic expenditure warrants and cash (rationing) limits set by MoFEA are the primary instruments for of expenditure commitment control in The Gambia. *Section. 29(1))* enjoins MoFEA to issue "warrants for spending of appropriations" MoFEA to vote controllers, upon the National Assembly approving the budget. These warrants notify vote controllers of their approved budgets against which they may commit expenditure but set the practical limits against which they may do so according to the cash allocations also notified them in the same document. The Act empowers MoFEA to set "such periodic limits on incurring of commitments and execution of payments, as are deemed necessary" *(s. 29(3))*, while issuing these warrants. These warrants are statutory instruments, made pursuant to delegated authority from the National Assembly, and therefore, have as much binding force on vote controllers as the approved allocations by the National Assembly. Thus, a budget agency may not "make commitments and payment for the purchase of goods and services", except based on its approved allocations and within the "statutory instruments issued by the Ministry" *(s. 29(2))*.

Cash rationing is another key feature of expenditure commitment controls in The Gambia, as the provisions in (s. 29(3)) authorizing the minister to set "such periodic limits on incurring of commitments and execution of payments, as are deemed necessary" illustrates. *Paragraph 12(20)* of the FR 2016 amplifies and emphasizes the importance of this cash rationing feature in expenditure commitment controls. The paragraph provides that the minister may "(a) suspend, (b) withdraw, (c) reduce, or (d) limit any warrant, authorization given, or cash plans approved …" if "satisfied that it is in the public interest or financial exigencies so demand". Circumscribing already issued warrants and spending authorization is an extreme form of cash rationing, and, often, an ineffective way of controlling expenditure commitments.

The regulations provide for cash planning as an expenditure commitment control feature; however, virement and cash rationing practices render the instrument ineffectiveness. MoFEA prepares annual and periodic cash plans, as required in *para. 12(9-13)* of FR 2016 *(see PI-21.2 above)*. The intention is for these annual and periodic cash plans to be the basis of cash management, including expenditure commitment controls. *Paragraph 12(13)* of the FR underscores this in requiring MoFEA to "ensure that the issue of cash allocations is strictly limited to the availability of funds within the overall cash plans of budget agencies". However, the cash rationing powers given to the minister *(in the same para. 12)* to derogate from approved cash plans and warrants issued based on them (see the preceding paragraph) undermine the practicality and fitness for purpose of the cash plans, as also do the liberal provisions on and excessive use of "virements".

Section 29(4) of the PFA approves virement as an instrument of budget execution in The Gambia, as discussed in PIs 1, 2, 18, and 21 above. The discussions show that provisions on virement are so liberal as to amount to a remaking of the budget during implementation. Virements of 75 percent of approved budget limits within the same budget entity and 50 percent among budget entities are permissible with the approval of the minister *(s. 29(4))*. Equally permissible with the approval of the minister, are virements above the upper thresholds of 75 percent and 50 percent, respectively. In effect, virements of the entire approved budget of an entity, except employee compensation, is permissible, with the approval of the minister. Budget execution makes liberal use of these provisions, as shown in foregoing discussions. For example, the 2019 audit showed listed 404 virements totaling D2,687,362,341.40 "that were above the threshold of seventy five percent" (without the approval of the minister)[1].

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp. 19 - 20 of 512*

IFMIS transcripts for FYs 2019 – 2021 provided by the Budget Directorate of MoFEA show that MoFEA also uses virements to reallocate the budget throughout the year. First, MoFEA extracts and percolates small and not so small amounts from budget lines of various entities into the "contingency vote", and then, reallocates the percolated funds to other budget lines. This unorthodox use of the virement instrument and contingency vote undermines the efficacy of expenditure commitment controls. Audit findings establish that MoFEA, sometimes, does not inform affected budget entities before reallocating their approved budgets in this manner. Virements (reallocations) made in this manner amounted to D2,469,441,457.38 in FY2019, as the audit findings show[1]. Such manner of expenditure commitment controls is inimical to predictability of resources and it neither effectively prevents the buildup of payment arrears *(as PI-22 shows)* nor improve budget execution *(as PIs 1 and 2 show)*.

Finally, the assessment in PI-22 shows the existence of expenditure payment arrears in MDAs (of unknown magnitude), which illustrates the ineffectiveness of the various expenditure commitment control measures in place. The 2021 DIA Activity Report entered an audit rating of "unsatisfactory" and a finding of "increasing irregular expenditure and noncompliance to set procedure" on the issue of commitment controls, and "strongly" recommended "to cease and desist from such practices, and at the same time encourage sectors to safeguard their limited funds by ensuring the availability of funds before entering into financial commitments"[2]. The audit rating of "unsatisfactory" means that "controls are not functioning and/or fraudulent activities have been detected, which will have a material impact on both the financial statements and operations of the MDA"[3].

Performance level and evidence for scoring the dimension

The foregoing narrative and analysis show that various expenditure commitment controls measures exist in The Gambia; however, internal audit findings indicate that the "controls are not functioning". Management practices (cash rationing, unorthodox use of virements, etc.) and MDA noncompliance with set procedures nullify the practicality of cash plans and expenditure warrants to limit commitments and payments to available cash, thereby rendering them ineffective.

This level of compliance does not meet the requirements for a higher score. Consequently, the score for this dimension is **D**.

PI-25.3. Compliance with payment rules and procedures

PI-25-3 assesses the extent of compliance with the payment control rules and procedures. In the Gambia, the PFA 2014, FR 2016, and APM 2017 contain government rules on payment control rules and procedures. Broadly, the rules hold the Ministry of Finance and Economic Affairs responsible for executing the government budget and accounting for government receipts and expenditures *(s. 33(1) of the PFA 2014)*. The rules permit the ministry to delegate certain stages of accounting and payment procedures to a budget agency for purposes of efficiency and practicality *(s. 33(2))*. The vote controller thus acquires direct responsibility for the proper and efficient management and utilization of assigned funds, complying with all relevant regulations, instructions, and directions, and maintaining proper systems for effective internal control *(s. 28(5))*.

The payment voucher (PV) plays a vital role in the payment authorization process. The FR 2016 contains "relevant regulations, instructions, and directions" around the PV, emphasizing its central role in the payment control process. The head of an entity, the vote controller, or the accounting officer, and the accountant general are central to these rules and procedures *(para. 26)*, with encompass authorization, documentation, recording, custody, verification, and storage processes, among others. FR 2016 also contains rules and regulations governing the mode of payment, centralizing all payments in the treasury, except for self accounting projects. The accountant general makes all payments by transfers or crossed cheques, with the payee duly acknowledging receipt in the prescribed manner. *Para. 8.2* of the APM summarize the key provisions of the FR in a step-by-step manner for ease of operationalization, including the following:

[1] Op. cit., *page 12 of 512*
[2] 2021 DIA Activity Report, *pp. 6 - 7 of 42*
[3] Op. cit., *p. 6*

- Completion of a PV for all expenditure of public money, filing of copy in the originating department and treasury or subtreasury
- Accompanying a PV with appropriate supporting documents, i.e., original invoices, time pay sheets, and local purchase orders, or an imprest invoice
- Grouping of payees per their bank where PVs cover payment to more than one person, and raising and paying PVs to the respective bank and supported by appropriate attachments
- Registration of specimen signatures by vote controllers and their delegates with the AGD, NAO, and director general of Internal Audit, for the purpose of authorizing PVs and their supporting documents (including local purchase orders, petty contract vouchers, contract certificates) and for signing payment instructions, and notifying them of cancellation of such authority
- The authorizing officer must ensure the following when signing a PV
    - Proper authority to sign voucher on the coded expenditure head
    - Correctness of the charge, and receipt of the goods or services
    - Entries made in appropriate records and the voucher correctly made out and coded.
    - Issuance of uncrossed cheques only to imprest holders to defray official expenditures
    - No officer of cash by offices below a certain grade level, except in cases of emergencies and with written authority from the AGD
- Immediate stamping of PV and supporting documents with "PAID" and date stamps and initialing the documentation, upon making payment
- Keeping the original PV and supporting documents in a file in numerical order, by month and year, and by the budget entity, and available for audit and other inspections purposes
- preservation of PV files and supporting documents under lock and key for, at least, six years
- scanning and uploading of all supporting documents unto the system

Internal auditors deployed to spending agencies devote the bulk of their time to "advisory services" consisting of pre-audit of all (100 percent) payments to promote compliance with the rules and regulations. However, it does not appear that this process works as intended, judging from the insight provided by internal control reports by internal and external auditors. These reports do not include compliance rates, but they do raise serious concerns with adherence. For instance, while assessing the status of internal controls in FY2021, the DIA observed "non-compliance with government's regulations", "poor document management and inadequate record keeping", "improper/insufficient supporting documentation", "increasing irregular expenditure and noncompliance to set procedure", "using wrong votes to effect payments", etc.[1] See the Table below for details.

Table 25.5: *Analysis of Internal Audit Outcomes on Internal Controls for the year ending 31 December 2021*

Audit Findings	Risk Assessment	Recommendations
Non-compliance with government's regulations.	**Unsatisfactory**	We recommend that, the Public Finance Act 2014, Financial Regulations 2016, Internal Audit Charter 2014, and all other relevant regulations, including the GO, etc. are always complied with
Inadequate internal controls and fraud prevention strategies	**Unsatisfactory**	We recommend strengthening Internal Controls, fraud detection, mitigation, and prevention strategies in MDAs, where necessary.
Poor document management and inadequate record keeping	**Moderate improvement Needed**	These are continued challenges with postings. We recommend proper filling of documents and better maintenance and safe keeping of the files, as well as embracing of modern technology to mitigate the problems.
Non-existence of Proper segregation of duties in MDAs-	**Unsatisfactory**	Proper segregation of duties are forms of enhancing internal controls and they are strongly recommended
Improper/Insufficient Supporting documentation-	**Significant Improvement Needed**	Recommendations are put forward to encourage the practice always providing adequate supporting documentation.
Increasing irregular expenditure and noncompliance to set procedure	**Unsatisfactory**	We strongly recommend ceasing and desist from such practices, and at the same time encourage sectors to safeguard their limited

[1] The 2021 Directorate of Internal Audit Activity Report, *page 7 of 42*

		funds by ensuring the availability of funds before entering into financial commitments.
Using wrong votes to effect payments	**Significant improvement needed**	We recommend the use of proper votes/ expenditure heads anytime payments are affected
Inaccurate financial and management reporting	**Unsatisfactory**	We recommend financial and management reporting to cut costs and optimize the use of resources in all sectors

Source: *MoFEA DIA Annual Activity Report 2021*

It is important to note that the 2021 DIA Activity Report encompassed internal audit of both BCG and non-BCG entities, and include extrabudgetary agencies, such as the National Environment Agency (NEA)[1]. Table 0.21 is an extract from Appendix III of the report showing some non-BCG entities covered in the report.

Table 0.23 Sample Non-BCG Entities Covered by the 2021 DIA Activity Report

Audit Area/MDA	Activity
Audits per the Plan	
MoBSE PCU	System Audit
MoH PCU Essential Project	System Audit
MoH PCU Covid19 Response	System Audit
TRRC (Truth, Reconciliation and Reparations Commission	System Audit
Management Development Institute	System Audit
National Disaster Management Agency	System Audit
Roots Project	System Audit
University of the Gambia	System Audit
National Social Protection Secretariat	Governance and System Audit
Audit from Sector Auditors	
Judiciary Payroll	Payroll Audit
CPCU Audit - MoA	Governance and System Audit
Source: Excerpts from "Appendix III List of Completed Audits for the Year 2021" of the 2021 DIA Activity Report, p. 16	

Performance level and evidence for scoring the dimension

The foregoing narrative and analysis shows that there are serious issues with complying with payment rules and procedures. This level of performance does not meet the requirement for a higher score. Consequently, the core for this dimension is **"D"**.

Recent or ongoing reform activities

No reforms are observable here.

PI-26. Internal audit

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-26 Internal audit (M1/WL)	**D**	**IA is not sufficiently operational in MDAs as to help achieve audit objectives per internal standards; management response to audit findings was only 9 percent in 2021, and the extent of implementation of the annual audit workplan was only 36 percent.**
26.1 Coverage of internal audit	**D**	The internal audit function has a charter, mandate, and staff deployed across all government departments; however, IA does not cover major capital projects, and MDA audit staff spend much of their time on accounting control work, which denies them sufficient time for systems monitoring and periodic reporting.
26.2 Nature of audits and standards applied	**D**	Oral evidence informed and the DIA Activity Report 2021 confirms that internal auditors posted in MDAs are "preoccupied with vouching activities", i.e., preaudit, leaving little or no time for systems monitoring or even financial compliance.

[1] See 2021 DIA Activity Report, p. 17, where the DIA found that the irregular processing of procurements worth GMD 5,284,902 by the Director of Administration and Finance (DAF) resulted in suspected fraudulent payment of GMD 2,952,870 to a phantom vendor - TBJ Enterprise.

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
26.3 Implementation of internal audits and reporting	**D**	The completion rate for RBIA workplan activities in FY2021 was only 36 percent in FY2021; special management requests and MDA preaudits took up scarce audit time. The DIA is yet to work out ways of balancing the cost of consulting engagements vis-à-vis their potential benefits, i.e., their impact on the implementation of the risk-based annual plan.
26.4 Response to internal audits	**D**	MoFEA DIA reported that for 2021, only 9% of recommendations were implemented.

General description of the characteristics of the indicator within the scope covered

This indicator assesses the standards and procedures applied in internal audit. It contains four dimensions and uses the **M1 (WL)** method for aggregating dimension score. There are two internal audit functional outfits in The Gambia, i.e., (i) MoFEA based Directorate of Internal Audit (DIA) that focus on MDAs, extrabudgetary projects, and activities, and (ii) the Gambia Revenue Authority (GRA) based Internal Audit Unit (IAU), focusing on internal auditing within the GRA only. The DIA is mandated to cover all MDAs, inclusive of revenue generated by these MDAs. The main source of information is discussions held with both internal audit management teams and document review such as annual internal audit activity reports and plans. Information was also requested from internal auditors placed in selected ministries. The 2021 DIA Activity report shows that its internal audit activity encompassed revenue, procurement, governance, internal controls, ICT issues, assets management and controls, and risk management across both BCG and non-BCG entities during the year. The narrative in *PI-25.3* above provides a sample list of non-BCG entities covered by internal audit during the year.

Regulatory and Institutional arrangements

The MoFEA DIA enabling Mandate, contained in sections 67 and 68 of the Public Finance Management Act, 2014, provides for establishing the DIA and its functions, rights and obligations, and section 69 provides for the functioning of the Audit Committee. The Director General of the Internal Audit Department reports on technical issues to the Audit Committee and administratively to the Permanent Secretary, Ministry of Finance and Economic Affairs (MoFEA). In addition, Financial Regulations, 2016, section 41, spells out further functions of the DIA, including adopting internal auditing standards as approved by the minister. The MoFEA Accounting Procedures Manual, Chapter 15, contains similar details on the role of internal audit.

A specific mandate for establishing the IAU within the GRA is not provided for in the GRA Act. Having a legal mandate is important as it provides for (i) the independence of the internal audit function; (ii) reporting lines to an Audit Committee or similar body, and (iii) unlimited access to officials, information, and documents. This situation of having the two separate internal auditing functionaries is a matter that is under discussion to clarify the IAU's mandate and how it is aligned with that of DIA to ensure all revenue related risks are covered in internal audit planning processes.

The Institute of Internal Auditors (IIA) promotes Risk Based Auditing methodology to be applied by practicing internal auditors through its comprehensive International Professional Practices Framework (IPPF). Both audit functionaries (MoFEA DIA; GRA IAU) confirmed that they have has adopted the IIA standards, and the DIA presented its 2021-23 Risk Based Strategic Audit Plan analyzing its assessment of risks that serves as basis for its rolling strategic and annual operational planning processes. Though internal auditors are deployed within the main spending units it was determined that the bulk of internal audit capacity (90%+) at ministry level is allocated to the verification of payment requisitions prior to approval of expenditure (payment validation). Internal Audit planning and actual performance at entity level could not be validated due to the lack of information presented which is required to assess the actual status of risk-based internal auditing. The DIA Risk Based Audit plans deal with assessing risks associated with the MDAs and not necessarily at detailed entity level as required in the IIA's definition of Internal Auditing i.e.

> *Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing*

a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Although "government" is an "organization" and the DIA's strategic plan is presented at this level, each ministry (MDA) has a specific service delivery mandate presented as part of its strategic plans which should form the basis of the internal audit risk analysis at entity level. For example, the following mandates and objectives are presented by selected ministries i.e.

Min. of Basic and Secondary Education[1] *- The Mission Statement of the Department of State for Education is embodied in the statement "A Responsive, Relevant and Quality Education for All Gambians". The Department of State for Education is resolved to provide access to quality education to develop a computer literate and technologically competent populace with renewed emphasis on Science, Technology, Agriculture, and the Arts in developing a productive and capable human resource base for the new millennium. The principal objectives of education will henceforth be:*

- *To achieve nine years basic education for every Gambian child with at least 50% transition rate to Secondary Education*
- *To promote the acquisition of skills and the establishment of lifelong learning which is responsive to the learning needs of the socio-economic environment rather than mere participation and certification requirements. In tandem with the aforementioned, will be the improvement of quality and relevance of education, the development of vocational and technical education, adult literacy, the improved pre- and in-service teacher training and the establishment of a National University. As a transversal component, particular stress will be placed not only on the provision of education for girls but also on increased performance and retention of girls.*

Min. of Health[2] *- Goals: Provision of quality health care services in Gambia within an enabling environment, delivered by appropriately and adequately trained, skilled and motivated personnel at all levels of care with the involvement of all stakeholders to ensure a healthy population.*

Min. of Agriculture[3] *– Functions: The ministry's aims are four-fold:*

(1) Increase agricultural output,
(2) Meet the food requirements of the population from the land of Gambia,
(3) Provide gainful employment and income for the agricultural labour force,
(4) Generate foreign exchange through value-added agriculture related activities.

Whilst governance and accounting processes are mostly generic throughout government, internal audit planning should assess risk at service delivery level.

The indicator contains the following four dimension

- Dimension 26.1. Coverage of internal audit
- Dimension 26.2. Nature of audits and standards applied
- Dimension 26.3. Implementation of internal audits and reporting
- Dimension 26.4. Response to internal audits

PI-26.1. Coverage of internal audit

This dimension assesses the extent of coverage of government entities by internal audit. The measure of coverage is the proportion of total planned expenditure or revenue collection of the entities covered by annual audit activities, i.e., in which the audit function is operational. IA is operational when its features lead to the achievement of internal audit objectives, as described in international standards. These features include the existence of laws, regulations and/or procedures, and the existence of audit work programs, audit documentation, reporting, and follow-up activities. Pre-audit of transactions is not a part of operational IA activity, even if carried out by internal auditors. Pre-audit is a part of internal controls, assessed under PI-25.

[1] **MoBSE Mission**: http://www.edugambia.gm/about-us/mission-statement
[2] **MoH Goal:** https://www.accessgambia.com/information/health-social-welfare.html
[3] **MoA Functions**: https://www.accessgambia.com/information/department-state-agriculture.html

Performance level and evidence for scoring the dimension

In principle, all ministries and agencies are subject to the full suite of internal audit activities. In practice, however, IA activities are not sufficiently operational to secure the achievement of internal audit objectives in conformity with international standards.

The evidence shows that internal audit staff deployed by the DIA across ministries spend much of their time on rendering "advisory services" to MDAs of the nature of pre-auditing of payments, at the expense of substantive IA work, such as systems monitoring and periodic reporting. An accurate estimate of the amount of time spent on these "advisory services" is difficult to make; however, the IA personnel posted to MDAs confirmed that pre-audit work takes so much of their time (up to 90 percent) that they do not have sufficient time left for their core functions, including regular periodic reporting. This observation contradicts submissions by the DIA that such "advisory services" are rare and only happens in "extreme cases", but agrees with the findings of the August 2022 EQA report that, "there was insufficient evidence to support the assertion that the auditors, in exercising due professional care, considered … The cost of consulting engagements in relation to potential benefits (their impact on the implementation of the rolling risk-based annual plan)"[1].

The evidence further shows that the DIA has not conducted "any audit on capital projects of recent", although "conducting such audits is part of the DIA planned activities". It is not clear why this is so, given the size and risk potential of capital projects. It is also not clear how long this situation has persisted, although it dates to the era before FY2019 when the IMF PIMA study established that "Ex-post audits of major capital projects are not currently conducted by the National Audit Office or the Directorate of Internal Audit of MoFEA"[2]. (Note: evidence of the subsequent 2019 Auditor General's report shows that the NAO has taken steps to correct this situation by including the audit of, at lest, one major capital project in its audit activities, i.e., the Banjul Drainage, Roads, and Sewage (BDRS) project, with a cost of US $35,720,000, equivalent to GMD 1,821,720,000. However, the DIA has not taken any similar measure, and still does not include capital projects in its audit activities.) An analysis of the approved 2022 expenditure estimates shows that provisions for capital projects in two ministries alone (Transport, Works, & Infrastructure and Ministry of Petroleum & Energy) constituted about 20 percent of total budgeted expenditure in FY2021 and FY2022.

Table 0.24: Analysis of Capital Projects in the FY 2021 and FY 2022 Approved Estimates

	Ministry of Transport, Works, & Infrastructure				
	Code	**Description**	**2020 Actual**	**2021 Approved**	**2022 Estimate**
1	0284	Brikama-Dimbaya-Darsilami Rd Project	12,587,359	15,900,000	5,000,000
2	0615	Basse Fatoto Koina Road Project	37,176,588	936,500,000	10,500,000
3	0616	Road Safety Project	3,180,264	12,190,000	5,000,000
4	0621	TransGambia Corridor Phase I	1,901,713	0	5,000,000
5	0622	TransGamba Corridor Phase II	0	114,485,945	224,938,162
6	0623	Feeder Roads Project	5,571,000	10,000,000	5,000,000
7	0637	Banjul Rehabilitation Road Project	423,476,341	423,000,000	211,500,000
8	0638	OIC Bertil Harding Road Project	236,352,459	1,809,600,000	1,453,086,065
9	0702	Nuimi Hakalang Road Project	0	265,500,000	215,500,000
10	0703	Sabach Sanjal Loop (Dibba Kunda, Bambali, Ngayen) Lot I	0	260,500,000	210,500,000
11	0704	Saloum Nianija Corridor (Kaur-Jimbala-Kerr Auldi-Chamen-Nyanga Bantang) Lot II	0	210,000,000	195,000,000
12	0722	Kombo Coastal Road Project	0	5,300,000	5,300,000
13	0723	Kiang West Roads (Sankandi)	0	210,500,000	199,000,000
14	0724	Basse Wellingara Road Project	0	6,194,934	3,000,000
15	0727	Brikama Market	0	20,000,000	7,000,000
16	0728	Construction of Mausoleum	0	15,000,000	12,000,000
17	0747	OIC Urban Roads	0	413,000,000	500,080,732

[1] The EQA report, *p. 15*

[2] See 2019 IMF PIMA Report. *p. 46*

Table 0.24: Analysis of Capital Projects in the FY 2021 and FY 2022 Approved Estimates

18	0748	OIC Airport VVIP	0	237,000,000	200,043,160
	Subtotal - Transport, Works, & Infrastructure		**720,245,724**	**4,964,670,879**	**3,467,448,119**
	Ministry of Petroleum & Energy				
1	0595	Green Mini Grid Prog.	0	41,066,150	48,700,750
2	0635	Off-Grid Electrification	0	2,400,000	2,400,000
3	0636	Domestic Cooking Energy	0	800,000	1,600,000
4	0655	UNIDO/ GEF6 Project	0	82,135,556	82,626,587
5	0659	Asbestos Replacement & Water Expansion Project	0	80,000,000	86,989,000
6	0662	Gambia Electric Restore & Modernization Project	0	405,023,555	727,265,148
7	0663	ECOWAS Regional Electric Access Pro (ECO-REAP)	0	306,000,000	268,038,050
8	0679	Investment Support for Sustainable Energy Project	0	581,520,261	747,132,634
9	0751	Gambia Electricity Access Project (GEAP)	0	110,417,317	106,559,850
10	0752	GERMP Additional Financing	0	103,000,000	124,500,145
11	0753	OIC Water Project	0	187,000,000	747,232,500
12	0754	OIC Electricity Project	0	134,000,000	392,985,600
13	0776	Water Supply Project in the Greater Banju l (WASIB)	0	0	204,720,000
	Subtotal - Petroleum & Energy		**0**	**2,033,362,839**	**3,540,750,264**
	Grand Total for the two ministries		**720,245,724**	**6,998,033,718**	**7,008,198,383**
	Budget (FY2020 - Actual)		**19,189,929,693**	**35,101,501,429**	**35,367,725,756**
	% of Budget (FY2020 - Actual)		**3.8%**	**19.9%**	**19.8%**

Source: Analyzed by the Consultants from the Approved 2022 Approved Budget Document

Capacity gaps in the Directorate of Internal Audit (DIA) may be a major contributory factor to the performance of internal audit. The August 2022 EQA report observed that, “the level of certification across the Directorate is low with an average of 15% of the staff complement possessing professional certifications, such as the Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Information Systems Auditor (CISA) etc. The extent of certification in specific critical skills such as IT and Fraud auditing was even lower (less than 10%) impacting the ability of the auditors to provide relevant advice and recommendations”[1]. In addition, the level of training is inadequate. For instance, the report further noted that,

> “ the planned training activities were insufficient to ensure that the auditors maintained the knowledge, skills, and competencies required to effectively carry out their professional responsibilities.
>
> “It was noted that there are no formal/documented performance appraisals of internal audit staff. As a result of this, there was no evidence showing that the training plan in place was derived from the assessment of the competences and needs of the internal auditors.
>
> “Furthermore, there was also no evidence showing that the DIA has a documented talent development model in place.”[2]

This impacts its ability to provide pertinent advice to MDAs and provide effective risk management and quality assurance of financial statements before formally submitting them to the NAO.

The GRA manages all (100 percent) revenue, both tax and non-tax, and its internal auditor’s plans cover both tax and non-tax revenue. Activity reports and the strategic plan have not yet been presented to assess the extent of revenue risk assessment for internal audit planning purposes (and as reported in PI 19, the GRA Risk Register has not yet be presented) which should serve as basis for the selection of audit priorities. The Annual Internal Audit Plan for 2021, however, sets out the following planned audit activities i.e.

- GRA Financial Administration & Governance [2 months of the year allocated for the task]
- Customs and Excise [2 moths allocated]
- Domestic Taxes, Non-Tax Revenue [2 moths allocated]
- Staff Head Count and Asset Verification [2 months allocated]

[1] The EQA report, *p. 14*
[2] The EQA report, *pp. 15 - 16*

- Follow Up NAO Audit Findings [throughout the year]

These scenarios of non-audit of capital projects, devotion of a large proportion of audit time to accounting control work, and completion rate of 36 percent of RBIA activities show that internal audit is not operational for central government entities representing the majority of total budgeted expenditures. This level performance does not meet the requirements for a higher score. Consequently, the applicable score is **"D"**.

PI-26.2. Nature of audits and standards applied

Performance level and evidence for scoring the dimension

This dimension assesses the (i) nature of audits performed, and (ii) extent of adherence to professional standards. The DIA Internal Audit Charter (2012) refers to rendering both assurance and advisory services to be rendered and provided for adoption of the IIA IPPF by conducting Risks-Based Audits according to these standards. The assurance services include-

a) Financial Audit
b) Compliance Audit
c) Performance Audit (Value for money)
d) Systems Audit
e) Forensic Audit

The MoFEA DIA Strategic Plan 2021-23 includes risks assessment for 220 entities (refer the summary in table 26.1) and priorities whilst the detail strategies are done through internal audit annual plans providing for the scope and nature of internal audit work conducted at ministries and agency level. The MoFEA DIA strategic plan does not however provide planned capacity allocation (break-down) of the extent to which actual advisory services will be rendered to ministries (pre-audit of expenditure payments) and as such reliance is placed on annual internal audit plans prepared for each ministry and other entities to contain this information. The 2022 internal audit annual plans for the ministries of Basic AND Senior Education (MoBSE); Health (MoH); Agriculture (MoA); Land and Local Government (MoLRG) and Works (MoW) have not yet been presented for review by the assessment team to confirm the actual extent that Risk-Based Auditing as prescribed by the IIA IPPF is applied in the annual plans. Discussions with selected ministries, however, revealed that most internal audit activity is earmarked for advisory services.

The audit outcome for auditing the internal control environment is presented as part of the annual activity report, refer for example to Table 25.5 (PI 25: Non-Salary Internal Controls).

At strategic planning level the approved MoFEA DIA Internal Audit Charter (July 2012) provides for the IIA IPPF standards to be complied with. Based on discussions with the DIA and review of the DIA Internal Audit Manual [dated June 2014] the IIA IPPF Standards were adopted and are provided as guideline for all audit assignments. In addition, an internal quality assurance process is in place after having conducted an *external quality assessment* [dated 14 August 2022] that concluded as follows:

> *"It is our overall opinion that the DIA Generally Conforms with the Standards and the Code of Ethics"*

The mandate for internal auditing at the GRA is mainly provided for in its Internal Audit Charter of 2016. The charter refers to rendering both assurance and advisory services (copies of the (unsigned) charter and the 2021 annual internal audit plan were presented for assessment purposes, providing for adoption of the IIA IPPF and conducting Risks-Based Audits according to these standards). The assurance services include-

a) Financial Audit
b) Compliance Audit
c) Performance Audit (Value for money)
d) Systems Audit
e) Forensic Audit

A draft GRA Internal Audit Manual (2016) contains mainly detailed audit programs, i.e., the audit execution phase. Both the planning and reporting phases (as provided for in the IPPF standards) are presented mainly through quoting and reference to the audit standards. Reports reviewed on a sample basis confirmed that both incidents of non-compliance and internal control weaknesses are reported on.

Oral evidence informed and the DIA Activity Report 2021 confirmed that internal auditors posted in MDAs are "preoccupied with vouching activities", i.e., preaudit, leaving little or no time for systems monitoring or even financial compliance. The applicable score to this dimension is **D**.

PI-26.3. Implementation of internal audits and reporting

Performance level and evidence for scoring the dimension

This dimension assesses specific evidence of an effective IA function as shown by preparation of annual audit programs and their actual implementation, including the availability of IA reports.

The 2021 DIA Activity Report claims an internal audit completion rate of 68 percent for FY2021, broken down into 36 percent of activities in its Annual Risk-Based Internal Audit (RBIA) Work Plan, 21 percent of special management requests, and 11 percent of "Audits from sectors"[1]. In effect, the DIA achieved less than 50 percent of its audit work plan in the year. The External Quality Assessment (EQA) of the DIA finalized in August 2022 agrees with this assessment when it noted as follows"

> Our review of the quarterly and annual reports indicated a percentage execution rate averaging under 50% for audits completed against the approved Annual Plan (draft stage and roll forward audits excluded). The performance over the years was attributed to several reasons including impact of the COVID-19 Pandemic, staff attrition and other capacity issues and majorly, special audit requests from the auditable units that took up significant audit hours over and above those planned for in the RBAP[2] (emphasis added).

It is not unusual for Internal Audit to undertake consultancy and advisory services work at the request of clients; however, good practice requires that that work should not be the expense of or detract from the performance of preplanned risk-based activities, which ultimately, is the basis for assessing IA performance. As Dimension 26.1 above explained, these "advisory services" possibly take up to 90 percent of staff time at the budget entity level; the time taken at the central DIA level to performance "special management request" work is unclear. As the August 2022 EQA report rightly observed, and as quoted in PI-26.1 above also, "there was insufficient evidence to support the assertion that the auditors, in exercising due professional care, considered … The cost of consulting engagements in relation to potential benefits (their impact on the implementation of the rolling risk-based annual plan)"[3].

Note: The 2021 audit plan of the GRA Internal Audit Unit comprises only of compliance audit, and no systems monitoring work. However, it was not possible to confirm the extent of completion of the tasks.

Based on the analysis and supporting evidence, the score for the present dimension is **D**.

PI-26.4. Response to internal audits

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which action is taken by management on IA findings. The MoFEA DIA reports in the annual activity report on the implementation status of recommendations made for key audit findings as summarized in Table 26.3. Copies of actual audit reports made available confirm that management comments to audit findings are presented and documented. The assessment of the actual extent of implementation is based on

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[1] See: MoFEA's *Directorate of Internal Audit Annual Activity Report for the Fiscal Year 1st January to 31st December 2021*, March 2022, *p. 10*.

[2] See MoFEA: "External Quality Assessment (EQA) of the Directorate of Internal Audit (DIA), Ministry of Finance and Economic Affairs (MoFEA), The Gambia, Final Report, August 2022", *p. 18*; the authors of the report are The Diamond Consulting Group (DC Group), Strategy and Management Consulting, 7th Floor Course View Tower, Yusuf Lule Road, Nakasero, Kampala, Uganda, email: info@ diamondconsultinggroup.net

[3] The EQA report, *p. 15*

information provided in the DIA activity report(s). The DIA's 2021 report contains feedback for 7 audited entities which indicate that for 5 key findings (for the 51 key findings reflected on) information on responses was not available.

***Table 26.3** Status of Management Actions on IA findings*

Activity Report for the Fiscal Year:	**Implemented**		**Partially Implemented**		**Not Implemented**	
	Quantity	**%**	**Quantity**	**%**	**Quantity**	**%**
2021	4	9%	22	48%	20	43%
2020 - *NA*						
2019 - *NA*						
TOTALS						

***Source:** MoFEA DIA Annual Activity Report 2021, Appendix IV (2019 and 2020 reports are Not Available (NA))*

Similar information has not yet been presented by the GRA internal audit function for revenue focus audits (Tax and Non-Tax revenue) pertaining to the three most recently completed fiscal years (2019 – 2021).

Hence the score for the present dimension is **D**.

Recent or ongoing reform activities

The Gambia Internal Audit Manual (GIAM) is under review, according to information obtained from the recently completed External Quality Assessment (EQA) of the Directorate of Internal Audit (DIA) Ministry of Finance and Economic Affairs (MoFEA). The Kampala, Uganda-based "The Diamond Consulting Group (DC Group)" conducted the EQA and made far-reaching observations and recommendations for improvement. In a response to one of the observations of the short provisions of the GIAM, the DIA explained thus, "DIA has just completed the recruitment of a TA [technical; assistant] whose TOR included reviewing and updating the Manual, and this will be addressed". The mandate of the TA also includes assisting the DIA to establish a Quality Assurance and Improvement Program (QAIP) unit.

PILLAR SIX: Accounting and reporting

Pillar VI assesses the maintenance of accurate and reliable records, and the timely production and dissemination of information to meet decision-making, management, and reporting needs. Timely, relevant, and reliable financial information supports fiscal and budget management and decision-making processes.

The pilar has three indicators, i.e.,

- PI-27. Financial data integrity
- PI-28. In-year budget reports
- PI 29. Annual financial reports

PI-27. Financial data integrity

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-27 Financial data integrity (M2/AV)	**C+**	**Changes to the IFMIS have restricted access and results in an audit trail, and the country does not outstanding suspense accounts; however, inefficient bank reconciliation adversely affects financial integrity, and there is insufficient information to assess advance accounts.**
27.1 Bank account reconciliation	**D**	Reconciliation issues identified by both internal and external audit reports include (i) "inefficient reconciliation" of important revenue accounts, (ii) use of incorrect balances to reconcile cash and bank balances, resulting in large unresolved differences, and the accounts "not reconciling", and non-review and signing of bank reconciliation statements by a senior officer"
27.2 Suspense accounts	**A**	The Gambia does not have outstanding suspense accounts at the end of the fiscal year.
27.3 Advance accounts	**D***	The frequency, timing of reconciliation of advances could not be validated. The age-analysis for balances is not available to confirm that advances are cleared regularly.
27.4 Financial data integrity processes	**B**	Access to changes is restricted to the IFMIS system administrator, after approval by the accountant general, and results in an audit trail; however, there is no dedicated operational body that verifies financial data integrity.

General description of the characteristics of the indicator within the scope covered

This indicator assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. It contains four dimensions and uses the **M2 (AV)** method for aggregating dimension scores. The main sources of information are the annual financial statements containing details of bank account balances, advances and suspense accounts, discussions with and information supplied by the office of the Accountant General, and discussions with the IFMIS System Administrator on policy, procedures, and controls for accessing, capturing, and changing data. Reference is also made to the 2019 NAO audit report and the relevant audit findings.

This assessment is preliminary because it relies on data obtained from the 2021 unaudited financial statements. Audit of financial statements in the Gambia is in arrears, as explained throughout the assessment, with audit FY 2019 statements completed, audit of FY2020 statements in process, and audit of FY2021 financial statements not yet commenced and still in draft at the conclusion of the field mission on November 29, 2021. Guidance provide in the PEFA Fieldguide directs the use of unaudited financial statements for the assessment of this indicator, provided that the assessment remains preliminary where previous audits reveal significant differences with unaudited financial statements (Guidance 3.9 on p. 34 of the PEFA Fieldguide, 2/e, 2018). The auditor general has qualified all recent audit reports, listing significant findings as the basis, as shown in PIs 1 and 2. Consequently, this assessment will remain preliminary, pending completion of the FY2021 audit.

The indicator contains the following four dimensions

- Dimension 27.1. Bank accourt reconciliation
- Dimension 27.2. Suspense accounts
- Dimension 27.3. Advance accounts

- Dimension 27.4. Financial data integrity processes

It is more practical to provide further detailed background information in each dimension because of the diversity of the 4 dimensions included in this indicator.

27.1. Bank account reconciliation

Performance level and evidence for scoring the dimension

This dimension assesses the regularity/frequency of Bank Reconciliations. The rules for operating bank accounts are the same for all agencies; no agency may operate a bank account without the authorization of the accountant general. There are about 27 resident bank accounts under the direct management of the Office of the Accountant General through the IFMIS which are reconciled daily, and 8 bank accounts for the semi-autonomous entities (the National Audit Office and the National Assembly for example), which are responsible for the reconciliations of their own accounts. In addition, there are 32 bank accounts earmarked for Embassies and High Commissions abroad. Table 27.1 provides a breakdown of bank accounts as disclosed in the unaudited annual financial statements as at 31 December 2021 i.e.,

Table 27.1 *Bank Accounts accounted for in IFMIS*

Category of Accounts	Number of Accounts	GMD’000	%
Treasury managed bank accounts	18	10 635 454	95%
Semi-autonomous agency bank accounts	8	336 368	3%
Embassies and High Commission bank accounts	32	217 157	2%
TOTALS (IFMIS)	**58**	**11 188 994**	

Source: *Unaudited Consolidated Annual Financial Statements as at 31 December 2021*

Treasury managed bank accounts accounting for 95% of balances recorded in IFMIS are reconciled daily and on an automated basis, the accounts held at the Central Bank of The Gambia done on a TSA basis. Similar information for the accounts managed by the semi-autonomous agencies and functions abroad is still awaited.

Information on bank account balances for the commercial accounts managed by the GRA (collecting tax and non-tax revenue) could not be analyzed as the annual financial statements for the GRA have not been presented. It was however explained that these balances are cleared twice a week with a nominal “float” of GMD 50 000 maintained in each account (also refer discussions in PI 19 and PI 20) and as such it is anticipated that that at year-end all “excess” funds were transferred to Central Government. The GRA has confirmed that most of revenue collections is done through payments directly into the accounts managed by the GRA and that bank reconciliations are done daily on an automated basis.

Regarding revenue accounts, the DIA 2021 Activity Report makes the following findings and recommendations on the integrity of data on revenue accounting and reconciliation (also relevant under PI-20), i.e.,

1. Inefficient reconciliation of received revenue before banking - unsatisfactory - we recommend that continuous and efficient reconciliation be always ensured
2. Weak supervision exercised on revenue collection, posting, and banking – significant improvement needed - we recommend regular and proper supervision over the three stages of the revenue cycle.
3. Inaccurate recording of revenues collected - unsatisfactory - we recommend that accurate records of revenue are maintained.
4. Late banking of collected revenue - unsatisfactory - We should continue to discourage late banking of organizational revenue in all its forms and encourage timely and regular banking of revenues collected.
5. Cash suppressions and banking shortfalls - unsatisfactory - we recommend STRONG punitive actions against those found wanting in the matter.

In addition, the FY2019 audit report outlined several instances of lack of or improper bank reconciliation by various government departments. These include the following

- Failure to reconcile the daily collection report and commercial bank accounts relating to scanning fees"; despite management response to the audit query, the audit finding remained: "… no evidence provided to show that reconciliation was performed ... the issue remained outstanding up to the time of finalising this management letter"[1].
- For the following five bank accounts: (i) Treasury Bills, (ii) Sukuk Al Salam, (iii) Treasury Management Account (TMA), (iv) Special Project Bank Account GMD, and (v) Special Deposit Bank Account[2]
  - Use of incorrect balances to reconcile cash and bank balances, leading large unresolved differences, and the accounts "not reconciling …"
  - Non-review and signing of bank reconciliation statements by a senior officer
- Reconciliation of cashbook report and the T24 bank statement (tax receipts), which revealed un-reconciled amounts, totaling D454, 615,538.74 for both customs and domestic tax; following adjustments made after the audit query, the auditor general noted as follows, "We can confirm that the adjustments were made accordingly"[3].

In the section presenting Commentary on the Financial Statements by the Accountant General on the draft (unaudited) 2021 Consolidated Annual Financial Statements, par. 1(b), it is confirmed that Self-Accounting-Project's revenue and expenditure are not included in the financial statement. This is also referred to in PI 6 where the non-inclusion of revenue and expenditure by extrabudgetary funds are discussed and analyzed in more detail (refer Tables 6.1 and 6.2). However, there at least an additional approximate 195 active bank accounts registered in the names of subvented agencies and self-accounting projects (extrabudgetary accounts) where the bank reconciliations are not done by the Office of the Accountant General (89 number of bank accounts have zero balances at year-end, and 15 accounts have a closing balance of less than GMD1 000, but it not conclusive that these accounts were inactive throughout the entire year). The frequency and status of bank reconciliations are not known at the time of the assessment and bank statement balances (i.e., not cashbook values) as at 31 December 2021 amounted to GMD 6 597 011 188 (or equal to 37% of Central Government bank accounts' (cashbook balances in value)).

As mentioned in other indicators and dimensions, there is a significant backlog in tabling the external audit reports, however, are still regarded as a suitable source of information. Recently the 2019 report was submitted to the National Assembly and published, containing a proposed Adverse Audit Opinion on the Consolidated Annual Financial Statements. Significant differences and issues identified pertaining to the Cashbook and Bank Reconciliations are included in the report giving rise to the negative audit opinion i.e.

- Cashbook balances not in agreement with the General Ledger; AFS
- Uncleared reconciling items in the Bank Reconciliation dating back to previous financial years.
- Inaccurate balances used in the year-end Bank Reconciliation

As stated, the GRA audit outcomes are not yet available, which may highlight additional issues.

The frequency and timing of reconciliations for semi-autonomous agencies, missions abroad and extrabudgetary accounts (self-accounting projects) could not be validated. It is estimated that projects funded through budgeted loans and grants represent approximately 40 percent of CG income, hence, the score for the present dimension is **D**.

27.2 Suspense accounts

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which suspense accounts (including "sundry" debits and credits) are regularly reconciled and cleared in a timely way. Based on discussions with the office of the Accountant General there are no suspense accounts. The assessors have not obtained any evidence t the contrary, although there are several grey areas. For example, review of the (unaudited) consolidated annual financial statements as at 31 December 2021 (Statement of Position (page 56) and the "Notes" thereto however discloses "Other Receivables" (GMD 2.276bn) without further detail on the nature and origin thereof. The nature of other receivables balance has not been analyzed

[1] Management Letter of the Government of The Gambia, for the year ended 31 December 2019; *pp 66 – 67 of 512*
[2] FY2019 audit Management Letter *pp 105 – 106 of 512*
[3] FY2019 audit Management Letter *pp 154 – 156 of 512*

and may contain balances that could qualify as suspense accounts such as "unidentified" or unreconciled transactions, "clearing accounts" and unresolved transactions and balances which are originating from prior reporting periods. However, the audit report did not qualify the "Other Receivables", which would have indicated that issues remain outstanding.

The detailed Trial Balance attached to the 2021 annual financial statements does however reflect on the following accounts identified as suspense accounts, though they are relatively immaterial i.e.,

Table 27.2: Analysis Suspense Accounts in the 2021 Trial Balance

Line Number	Description	Net GMD'000
3218201	AR Clearance Account	63 262 (CT)
3308249	Net Salary Suspense	22 361 (CT)
3308250	Pensions Suspense	2 168 (CT)
3308363	Stale Cheques	4 353 (CT)

Source: *Consolidated Annual Financial Statements 2021 – Trial Balance*

In addition, the 2019 audit report entered a finding on the existence of "transit accounts" carried forward to the following year, and not cleared at the end of the preceding year, as the IFMIS Accounting Procedure Manual (APM) requires and AGD officials confirm[1]*.* The "account balances were brought forward from previous years and classified as cash & cash equivalent under note 15 (current assets)". The implications of this, as highlighted by the auditor general include a failure to reconcile and properly update relevant accounts in the system to detect and investigate errors for corrections, and the overstating of "cash and cash equivalent balance" with redundant balances that have no current or future economic benefits and, which, it would, therefore, be inappropriate to include in "cash & cash equivalent as current assets". This is aside from the fact that it represents a violation of the IFMIS Accounting Procedure Manual. The audit report confirmed satisfactory adjustments and revision of the accounts to regularize the issue; however, this happened only in July 2021. This creates the impression that similar issues may exist in the 2020 unaudited account and 2021 draft accounts, awaiting regularization during audit.

The evidence of the foregoing narrative and analysis indicates that there are no suspense accounts in The Gambia. Therefore, the score for this dimension is **A**.

27.3. Advance accounts

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which Advance accounts are reconciled and cleared. Annual financial statements are prepared on the cash basis of accounting and as such IFMIS is structured to process transactions on this basis. The MoFEA Accounting Procedure Manual (8.16) presents the standing operating procedure for processing and managing advances, which include advances to suppliers and staff (imprest). It refers to a "Prepayment Voucher Report" that can be extracted from the IFMIS for example to monitor off-setting ("recovery") of these advances to service providers.

Advances included in Statement of Receivables as per the (unaudited) 2021 Annual Financial Statements (Note 17 (page 56)) amounts to GMD 1.484bn (2020 – GMD 1.469bn), refer analysis in Table 27.3 (which include CT balances, also refer PI 22 assessment of arrears). There is however no further classification of the nature of the balance or reference to the origin (age-analysis) in the annual financial statements. Both external and internal audit outcomes include reference to imprest not retired within 30 days as prescribed (NAO 2019 report – GMD4.7m), GMD 48.2m not retired in the IFMIS and the detailed imprest report does not reconcile to the Trial Balance (NAO report identifying differences of GMD 1.119bn placing doubt on the accuracy and completeness of information in these 2019 financial statements.

Table 27.3: Analysis of Imprest and Advances disclosed in the Trial Balance

Line Number	Description	Net GMD'000
3218100	Imprest Control Account	1 481 865 (DT)

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *page 100 of 512*

Line Number	Description	Net GMD'000
3218102	Imprest Remittance to Embassy	5 745 (CT)
3308201	Imprest Clearance Account	178 (DT)
3308221	Civil Service Revolving Loan Scheme	11 894 (CT)
3308248	Salary Advance 1 x 6	54 447 (CT)

Source: *Consolidated Annual Financial Statements 2021 – Trial Balance*

The frequency and timing of reconciliations of reconciliations could not be validated against information presented and the actual age of individual items could not be identified to verify to what extent items are cleared timely. Hence, the score for the present dimension is **D***

27.4. Financial data integrity processes

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which processes support the delivery of financial information and focusses on data integrity (defined as accurate and complete – as per the ISO/IEC International Standard 2014).

Only the IFMIS system administrator has access to the system and can make changes to it. Changes can be made by the user until the transaction is authorized. Thereafter it cannot be changed. Changes can only be processed by the system administrator, and only after the Accountant General has approved the change. The only incidents where prior year changes are allowed are those initiated/approved by the Auditor General. All changes generate an audit trail; however, there is currently no operational body, unit, or team in charge of verifying financial data integrity

The most recent NAO audit report (2019) contains adverse audit opinion on the consolidated annual financial statements mainly due to differences in the accounting and disclosure of transactions and balances. This brings financial data integrity into question and there is no separate operational body earmarked for verifying data integrity, mainly the backlog in finalizing financial statements.

Given the restriction and recording of access and changes to records, and the resultant audit trail, the applicable score to this dimension is **B**.

Recent or ongoing reform activities

No reforms are evident in his area.

PI-28. In-year budget reports

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-28 In-year budget report (M1/WL)	**D+**	**Information presented in in-year reports limits comparability to the original budget as only Government Local Funded expenditure budget execution is reported on.**
28.1 Coverage and comparability of reports	**D**	The monthly expenditure briefs cover only expenditure incurred from domestic resources to the exclusion of expenditures in self-accounting projects (SAP) and self-raised revenues and retained revenues. Thus, (i) extrabudgetary (deconcentrated) units' budget execution, (ii) expenditure funded through donors (loans and grants) and (iii) of revenue collections are not included in the monthly expenditure briefs.
28.2 Timing of in-year budget reports	**C**	It could not be confirmed that monthly budget briefing reports are presented within 4 weeks (as is required for a B score)
28.3 Accuracy of in-year budget reports	**D**	Disparity in reporting formats of the budget and performance reports affects their usefulness: the approved budget includes both GLF and donor-project finances expenditures, while performance reporting excludes the latter.

General description of the characteristics of the indicator within the scope covered

This indicator assesses the comprehensiveness, accuracy, and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures. This indicator contains three dimensions and uses the **M1 (WL)** method for aggregating dimension scores and the main sources of information are the monthly Budget Briefs published on MoFEA website, the actual approved budget (and any in-year adjustments thereto) and the regulatory framework pertaining to the Accountant General's responsibilities. Reference is also made to the discussions and the assessments conducted in other indicators dealing with budgeting processes and outcomes i.e., PI 1 – 3; PI 6; PI 14 – PI 17, PI 21; PI 27.

The Regularity Framework gives to some extent guidance to MoFEA (Office of the Accountant General) on monthly reporting responsibilities. The PFA (2014), section 33(3), prescribes Vote Controller's reporting responsibility on budget execution and the Financial Regulation (2016), section 5(4), requires that the Accountant General consolidate and prepare monthly accounts based on the information received from all departments. Chapter 15.4 and 15.5 of the Accounting Procedures Manual deals with *Month-end Procedures and Reports* in more detail including preparing expenditure reports for example. Processing and accounting for transactions is however *centralized* through the IFMIS managed by the office of the Accountant General and is done in line with the adopted SCOA which allows generating reports directly (also refer discussions in PI 14). Vote Controllers are responsible for maintaining a set of reports as prescribed in the Accounting Procedures Manual, the most relevant that on accruals and commitments.

A centralized reporting procedure by the Budget Directorate (within MoFEA) is in place responsible for extracting budget execution data directly from the IFMIS. This IFMIS data includes both budget and actuals for revenue and expenditure. IFMIS Information is available at ministry level on a real-time basis should Vote Controllers need to assess performance, status of commitments etc. on an ad-hoc basis. The *Monthly Expenditure Brief* reports are published by MoFEA Budget Directorate on MoFEA website which is a "progressive" or "cumulative" report i.e., provides year-to-date (y-t-d) budget execution information, however on EXPENDITURE only, and only solely for the Government Local Fund (GLF) component) i.e., these reports do not factor in any donor funds (loans and grants), including projects across the country).

Selected extracts from the briefing reports, based on information extracted for the IFMIS, are presented in Tables 28.1 – 28.2 for illustration purposes.

Table 28.1: *Summary of Budget Brief reporting done January 2021 – December 2021 (Table 1 – Composition of Central Government Expenditure) GMD'000*

Budget Class	Jan-Dec 2021 Expenditure	% of Total Expenditure	Jan-Dec 2020 Expenditure	% of Total Expenditure	% Y-o-Y Growth
Personnel Emoluments	4 602 455	22%	4 073 272	21%	13%
Other Recurrent	4 736 565	12%	5 745 128	29%	-18%
Subvention	3 126 738	15%	3 400 714	17%	-8%
Debt Service	4 539 942	22%	4 216 171	21%	8%
Capital Development	3 838 007	18%	2 226 677	11%	72%
Totals	**20 843 707**	**100%**	**19 661 962**	**100%**	**6%**

Table 28.2: *Summary of Budget Brief reporting done January 2021 – December 2021 (Table 2 – Composition of Central Government Expenditure compared to Revised Budget) GMD'000*

Budget Class	Approved Budget	Revised Budget for 2021	Jan-Dec 2021 Expenditure	% of Approved Budget Spent
Personnel Emoluments	4 866 723	4 866 723	4 602 455	95%
Other Recurrent	5 057 102	5 423 827	4 736 565	87%
Subvention	3 734 086	4 080 301	3 126 738	77%
Debt Service	5 999 485	5 999 485	4 539 942	76%
Capital Development	2 416 840	3 203 901	3 838 007	120%
Totals	22 074 236	23 574 236	**20 843 707**	88%

Financial statements are prepared on the cash basis of accounting and the IFMIS system structured accordingly. Information on accruals and commitments should therefore be manually processed for accurate in-year reporting on budget execution and cashflow forecasts (also refer discussions in PI 21 and PI 27). Budget information is also captured in the IFMIS in line with SCOA and used for extracting the monthly Expenditure Briefing reports. Transfers to deconcentrated units and extrabudgetary units are however not accounted for in the IFMIS and budget execution information is therefore excluded from any in-year reporting.

The regulatory framework provides for a virement ceiling of 75% which includes viring funds to and from contingency votes (refer discussions in PI 1 and PI 2). The assessments of these indicators concluded that budget execution (expenditure) made liberal use of these allowances, resulting in large scale administrative (functional) and economic composition variances. Incidents of non-compliance were reported on by NAO in the 2019 audit report to further challenge the control of the budget.

This indicator contains the following three dimensions

- Dimension 28.1. Coverage and comparability of reports
- Dimension 28.2. Timing of in-year budget reports
- Dimension 28.3. Accuracy of in-year budget reports

PI-28.1. Coverage and comparability of reports

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which information is presented (i) in "in-year" reports; (ii) format easily comparable to original budget (same coverage and basis of accounting). The monthly expenditure briefs present information by administrative and economic classification on the same basis of accounting adopted for preparing financial reports, and generally according to the approved budget. However, the economic classification of budget briefs is at a highly aggregated level, and not according to the detailed level of the approved budget. The classification is as follows: personnel emoluments, other recurrent, subventions to public corporations, debt service, and capital development. Succeeding tables further breakdown only personnel emoluments into basic salaries, allowances, ECA, and social security contributions. There is no further economic breakdown of expenditure.

In addition, the monthly expenditure briefs do not include details of (i) extrabudgetary (deconcentrated) units' budget execution (both revenue and expenditure as discussed in PI 6), (ii) budget execution funded through donor funds (grants and loans), and (iii) of revenue collections (by the GRA for example). This limits the comprehensiveness of reporting on budget execution.

Based on the analysis and supporting evidence, the score for the present dimension is **D**

PI-28.2. Timing of in-year budget reports

Performance level and evidence for scoring the dimension

The dimension assesses whether in-year reports are submitted (i) in a timely matter, and (ii) accompanied by an analysis and commentary on budget execution. MoFEA's Directorate of Budget has been compiling and publishing monthly expenditure briefs, with some commentary, on the statistics on MoFEA's website[1] for years now. Expenditure briefs for each month of FYs 2019, 2020, and 2021 are all available on the website, although it was not possible to establish how soon after the month end the directorate published them; MoFEA could not provide any concrete evidence. However, mutually corroborating oral evidence of development partners and the civil society group - The Association of Nongovernmental Organizations (TANGO) - indicate extensive delays in the publication of the monthly reports. Observations during the pendency of this assessment using FY2022 evidence corroborated this evidence. The October 2022 Expenditure Brief was not yet available on the website by the end of November 2022; only the September 2022 report was available.

Officials at ministry level can access IFMIS on a real time basis and on-line, and the Office of the Accountant General has deployed accountants in support of the spending agencies to manage budget execution and accounting. The extent that monthly budget execution reports are presented to vote controllers within ministries could not be validated based on information available for selected votes i.e.

- Basic and Senior Secondary Education

[1] https://mofea.gm/directorates/budget

- Health
- Agriculture
- Land & Local Government
- Works

It could not be confirmed that publishing the monthly expenditure brief reports are done within a 4-week timeframe (as required for a B score), hence the score for the present dimension is **C.**

PI-28.3. Accuracy of in-year budget reports

Performance level and evidence for scoring the dimension

This dimension assesses the accuracy of information submitted in the in-year budget reports, including the extent to which commitment and accrual expenditure is included.

MoFEA publishes monthly expenditure briefs that present "a cumulative analysis of government expenditure from January 1st" to the reporting month. The brief only covers expenditures from GLF (domestic) revenue, accumulated in the Consolidated Revenue Fund (CRF) per requirements of the Constitution and the PFA 2014. Expenditure briefs for each month of FY2021 are all available on the website, as explained in *PI-28.2* above.

The configuration of the IFMIS allows it to profile, account for, and report only revenue inflows and expenditure execution on the CRF. Budget entities conduct budget execution from CRF/GLF resources on the IFMIS. Revenue collection and expenditure execution on "donor-sourced funding including loans, grants, and project grants" take place on the projects' alternative accounting platforms (sanctioned by the fund donor) outside the IFMIS. This practice complicates integration of revenues and expenditures of these projects into fiscal reports. MoFEA officials cite this as the reason for not including projects' information in both interim and yearend fiscal reports. Reforms are however, in process, to profile donor-funded projects on the IFMIS, which will give MoFEA budget and accounting officials online and real-time access to their information.

Given the cash basis of accounting adopted by MoFEA' AGD where expenditure is captured at payment date, information for the monthly reporting is extracted from the IFMIS. As discussed in PI 21, it could not be confirmed that monthly information on commitments is presented for reporting by MoFEA (for Cash Flow forecasts, strengthening Financial Data Integrity). Data accuracy and completeness remain a significant root cause for the auditor general to issue an adverse audit opinion (though 2019 was the most recent tabled audit report) and is a material concern (also refer the discussions in PI 27 (Data Integrity). Expenditure from transfers to extrabudgetary (deconcentrated) units (representing 10 -15% of total annual budget and actual expenditure) are not included in the monthly Expenditure Brief reporting as discussed previously.

It is on average a 12-page summary of the detailed information contained in the IFMIS and consists of the following standard content (only at administrative level) i.e.

- Composition of Central Government Actual (year to date) Expenditure (By Economic Classification), in comparison with that of the previous year
- Composition of Central Government Actual (y-t-d) Expenditure compared to Total (Revised) Budget, by Economic Classification
- Composition of Central Government Personnel Expenditure in comparison with the previous year
- Decomposition of Personnel Emoluments compared to Approved Budget
- Top Ten Budget Entities Actual Expenditure compared to previous year
- Top Ten Budget Spending Lines Actual Expenditure compared with the previous year
- Budget Absorption by (all) Budget Entities, actuals against budget, and compared with the previous year
- Subvention by Budget Entity compared to Approved Budget and that of the prior year.

Also refer Tables 28.1 and 28.2 above as examples of reporting in the Expenditure Briefs.

Disparity in reporting formats of the budget and performance reports affects their usefulness. As the auditor general noted in the 2019 audit report, "the budget approved by the National Assembly in 2019 was program based while the disclosures made in the financial statements are line items. This inconsistency indicated above is misleading and users of the financial statement cannot determine whether the programmes budgeted for are indeed implemented". This also applies to in-year budget reports, which similarly report along budget line items, rather than programs. In addition, the approved budget figures include not GLF and donor project expenditures, whereas in-year budget report figures cover only GLF expenditures.

These performances do not meet the requirements for a higher score; hence, the score for this dimension is D.

Recent or ongoing reform activities

PI-29. Annual financial reports

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-29 Annual financial reports (M1/WL)	**D+**	Financial reports apply IPSAS cash accounting standards; however, the reporting excludes about 40 percent of operations; and FY2021 financial statements was not yet ready for audit, 12 months after the yearend.
29.1 Completeness of annual financial reports	C	Annual financial statements cover only revenues, expenditures, and cash balances, compared to the approved budget, but they exclude non-financial assets, guarantees, and cash flows.
29.2 Submission of reports for external audit	D	The National Audit Office returned the draft 2021 consolidated annual financial statements submitted by the Accountant General's Department on 30 June 2022 (within six months of the fiscal year end) for not being in an auditable state; the AGD had not resubmitted it for audit by the end of 2022.
29.3 Accounting standards	B	The consolidated annual financial statements apply IPSAS Cash Basis and are consistent with the provisions of the Public Finance Act 2014; however, they are not IPSAS compliant in the disclosure of about 40 percent by value of government operations.

General description of the characteristics of the indicator within the scope covered

This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. It contains three dimensions and uses the **M1 (WL)** method for aggregating dimension scores. The main source of information is the review of the annual financial statements 2019 to 2021, copies of covering letters for submission of the annual financial statements, the legal framework providing for submission of the consolidated annual financial statements for audit purposes and the standard issued by the International Public Sector Accounting Standards Board (IPSASB') *(standard on Cash Basis Accounting (2017)).*

In terms of the PFA (2014), section 6(4)(n), the Accountant General adopted the IPSAS Cash Basis of accounting standard. Section 63(2) requires that the annual financial statements be prepared in line with generally accepted accounting practice. The accounts must be submitted to the Office of the Auditor General within three months (or any time frame as approved by the national assembly) of the year-end as per section 63(1). The Financial Regulations 5(5) provides for a six-month period in which the Accountant General should submit the annual financial statements to NAO.

In the section presenting Commentary on the Financial Statements by the Accountant General on the draft (unaudited) 2021 Consolidated Annual Financial Statements, par. 1(b), it is confirmed that Self-Accounting-Project's revenue and expenditure are not included in the financial statement. This is also referred to in PI 6 where the non-inclusion of revenue and expenditure by extrabudgetary funds are discussed and analyzed in more detail (refer Tables 6.1 and 6.2).

This assessment is preliminary because it relies on data obtained from the 2021 unaudited financial statements. Audit of financial statements in the Gambia is in arrears, as explained throughout the assessment, with audit FY 2019 statements completed, audit of FY2020 statements in process, and audit of FY2021 financial statements not yet commenced and still in draft at the conclusion of the field mission on November 29, 2021. Guidance provide in the PEFA Fieldguide directs the use of unaudited financial statements for the assessment of this indicator, provided that the assessment remains preliminary where previous audits reveal significant differences with unaudited financial statements (Guidance 3.9 on p. 34 of the PEFA Fieldguide, 2/e, 2018). The auditor general has qualified all recent audit reports, listing significant findings as the basis, as shown in PIs 1 and 2. Consequently, this assessment will remain preliminary, pending completion of the FY2021 audit.

The indicator contains the following three dimensions

- Dimension 29.1. Completeness of annual financial reports
- Dimension 29.2. Submission of reports for external audit
- Dimension 29.3. Accounting standards

PI-29.1. Completeness of annual financial reports

Performance level and evidence for scoring the dimension

This dimension assesses completeness of financial reports to the extent that relevant information as set out in Table 29.1 is contained (disclosed/included) in the consolidated annual financial statements. The Accountant General prepares consolidated annual financial statements on the cash basis of accounting and the IFMIS is structured accordingly. This means that accruals (payables) are not accounted for in the IFMIS and are manually calculated by individual ministries. The most recently published audited annual financial statements is that of the financial year ending 31 December 2019. FY 2020 financial statements were undergoing audit at the time of this assessment and FY2021 statements were still in draft.

Both the annual budget and the actual financial reporting (processing of transactions) are based on the adopted SCOA which ensures 100% comparison. As presented in Table 29.1 the 2021 AFS for GCB reports revenue and expenditure on a basis comparative to budget and the previous FY. Reporting on assets and liabilities (page 53) are limited to financial assets, liabilities inclusive commitments (page 73), Contingent Liabilities (page 96 - 99), and long-term obligations (Debt). A statement of Guarantees and Cash Flow Statement is not available, other than a list of Cash Balances. Based on discussions with the National Audit Office, changes to the annual financial statements presented for audit purposes occur due to the significant negative audit findings. The submission dates presented in Table 29.1 are therefore the dates of the initial submission by the Accountant General and not necessarily the final submission as published.

Although both dimensions 29.1 and 29.2 deal with the annual financial statements for *the most recent fiscal (financial) year*, and as the Accountant General compiles the annual financial statements on a consolidated basis, presenting information on the back log has a significant impact on many indicators. For this reason, Table 29.1 deals with three years as the 2019 audit report (with an adverse audit opinion) was issued end November 2022. The backlog in submission has a direct impact on the capacity of NAO to conclude the audit within the prescribed timeline as discussed in PI 30, and PI 31.

Table 29.1: Completeness of the Consolidated Financial reports of BCG

Financial report[1]	Date annual report submitted for external audit	Content of annual financial report (Y/N):			Reconciled cash flow statement (Y/N)
		Expenditures and revenues by economic classification	Financial and non-financial assets and liabilities	Guarantees and long-term obligations	
2021	30 June 2022	Yes	No	No	No
2020	30 December 2021	Yes	No	No	No
2019	03 June 2020	Yes	No	No	No

[1] This may be a consolidated financial report or a list of financial reports from all individual BCG units.

Based on the analysis and supporting evidence, the score for the present dimension is **C.**

PI-29.2. Submission of reports for external audit

Performance level and evidence for scoring the dimension

This dimension assesses the timeliness of submission of reconciled AFS for external audit. This assessment is done irrespective of the provision in the resident PMFA (submission to be 3 months after year-end) but in line with the PEFA criteria for this dimension. The hand-over memorandum for the 2021 annual financial statements (for the year-end 31 December 2021) to NAO is dated 30 June 2022 which is 6 months after year-end. However, evidence that emerged after completion of the first draft of this report (i.e., from comments provided by the government and its partners) is to the effect that the NAO rejected the draft for not being in an auditable state. The assessors also understand that the government has worked out an arrangement by which the NAO and the AGD will continue to work to complete audit of the 2020 financial statements by early 2023, and for the subsequent submission of FY2021 statements in May 2023.

Based on the analysis and supporting evidence, the score for the present dimension is **D**.

PI-29.3. Accounting standards

Dimension 29.3 assesses the extent of understandability of annual financial reports and their contribution to accountability and transparency. This requires the transparency of the basis of recording operations and accounting principles and national standards applied. The consistency of the standards applied with recognized international standards, such as IPSAS, is also crucial.

Performance level and evidence for scoring the dimension

The government has been consistent in applying the cash basis of the International Public Sector Accounting Standards (IPSAS) for some years now. The Statement of Accounting Policies in the audited FYs 2017 – 2019 audited financial statements and the FYs 2020 and 2021 unaudited statements reference IPSAS Cash as the basis for preparing the accounts. The financial statements also strive to comply with the provisions of the PFA 2014 and the FR 2016, which comprise the legal framework and regulatory framework for the financial statements.

The accountant general oversees the preparation of the financial statements, and adds a section titled, "Commentary on the Financial Statements by the Accountant General". The section explains the extent of completeness of the financial statements and of its compliance with applicable regulations and standards. The section details the statements and disclosures made in compliance with IPSAS Cash Basis and the PFA 2014 as follows below[1].

(a) Statement of Cash Receipts and Payments - summary of all cash receipts, cash payments, and cash balances controlled by the government of The Gambia and separately identifies payments made by third parties on behalf of the government; however, "During the year, information was not made available to capture the third-party transactions".

(b) Statement of Revenue and Expenditure - statement of comparison of budget and actual amounts for both revenue and expenditure appropriated by the National Assembly

(c) Additional Statements and Supplementary Information - as required by PFA 2014 for the purpose of increased transparency (which is in accordance with the provisions of Part 2 of the Cash Basis IPSAS) include
   a. Statement of Financial Position of the Consolidated Revenue Fund
   b. Debt Service Statement
   c. Statement of Loans issued by the Government
   d. Statement of Investments held by the Government
   e. Statement of Net-Worth of State-Owned Enterprises
   f. Statement of Deposits and Other Trust Moneys
   g. Summary Statements of Revenues and Expenditures
   h. Statement of Contingent Liabilities

[1] See Commentary on the Financial Statements by the Accountant General in the **Audited Government of The Gambia consolidated Financial Statements 31 December 2019**; *pages 46 - 49 of 393*

i. Statement of Outstanding Commitments
j. Statement of losses of public funds and stores reported
k. Statement of losses of public moneys and stores written off, and claims abandoned
l. Statement of Arrears of Revenue
m. Statement of Stores and Other Assets
n. Statement of Disposal of Stores and Other Assets
o. Budget Performance Reports
p. Authourity to Amend Financial Statements
q. Prior year descriptive information
r. External Restriction on Cash balances and access to borrowings

The accountant general's commentary, however, admits that the financial statements are not in full compliance with the requirements of IPSAS Cash. The items of noncompliance mentioned are "the provisions of the standard under paragraphs 1.6.12" which "have been deferred". Thus, the consolidated financial statements do not consolidate these two items, according to the accountant general, i.e.,

- Information on "controlled entities", i.e., public enterprises as required by IPSAS, due to differences in the bases of accounts used
- Accounts of self-accounting projects (SAP), i.e., projects funded and administered entirely by external agencies but representing development expenditure

These two areas of noncompliance are significant, especially the non-inclusion of information on donor-administered projects, which accounts for nearly 40 percent of revenues and expenditures, as shown in PI-6 above. Even then, the list of noncompliance items above as identified by the accountant general "is not exhaustive", according to the auditor general, who also adds[1],

> "The most notable departure is that the preparation of the financial statements did not include transactions in all funds or bank accounts controlled by the Government or held for its use. This is contrary to IPSAS. Furthermore, IPSAS states that financial statements should not be described as IPSAS compliant unless they comply with all the requirements in Part 1 of the Standard. These financial statements are therefore not IPSAS compliant. I acknowledge the significant improvements made to government financial reporting since the introduction of Integrated Financial Management System (IFMIS) in 2007. However, these financial statements are still not fully prepared in the format prescribed in Cash Basis IPSAS."

Other findings (including errors) of the auditor general in the 2019 report pertaining to IPSAS include the following

- IPSAS 1.3.10 – failure to frequently collect information on items that are not recognized under cash accounting
- IPSAS 1.5.1 – adjusting opening balance for prior year errors in cash balances, restatement of comparatives
- IPSAS 1.5.2 – specific disclosure pertaining to the prior year errors
- IPSAS 1.6.3 – differences in translating foreign held account (closing rate)
- IPSAS 1.6.5 - differences in translating foreign held account (foreign exchange differences)
- IPSAS 1.7.12 - non-explanation of material differences between budget and actual amount (program-based budget verses line-item budget challenges)
- IPSAS – not including transactions in all funds or bank accounts controlled by the government or held for its use, including accounting for deconcentrated units.
- IPSAS – describing the annual financial statements as IPSAS-Compliant unless they comply with all the requirements in Part 1 of the Standard
- IPSAS 1.3.12 (d); 1.3.27 – failure to disclose grants disbursed directly to sectors

In summary, the financial statements have consistently applied IPSAS cash basis for some time now and are consistent with the provisions of Public Finance Act 2014. However, the statements exclude IPSAS required disclosures that amount to about 40 percent in value of governments transactions.

This level of performance is not consistent with the requirements for a higher score. Consequently, the applicable score is **"B"**, which has the following requirements,

[1] The Audited Government of The Gambia consolidated Financial Statements 31 December 2019, *page 12 of 393*

"Accounting standards applied to all financial reports are consistent with the country's legal framework. The majority [i.e., at least, 50 percent by value] of international standards have been incorporated into the national standards. Variations between international and national standards are disclosed and any gaps are explained. The standards used in preparing annual financial reports are disclosed."

Recent or ongoing reform activities

PILLAR SEVEN: External scrutiny and audit

Pillar VII assesses the extent of independent review of public finances and of external follow-up on the implementation of recommendations for improvement by the executive. The level of effectiveness of the function of external audit and legislative scrutiny determines the extent to which it is possible to hold the executive to account for its fiscal and expenditure policies and their implementation.

Pillar VII has two indicators, i.e.,

- PI-30. External audit
- PI-31. Legislative scrutiny of audit reports

PI-30. External audit

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-30 External audit (M1/WL)	**D+**	**Audit is mostly independent but covers no more than 65 percent of revenues and 60 percent of expenditure; there are significant delays in finalizing audits and submitting reports to the legislature, and there is limited follow-up on audit findings.**
30.1 Audit coverage and standards	C	Audit focuses on both PFM systemic issues and financial and compliance issues, and covers government revenues, expenditures, assets, and liabilities; however, audit covers no more than 65 percent of government revenue and 60 percent of government expenditures.
30.2 Submission of audit reports to the legislature	D	When the information is available, it indicates that significant time elapses between the date of receipt of financial statements for audit and the date of submission of the finalized audit to the legislature for discussion – 29 months, in the case the audited 2019 financial statements.
30.3 External audit follow-up	D	Formal responses that are partially complete were made by the Accountant General on behalf of all executives on the audit findings for the audit of the Consolidated Annual Financial Statements for 2019 only (as the 2020 and 2021 audits are in progress) and dealing only with BCG. NAO indicated that as follow up, 80% of recommendations in the 2018 report have not been implemented.
30.4 Supreme Audit Institution independence	B	Five of the 6 criteria/indicators are met. The Auditor General however submits its reports to MoFEA for tabling in the National Assembly and are not published until tabling and review.

General description of the characteristics of the indicator within the scope covered

This indicator examines the characteristics of external audit. It contains four dimensions and uses the **M1 (WL)** method for aggregating dimension scores. The main sources for information include the resident regulatory framework including the resident Constitution, Public Finance Actand the National Audit Office Act. In addition, meetings were conducted with the National Audit Office and the National Assembly. The Accountant General has adopted the Cash Basis of Accounting which impact on how the Auditor General approach the audit of transactions and balances for example assessing the validity, accuracy and completeness of balances not accounted for in the government's financial system (IFMIS).

The enabling mandate, rights and obligations of the National Audit Office is well provided for in the regulatory framework of the country i.e.-

- Constitution: The Gambia Constitution, 1997, as amended (2018), sections 158 – 160, deals with the appointment of the Auditor General establishing the National Audit Office and the Functions of the Auditor General.
- PFA: Part VII of the PFA (2014), section 64(1) arranges for the annual financial statements of government to be audited and the audit report to be issued within three months of submission of the AFS to the Public Accounts Committee.
- National Audit Office (NAO) Act, (2015): Provides mainly for the administration and management of the audit office. The National Audit Office is based on the Westminster (Parliamentary) SAI model, which is an independent body that reports to parliament, made up of professional audit experts.

At the time of the assessment, the 2019 Audit report was in the process of being tabled in the National Assembly and published whilst the 2020 and 2021 consolidated financial Statements were still being audited. The PFA requires that the Accountant General must submit the annual financial statements within 3 months after year-end (s63(1)) (whilst the Financial Regulations 5(5) (as a contradiction) provides for a six-month period in which the Accountant General should submit the annual financial statements to NAO). Section 64(1) of the PFA requires then that NAO submits the audit report within 3 months *of receipt* of the annual financial statements from the Office of the Accountant General. Please note that there is a contradiction between the PFA and the National Audit Office Act, 2015, as section 20 (1) determines that the Auditor General issues its report within 6 months *after year-end* which could be complicated if the Accountant General fails to comply with the PFA.

NAO is a member of the International Organization for Supreme Audit Institutions (INTOSAI) and has adopted the INTOSAI Framework of Professional Pronouncements (IFPP). On a regional basis NAO is supported by the African Organization of English-speaking Audit Institutions (AFROSAI-E) to promote compliance with audit standards, independence, and capacity development. NAO is also supported by other INTOSAI bodies such as the INTOSAI Development Initiative (IDI) and the INTOSAI Capacity Building Committee (CBC) also aimed at capacity building and promoting compliance with the international audit standards (refer discussion of reform activities)

The audit mandate: s.13(i) of the NAO Act 2015 provides that the auditor general shall audit and report on "the public accounts of The Gambia and of all public offices other than that of the Office of the Auditor General, including the programmes and activities underlying the accounts". The Act defines public offices of The Gambia to include (a) all office and authorities of the government, (b) the Judiciary, (c) the National Assembly, and (d) all public enterprises (s. 23(2)). Thus, the audit mandate encompasses all CG revenues and expenditures (including extrabudgetary funds and external donor-finance projects), and those of the public corporations, including the SSHFC. However, the audit of public corporations falls outside the scope of this dimension (and the entire indicator); consequently, this dimension does not further discuss it. The NAO does not directly audit the accounts of donor-financed projects. The projects engage private sector professional firms for the purpose, ostensibly because they do not use national procedures, i.e. banking, authorization, procurement, accounting, audit, disbursement and reporting arrangements for donor funds are the same as those used for government funds

Other audit reports such as the audit of the Gambia Revenue Authority, mandated to administer and collect all taxes and the bulk of non-tax revenue is also done by NAO. The status of the most recent GRA audit report could however not be established although the audit of Tax Revenue and Non-Tax Revenue is done and reported on by NAO as part of auditing the Consolidated Annual Financial Statements.

It contains the following four dimensions

- Dimension 30.1. Audit coverage and standards
- Dimension 30.2. Submission of audit reports to the legislature
- Dimension 30.3. External audit follow-up
- Dimension 30.4. Supreme Audit Institution independence

PI-30.1. Audit coverage and standards

PI-30.1 assesses key elements of external audit in terms of the scope and coverage of audit, and adherence to auditing standards. The scope of audit work has several aspects. First, it requires the coverage of total revenue, expenditure, assets, and liabilities, even if not reflected in financial reports *(see PI-29)*. Next, scope implies that audited entities and sources of funds fall within the overall risk-based annual audit plan, even if the activity does not require carrying out substantive audit work. "Scope" also includes extrabudgetary funds and social security funds *(PI-6.3)*, even where the SAI does not directly audit them due to capacity shortages but outsources the task; the key thing is for the planned audit work program to include the activity. Finally, multiyear audit programming enhances scope coverage by regularly focusing audit work on high priority or risk-prone entities and functions, while allowing sparing coverage of less risky areas.

Audit must adhere to recognized auditing standards such as the International Standards of Supreme Audit Institutions (ISSAI) and the IFAC/IAASB International Standards on Auditing (ISA). Adherence to standards primarily focuses audit work and reporting on significant and systemic PFM issues, while not neglecting financial and compliance audit activities, including expressing opinion on the financial statements, the regularity and propriety of transactions, and the functioning of internal control and procurement systems. Adherence to standards also requires the SAI to implement a quality assurance system to assess the extent to which its audits adhere to the adopted audit standards. Often, quality assurance reviews are integral to the audit work, administered by the SAI personnel not involved in carrying out the audits. However, PEFA assessment framework requires that "independent quality assurance review [QAR] reports should be the main source for assessing whether audit standards are generally adhered to". Independent quality assurance reviews include those offered via peer reviews or professional regulatory bodies. An example of such peer review is that offered by AFROSAI-E – the Africa Organization of English-speaking Supreme Audit Institutions.

The status quo in the Gambia is as follows.

Scope and coverage of audit

- The NAO's audit mandate includes all MDAs and funds of government, including extrabudgetary projects and social security funds. The audit encompasses the *consolidated annual financial statements*, which includes the revenue and expenditures of all ministries, including semi-autonomous agencies. At the time of the assessment there was a backlog in auditing the government's financial statements. with the 2019 audit report concluded in March 2022 and published in November. Audit of FY2020 is ongoing, while that of FY2021 is yet to commence *(see PI-29 above)*.
- The audit of the consolidated financial statements covers assets, liabilities, revenue, and expenditure. It also includes auditing items disclosed that are not processed in the IFMIS as result of adopting the cash basis of accounting such as expenditure accruals for example.
- Review of reporting in the completed audits (FY17, 18, and 19) reveal a focus on such systemic PFM issues as internal controls, procurement systems, revenue administration, virements, HR management, ICT/IFMIS. The reports also dealt with financial and compliance audit activities, issuing adverse audit opinions on the financial statements, and providing the basis for that, and pointed out irregularities and impropriety in many transactions, etc.
- However, audit coverage does not include
    - Extrabudgetary funds (including donor-financed projects); the number of extrabudgetary funds is unclear, as explained in PI-6 above; information from the NAO suggests that they are more than 30. The SAI outsources audit of extrabudgetary funds to private audit firms due to capacity shortages. However, audit of extrabudgetary funds is in arrears *(see PI-6.3 above)*. Another reason for not covering them is that the Consolidated Annual Financial Statements does not incorporate their transactions and balances. PI-6 above estimates the revenues and expenditures of some of these extrabudgetary funds to be about 35 percent and 40 percent respectively.
    - Self-raised revenues and expenditures therefrom of MDAs authorized by MoFEA under constitutional requirements for such purpose. Estimates of the sizes of these are not available.
    - Self-accounting projects, including donor-financed and executed projects, as stated above; thus, audit focuses on mostly GLF (domestic) revenue and expenditure, whiles excluding donor many donor-financed projects
- This means that, at best, the scope of audit covers 65 percent of revenues and 60 percent of expenditures.

Adherence to auditing standards

- The NAO has adopted the international audit standards (ISSAIs) and conducts its audits per these standards.
- The NAO indicated that it does have a formal internal quality assurance system comprised of persons not involved in audit work in place to assess and promote compliance with audit standards, based on the AFOSAI-E diagnostic tool (Institutional Capacity Building Framework (ICBF)). However, it was not possible to access and analyze the outcome of the ICBF annual assessments for 2019 – 2021.
- NAO opted not to participate in the INTOSAI Performance Management Framework (PMF) diagnostic tool administered by the INTOSAI Development Initiative (IDI) which is a global tool, and which informs IDI's support strategies.
- The NAO indicated that the last AFROSAI-E peer review team visited in 2017, i.e., five years back.

Performance level and evidence for scoring the dimension

The foregoing analysis and narrative shows that audit focuses both on PFM systemic issues and financial and compliance issues, and covers government revenues, expenditures, assets, and liabilities. However, audit only covers, at most, 65 percent of government revenue, and 60 percent of government expenditures.

This level of performance does not meet the requirements for a higher score. Consequently, the applicable score if **C**. The requirement for a C score is that "Financial reports of central government entities representing the **majority** [50 percent and above by value] of total expenditures and revenues have been audited, using ISSAIs or national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant significant issues."

PI-30.2 Submission of audit reports to the legislature

PI-30 assesses the timeliness of submission of the audit report(s) on budget execution to the legislature, which is a key element in ensuring timely accountability of the executive to the legislature and the public. The dimension measures delays in submitting the audit report from the date the external auditors received an auditable version of the financial statement for audit. Thus, if the auditor returns an early draft of the financial statements received from the treasury for correction of major errors, the date of receipt recalibrates to the date the treasury (re)submits a duly corrected version, and the external auditors accept it. The assessment methodology makes this clear when it states that, "The PEFA framework measures delays in the submission of audit reports from the date of the audit office's receipt of the relevant financial reports"[1]. This dimension complements dimension PI-29.2 in distinguishing the source of delays in the submission of audit reports to the legislature.

This dimension assesses the activity of the SAI during the last three completed fiscal years; it does not necessarily assess the timeliness of audit of the financial reports of the last three completed fiscal years. Thus, it measures the timeframe between the receipt of all financial reports for budget execution covered during the period and the submission of the audit reports to the legislature. This is so, even if the reports received and audited in the last three completed fiscal years relate to earlier years, and not to those three years. The delays considered are only those relating to audit of the annual budget execution report (i.e., the government consolidated financial statements), and not for any other audits performed and submitted to the legislature by the SAI, e.g., performance audit reports. The National Audit Office (NAO) Act sets a six-month timeline from the receipt of the consolidated annual financial statements to the date of submission of the completed audit report to the National Assembly, although the PFA prescribes three months time limit.

The audit of fiscal 2020 and 2021 financial statements is still outstanding, as already stated variously; audit of FY2020 statements is ongoing, while that of FY2021 is yet to commence – the financial statements are yet in draft form. Information on the dates of financial statements received by the NAO in the last three completed financial years (i.e., January 1 to December 31, 2019, 2020, and 2021, respectively) is not available. It was not possible to obtain all the necessary evidence either from the NAO or the AGD. The evidence obtained is to the effect that the last audit report submitted to the legislature was for FY19, i.e., January 1 – December 31, 2019. The initial date of submission of that year's financial statements for audit was audit June 3, 2020; however, initial submissions of financial statements in The Gambia are usually inaccurate and subsequent submissions are often necessary to bring the statements to an auditable state. This was also the suggestion in this case, although it was not possible to obtain the final date of submission.

Searches at the NAO website, which hosts information on published audited financial statements, auditor's reports, and, sometimes, their dates of completion and release to the public, yield incomplete information. Information successfully obtained from the website include the following:

- FY2017 audit report: completed and submitted to the GoTG on 18 December 2019[2]; the National Assembly Finance and Public Accounts Committee (FPAC) discussed the report in February 2021, during which session, the FPAC (i)

[1] See: PEFA Fieldguide, 2/e, 2018, *p. 172*

[2] Audit Report on GoTG Accounts – 2017: Certificate of The Auditor General, *p. 7 of 378*

submitted follow up recommendations on the prior year (FY2016) issues that remained unresolved *(see PI-31 below)*, and (ii) crucial findings in the main 2017 audit report[1].

- FY2018 audit report: completed and submitted to MoFEA through the accountant general on 11 August 2020[2]
- FY2019 audit: published to the public on November 23, 2022; however, the report does not indicate the date of completion unlike the 2017 and 2018 reports. The NAO explained that constitutional requirements prevent it from publishing the audit reports until after its presentation and discussion by the legislature; see *s. 160(1)e* of the 1997 Constitution of The Gambia.

Documentary evidence obtained from the National Audit Office indicates that the finalization and submission of the audit report to MoFEA was on March 14, 2022[3], and its submission to the National Assembly was in November 2022. However, enquiries at the NA on November 11, 2022, show that the last audit report received for review was that of FY 2018; FY2019 was still outstanding. This is an eight-month delay. The auditor general does not submit the report directly to the NA; the Minister of Finance does so on its behalf, and it took about eight months after receipt of the completed audit report to do so.

The dates of receipt of the financial statements for audit are not available, except, possibly, for the 2019 statements. Evidently, completion and submission of financial statements for audit have always been in arrears some years now. The initial date of submission of fiscal 2019 financial statements for audit was audit June 3, 2020. These initial submissions are usually inaccurate and subsequent submissions are often necessary to correct errors and bring the statements to an auditable state, as already indicated. The NAO also suggested that this was the case regarding the 2019 statements, although, it did not provide evidence of the final date of submission of acceptable statements for audit. Consequently, the initial submission date of June 3, 2020, stands, and the total time taken from the initial receipt of the financial statements for audit and the submission of the finalized audit report to the legislature in November 2022 was about 29 months.

As noted repeatedly in this report, a local custom prevents the auditor general from directly submitting audit reports on the consolidated annual reports financial statements (only) to the legislature. The auditor general may preset other audit reports directly, e.g., performance audit reports, but not the annual financial audit reports. A note posted on the NAO's website (www.nao.gm) explains the strange practice and its consequences thus:

> "Tabling of reports and their discussion at National Assembly
>
> "Although there is no law barring the Auditor General from laying reports at the National Assembly, the current practice for tabling government of the Gambia annual financial reports to the national assembly is done through the minister for finance and economic affairs. All other audit reports such as performance and local government are submitted by the NAO. Performance reports are submitted to the Assembly through the Clerk of the National Assembly who is required to distribute it to the members and … [arrange] for discussion of the reports, other reports are submitted to the NA by the auditees themselves.
>
> "This has resulted to delays and, in some cases, non-discussion of our audit reports …This affects publication and citizens' right to access audit reports."

Performance level and evidence for scoring the dimension

The forgoing narrative and analysis indicate that, when the information is available, significant time elapses between the date of receipt of financial statements for audit and the date of submission of the finalized audit to the legislature for discussion. Submission of the audited 2019 financial statements to the legislature took 29 months from the date of its receipt on June 3, 2020.

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[1] The Gambia National Audit Office: "Summarized Audit Report, Financial Statements of the Government of the Gambia – Financial Year 2017", www.nao.gm; *p. 3*

[2] National Audit Office: Auditor General's Letter to the Accountant General, dated 11 August 2020, Ref. HC 93/201/01/Part X111 (5), titled, "Management Letter – Audit of the Financial Statements for the Year Ended 31 December 2018"; see the 2018 Management Letter.

[3] See Auditor General's Letter to the Accountant General, ref. Ref: HC 93/201/01 Part XV (16), dated 14 March 2022, and titled, "Audit of 2019 Financial Statements of the Government of The Gambia-Final Management Letter".

This level of performance does not meet the requirements for a higher score. Consequently, the score for this dimension is **D**.

Table 30.3: *Timing of audit reports for Budgetary Central Government submission to the legislature*

Fiscal years	Dates of receipt of the financial reports by the audit office		Dates of submission of the financial audit reports to the legislature *
	Initial Submission	Final Submission *	
2019	June 3, 2020	NA	November 2022
2018	NA	NA	NA
2017	NA	NA	18 December 2019

PI-30.3. External audit follow-up

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive of the audited entity. Given the significant backlog in the submission of annual financial statements for audit purposes and the finalization of the audit reporting process (management letter, audit report and including recommendations arising from legislative oversight), the effectiveness of follow-up by the executive will only become evident once these recommendations are presented. As such, depending on the extent of the backlog, currently 3 years, recommendations can only be implemented at entity level once presented (initially as part of the management letters) and recurrence (repetition) of the audit finding will continue each year until such time addressing the recommendations take effect. The 2019 Management Letter (par. 3.20 (page 272)) reflect on the results of the Auditor General following up on the 2018 audit recommendations as an example of the impact of the backlog where 80% of recommendations were not (yet) addressed, as illustrated in Table 30.4.i.e.-

Table 30.4: *Summary of NAO follow-up on status of implementing recommendations of the 2018 audit*

Status Categories	Statistics	
	Quantity	%
Implemented	9	8%
Partially Implemented	13	12%
Not Implemented	85	80%
TOTALS:	**107**	

Source: *Management Letter for the audit of the Consolidated Annual Financial Statements 2019*

Discussions held with NAO revealed that follow-up on how the executives dealt with audit recommendations (monitoring)is done when the next audit is conducted i.e., there is no formal tracking register or tool in use at NAO level nor at entity level. Discussions with Director PFMD however indicated that an *Audit Implementing Committee* has been established that receives copies of all NAO reports and direct action to be taken. Minutes of the Committee meetings for 2019 – 2022 have been presented. The actual register to monitor implementation is however not fully operational, mainly because of the time-lag in tabling of the audit reports.

It should be noted that the Office of the Accountant General responds on behalf of all implicated MDAs on all the audit findings as presented in the Management Letter for the audit of the Consolidated Annual Financial Statements. As such the responsibility and commitment for implementing relevant audit recommendations at ministry and/or directorate levels is not necessarily clear and agreed upon. The 2019 Management Letter contains 125 High level and 12 Medium level audit findings. Each individual audit finding provides a template for the management response in the following format as illustrated in table 30.5. Review of the management letter reveals that for most findings details of (i) Action to be taken; (ii) Officer responsible for the remedial action, and (iii) Date when the situation will be regularized have not been provided.

Table 30.5: *Template for Management Responses to Audit Findings*

Management Response	Comments provided in all instances

Action to be taken	Very limited responses recorded
Officer responsible for the remedial action	Very limited responsibilities assigned
Date when the situation will be regularized	Very limited commitments recorded

Source: *2019 NAO Management Letter*

Based on the analysis and supporting evidence which is limited to the 2019 audit report and only BCG, the score for the present dimension is **D**

PI-30.4. Supreme audit institution independence

Performance level and evidence for scoring the dimension

This dimension assesses the independence of the SAI from the Executive and is based on the criteria as set out in table 30.6 i.e.-

Table 30.6: *Assessment Criteria for the Independence of the SAI*

Element/ Requirements	Met (Y/N)	Evidence used/Comments
1.The SAI operates independently from the executive on ALL audits performed, except as indicated below		
- procedures for appointment and removal of the head of the SAI	Y	The 1997 Constitution (PART II; sections 158(2) and (5)) provides for the appointment and removal of the Auditor General by the President (after consultation with the Public Service Commission) of the country, and the AG is mandated in section 159 to appoint its own staff.
- the planning of audit engagements	Y	The Auditor General is given the mandate to conduct audits without any other person or authority giving direction or having control in terms of the NAO Act (s14(a)). The audit planning is done in line with the adopted standards and strategic planning of the NAO.
- arrangements for publicizing reports	N	Section 160 (1)e of the Constitution prescribes that if there is a delay in the National Assembly, the Auditor General may publish its report before the discussion in the National Assembly. In practice: Evidence from the NAO is that the Auditor General submits its audit reports to the Minister of Finance (i.e., not directly to the National Assembly) who then tables the reports in the National Assembly. NAO can only publish reports once this tabling is done, which for these criteria is regarded as representing a restriction on the Auditor General's independence. (Also refer ISSAI 10 (Principle 6) – The Mexico Declaration on SAI Independence).
- the approval and execution of the SAI's budget.	Y	Staffing - The National Audit Office Act, 2015, provides in section 5 for a National Audit Office Board that will oversee recruiting of the deputy auditors general and advise on recruiting professional staff, and monitor performance of the AG Funding – NAO is regarded as a semi-autonomous agency that is mandated to maintain and manage its own bank account. Its Budget is approved by the National Assembly and included in the Budget of BCG Government. The NAO Board also assist in the review of the NAO annual Budget for approval by the National Assembly separately from the Budget approval for national government.
2. This independence is assured by law.	Y	Section 160 (7) of the Constitution provides for it
3. The SAI has unrestricted and timely access to records, documentation, and information for:		
- all audited entities	Y	Both the Constitution (s160(4) & (8)) and NAO Act (s 14) ensures un-restricted access to information, and records.

NAO has a mandate to conduct other audits also such as Performance Audits (also refer PI 8.4) and Compliance and Special Audits, copies of the following audits available on its website i.e.

Table 30.7.1: *List of NAO Performance Audit Reports*

Ref	Subject Matter	Date reflected on website
1	CPA Cargo Handling by GPA	24 February 2022
2	Provision of Farm Inputs by MoA	24 February 2022
3	Follow-up audit on the Storage & Distribution of Drugs by the Central Medical Stores (CMS)	05 May 2021

4	Emergency Obstetric Care provided at Public Health facilities by the MoH	20 January 2020
5	Monitoring of the Education System by the MoBSE	01 December 2019
6	Management of Community Fisheries by the Ministry of Fisheries & Water Resources (Report 2018)	09 July 2019
7	The Gambia Storage & Distribution of Drugs by the Central Medical Store (Report 2018)	09 July 2019
8	Distribution of Electricity in the Greater Banjul Area by the National Water and Electricity Company (Report 2017)	09 July 2019
9	HIV/AIDS Prevention & Treatment, Care & Support Programmes by the National Aids Secretariat (Report 2016)	09 July 2019

Table 30.7.2: *List of reports for NAO Compliance and Special Audits conducted*

Ref	Subject Matter	Date reflected on website
1	Management Letter: Audit of Eco-Tourism Camps & Lodges	01 November 2022
2	Management Letter: Securipol Audit	01 November 2022
3	Banjul Rehabilitation Project	05 August 2022
4	Administration Management of Diplomatic and Service Passports	22 March 2022
5	Construction of Roads and Culverts – Brikama Tamisa & Tujereng	03 March 2022
6	Covid Phase 1	09 February 2022

Based on the analysis and supporting evidence, the score for the present dimension is **B**

Recent or ongoing reform activities

No reforms indicated.

PI-31. Legislative scrutiny of audit reports

Summary of scores and performance table		
Indicator/Dimension	**Score**	**Brief justification for score**
PI-31 Legislative scrutiny of audit reports (M2/AV)	**D**	**The relevant supporting information is not available to assess each of the 4 dimensions.**
31.1 Timing of audit report scrutiny	**D***	The time frame for legislative scrutiny of all relevant audit reports could not be confirmed against available data.
31.2 Hearings on audit findings	**D***	The extent that entities other than the Office of the Accountant General on behalf of CBG, could not be validated.
31.3 Recommendations on audit by legislature	**D***	Recommendations are issued by the National Assembly; however, it could not be validated against supporting information, and there is no "in-year" tracking tool within the NA to monitor progress and status.
31.4 Transparency of legislative scrutiny of audit reports	**D***	The extent that the public had access to all hearings or committee reports could not be validated based on available information or against the NA website.

General description of the characteristics of the indicator within the scope covered

This indicator focuses on legislative scrutiny of the audited financial reports of the central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and act on their behalf. It contains four dimensions and uses the **M2 (AV)** method for aggregating dimension scores. The main source of information was having a meeting with the Director of Committees of the National Assembly and review of documents presented or available on the NA website (Hansards), and on the NAO website (refer PI 30.2 discussions and analysis presented).

The National Assembly (NA) is established by law in the Constitution, 199, Chapter VII (sections 87 – 119). Section 102 (c) prescribes that the Additional Functions of the NA include the examination of the accounts and expenditure of the Government and other public bodies funded by public money and the reports of the Auditor General thereon. Section 108 (1) provides for NA to develop Standing Orders, and the new revised Standing Orders 2019 was published June 2020 (previously Standing Order No 77 (2001 Edition) as such revoked). Section 109 (1)(b) provides for the establishment of the Finance and Public Accounts Committee (FPAC) and Standing Order 112(2) provides FPAC with the relevant mandate

"*….to examine the accounts showing the appropriation of the sums granted by the Assembly to meet the public expenditure and such other accounts laid before the Assembly as the Assembly may refer to the committee together with, the Auditor's report thereon".*

Providing for FPAC scrutiny of audit reports and conducting hearings is dependent on (i) the NA calendar, and (ii) status of NAO audit reports. At the time of the assessment NAO published the Audit Report on the 2019 Consolidates Annual Financial Statements (BCG). Table 30.2 (PI 30.2) analyses the status of reports finalized by NAO 2019 – 2022 as per NAO records. Table 30.3 (incomplete) is developed to present the status of submission of audit reports to NA, however still awaiting additional information to complete the table. The Consolidated Annual Financial Statements of Government includes BCG, as such audit reports on agencies are issued separately per agency. Information on the status of these audit reports is still outstanding.

The indicator has the following four dimensions

- Dimension 31.1. Timing of audit report scrutiny
- Dimension 31.2. Hearings on audit findings
- Dimension 31.3. Recommendations on audit by legislature
- Dimension 31.4. Transparency of legislative scrutiny of audit reports

PI-31.1. Timing of audit report scrutiny

Performance level and evidence for scoring the dimension

This dimension assesses the timeliness of the Legislature's scrutiny. Table 30.2 (PI 30) sets out dates of publication of NAO reports, mainly dealing with the Consolidated Annual Financial Statements for BCG with information on the autonomous agencies not validated. The actual dates that the NA received audit reports and the date of scrutiny of such reports could not be validated based on information supplied.

Hence, the score for the present dimension is **D***

PI-31.2 Hearings on audit findings

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which hearings on SAI key findings take place. In-depth hearings on the NAO reporting on government's Consolidated Annual Financial Statements are conducted with only the Office of the Accountant General and the Auditor General (NAO) in attendance (i.e., individual Vote Controllers do not normally attend the hearing though the FPAC can call anyone to such a hearing). It is compulsory in terms of SO 112 (4) for the Auditor General or its representatives to attend all NA hearings.

NAO issued adverse audit opinions in the 2017 – 2019 audit reports on the Consolidation Annual Financial Statements. The status and nature of audit opinions on the other audited entities could not be validated against available information and based on the information available, the extent that entities (other than the Accountant General on behalf of BCG) attend hearings could also not be validated.

Hence, the score for the present dimension is **D***

PI-31.3. Recommendations on audit by legislature

Performance level and evidence for scoring the dimension

This dimension assesses the extent to which Legislature issues recommendations and follows up on their implementations. In terms of the rules of the National Assembly, all responses to the Committees of the National Assembly must be submitted within 30 days. Based on discussions. Follow- up of the implementation of FPAC recommendations is done during the FPAC scrutiny of subsequent audit reports tabled and hearings. There is no "in-between" tracking of the status of implementation and given the backlog, it is an undesired situation for the committee as communicated during the meeting with the Director of Committees.

Given the period between year covered in the audit report and the date of any NAO and FPAC recommendations issued, the impact of implementation of these recommendations will only be assessable in some future years if follow-up is only limited to or dependent on annual audit reports. This underlines the value of having a (systematic) Tracking System in place to monitor implementation on a "real time" basis throughout the year(s). The nature and extent of recommendations made following on actual hearings could not be determined (validated) as information is still outstanding

Hence the score for the present dimension is **D*.**

PI-31.4. Transparency of legislative scrutiny of audit reports

Performance level and evidence for scoring the dimension

This dimension assesses the transparency of the scrutiny in terms of public access. The NA Committee Director explained that All FPAC (committee) sessions are televised live to promote transparency and access to proceedings by the public. Only FPAC members may ask questions during these FPAC hearings. Committee reports are summarized, and the resolutions are presented for discussion in parliament. The actual number of hearings (refer discussions in PI31.2) and the extent that they were accessible by the public, or the public having access reports by the committee, could not be validated against available information or against the NA website.

Hence, the score for the present dimension is **D***

Recent or ongoing reform activities

No new reforms are evident in tis area.

4. Conclusions of the analysis of PFM systems

This chapter presents an integrated analysis of the assessments in Chapters 2 and 3 above and draws generalized conclusions of PFM performance. It assesses PFM performance across the seven pillars, rather than as standalone indicators. The purpose is twofold - to demonstrate the interdependence of the PFM pillars and how they affect the government's ability to achieve advertised fiscal and budgetary outcomes and to identify the main weaknesses of PFM that the government needs to address to enhance performance. The chapter comprises three subsections, namely integrated assessment of PFM performance, effectiveness of the internal control framework, and PFM strengths and weaknesses.

4.1. Integrated assessment of PFM performance

This integrated assessment highlights identified PFM strengths and weaknesses behind the performances recorded in the indicator assessments in Section 3. It expounds the interdependence among the indicators of each pillar and across the seven pillars, the interrelatedness and mutual impact of the pillars on each other, and how performance of certain indicators and dimensions depends on the performance of others.

Pillar I. Budget reliability

Pillar 1 assessment outcomes presents the immediate results of the PFM system; it is a summary representation of how the activities of the budget cycle are performing. The pillar comprised three performance indicators, i.e., aggregate expenditure outturn, expenditure composition outturn, revenue outturn. The most important good story here is in the use of contingency votes to meet expenditures unforeseen at the time of preparing the budget. Overall, reallocations from the contingency arrangements averaged less than three percent, i.e., within international good practice standards, resulting in an assessment of "A". Apart from this, performance under this pillar fell well short of good practices, with all the other dimensions assessing as D. In other words, the budgets did not provide a reliable basis for short-term fiscal management and long-term fiscal sustainability.

Being output and not process indicators, the factors responsible for the nonreliability of the budget within the period assessed, i.e., FY2019 to FY2021, are not inherent in the dimensions and indicators of Pillar 1. Instead, they lie outside them, in the processes and activities of the indicators and dimensions of the other pillars, especially Pillars 3, 4, and 5. These factors include the following,

- Weaknesses observed in fiscal policy formulation, including medium fiscal programming, as assessed under *PI-14.2, PI-15.1, PI-16.1*
- Policy initiatives or other post-budget spending decisions outside the annual budget process, as assessed under *PI-18.4, PI-21.4*
- Major reallocations between ministries and programs, as assessed under *PI-18.4, PI-21.4*
- Over-optimistic or otherwise unreliable revenue estimates, including both tax and nontax revenues, as assessed under *PI-3*
- Poor costing of investment projects, as assessed under *PI-11.3*
- Allocation of grants and other budgetary support by development partners outside the annual budget cycle, as assessed under *PI-6*
- Incomplete reporting of government operations, as assessed under *PI-29.1*
- Poor performances of the assessment of revenue indicators – revenue administration *(PI-19)* and accounting for revenue *(PI-20)*

Pillar II. Transparency of public finances

Transparency plays, at least, four key roles in PFM. It enhances (i) conduct of activities within the agreed fiscal policy framework, (ii) arrangements for budget management and reporting, (iii) external scrutiny of government policies and programs and their implementation, and (iv) achievement of desirable budget outcomes by empowering the legislature and civil society to hold the executive accountable for budget policy decisions and the management of public funds. The sole good story in the set of six indicators that comprise this pillar is in "System for Allocating Transfers" (PI-7.1). PI-7 assessed well because of good practice in the area, but by default; the government does not abide by the legal provisions in transfers to subnational governments. Instead, it makes a uniform block transfer to all LGs annually. The remaining dimensions and indicators of this pillar and of the other five indicators of this pillar did not return good assessments, impacted by and impacting on poor results in the indicators and dimensions of other pillars, as shown below.

Reforms were incomplete, partial, or stalled in several indicators and dimensions of this transparency pillar, which impacted adversely on the other dimensions and indicators of the pillar and beyond. For example,

- The otherwise highly advanced chart of accounts reforms *(PI-4)*, tailored to the GFS 2014, did not carry through with recommended additional reforms to amend the CoA to enable the effective tracking of capital expenditures[1]. Thus, budget classification is according to recurrent and development expenditures, whereas yearend reporting uses recurrent and capital, to comply with IPSAS requirements. This unequal reporting is confusing to readers and users of government fiscal reports *(See PI-28.1 on the coverage and comparability of reports*.
- Incomplete budget documentation reforms *(PI-5)* affected the assessment of *PI-9* on public access to fiscal information, among others

Conversely, incomplete and/or partial reforms in assets and liabilities management (Pillar 3), budget management (Pillar 4), and accounting and treasury (Pillar 6) impacted adversely on the state of transparency of public finances. To illustrate,

- Flaws reported in the monitoring of contingent liabilities and fiscal risks (PI-10.3) and financial assets (PI-12.1), and the recording and reporting of debt and guarantees (PI-13.1) affected different elements of PI-5 on budget documentation.
- The incomplete reform of MoFEA compelling budget agencies to prepare and submit three-year medium-term budget proposals to it annually but failing to reflect its medium-term perspective in the executive budget proposal presented to the legislature affected assessment outcomes in *PI-5*., as also did incomplete reforms in macroeconomic and fiscal management *(PI-14)*, fiscal strategy *(PI-15)* and medium-term-term perspectives in expenditure management *(PI-16)*, which did not assess well.
- Incomplete but ongoing accounts and treasury reforms to migrate local governments and donor funded projects into the IFMIS platform *(PI-29)* affected the outcomes *PI-6* on central government operations outside financial reports.

Pillar III. Management of assets and liabilities

Effective assets and liabilities management enhance the identification, monitoring and mitigation of fiscal risks and promotes value-for-money (VFM) in public investments. The greatest areas of strength in this pillar are in 'debt management strategy' *(PI-13.3)*, rated "B" and Economic analysis of investment proposals *(PI-11.1)*, rated "C". MoFEA has sustained the good practice of publishing the Medium-Term Debt Strategy (MTDS), with the latest edition relating to 2022 – 2026. The strategy has good coverage, which includes projected government debt, target ranges for interest rates, refinancing, and foreign currency risks. Regarding the economic analysis of investment proposals, external donors fund most of the eight major public-investment projects, and they use their own project appraisal techniques to appraise projects. However, no national guidelines currently exist for regulating project appraisals, and there is no independent oversight over them by MoFEA or other authourity.

The remaining dimensions and indicators of this pillar did not perform well, with their inherent flaws mutually affecting each other. For instance, flaws in the monitoring of public corporations (*PI-10.1)* contingent liabilities and other fiscal risks *(PI- 10.3)*, and financial asset monitoring *(PI-12.1)* mutually weaken and stall each other.

Similarly, the impact of this pillar extends outside it to other areas of PFM, especially transparency of public finances. Thus, the following weaknesses in this pillar impacted the performance of budget documentation *(PI-5)*, i.e.,

- Monitoring of "contingent liabilities and other fiscal risks" *(PI- 10.3)* - ability to include summary information on fiscal risks *(Element 9)* in budget documentation
- Financial asset monitoring *(PI-12.1)* – ability to include information on financial assets (Element 8)

[1] See the IMF 2019 PIMA report, *pp. 9, 12, 21 – 22, 51*

- Recording and reporting of debt and guarantees *(PI-13.1)* – ability to include information on debt stock *(Element 7)*

Weak performance in other areas also impacted performance in this area. For instance, flaws in the monitoring of local governments and public corporations *(PI-10)* are partially due to incomplete or ongoing reforms in the clearance of the backlog in accounts preparation *(PI-29)* and external audit *(PI-30)*, and local government.

Pillar IV. Policy-based fiscal strategy and budgeting

Policy-based fiscal strategy and budgeting facilitates macroeconomic forecasting and fiscal policy formulation, definition of fiscal constraints to anchor realistic fiscal projections, strategy planning and budgeting, and waste minimization by optimizing the composition of revenue and expenditure in budget allocation. The pillar covers *PIs 14 to 18*. The evidence of the assessment shows *PI-18 (legislative scrutiny of budgets)* to be one of the best performing areas of PFM. Three dimensions of the indicator posted high rates, indicating performance levels approximating international good practice standards. Budget scrutiny *(PI-18.1)* includes a review of fiscal policy; the legislature always approves the budget before the beginning of the fiscal year *(PI-18.3)*; and adherence to rules for administrative budget adjustments is most instances, although the rules allow for extensive administrative reallocations *(PI-18.4)*, which was instrumental to the issues of fiscal discipline that undermined performance in aggregate expenditure outturn *(PI-1)* and expenditure composition outturn in (PI-2). Apart from this, all other dimensions and indicators in this pillar showed weaknesses.

Indeed, policy-based fiscal strategy and budgeting is easily the weakest link in the PFM chain in The Gambia. The weaknesses in the different indicators and dimensions mutually undermined each other. For instance, the non-preparation of macroeconomic and fiscal forecasting *(PI-14)* undermined preparation of fiscal strategy *(PI-15)*, both of which adversely affected the performance of medium-term perspective in expenditure budgeting *(PI-16)*, including ability to secure consistency of budgets with previous year's estimates *(PI-16. 4)*.

The weaknesses in this pillar are the most important factors behind the issues of fiscal and budget indiscipline that the poor assessment of Pillar 1 (Budget Reliability) indicators and dimensions. For instance, the lack of fiscal forecasts *(PI-14.2)* and medium-term fiscal estimates *(PI-16.1)* prevented the imposition hard budget constraints that would have capped expenditures within enforceable medium-term aggregate and sectoral ceilings. This greatly contributed to the poor assessments in aggregate and expenditure composition outturns in *PIs 1 and 2*, and revenue outturn in *PI-3*. The lack of fiscal strategy *(PI-15)* also contributed to the poor performance of *PI-3*.

Pillar V. Predictability and control in budget execution

The role of 'predictability and control in budget execution' in PFM is to bring in the budget as made, i.e., as intended by the government and approved by the legislature. The availability of resources must be predictable (i.e., as needed) and budget execution must take place within the "controlled" environment of strict adherence to policies, regulations, and laws. An understanding of the role predictability and control in budget execution' makes the criticality of this pillar immediately apparent. The eight indicators of this pillar and their dimensions either mutually support and reinforce, or undermine, each other.

An important storyline here is the ongoing procurement reforms to correct some of the anomalies plaguing PFM in the Gambia. The newly enacted Gambia Public Procurement Act (GPPA) 2022 seeks to enhance competitiveness in public procurement, minimize contract splitting and inordinate use of uncompetitive procurement methods, and boost VFM in service delivery. Procurement management *(PI-24)* performed poorly in this assessment, a performance that impacted heavily on other indicators in this pillar and beyond. Within the pillar, weaknesses in the current procurement management approaches adversely affected assessment outcomes in predictability of in-year resource allocation *(PI-21)* and expenditure arrears *(PI-22)*. Beyond the pillar, these procurement management flaws affected aggregate expenditure outturns *(PI-1)*, expenditure composition outturn *(PI-2)*, and central government operations outside financial reports *(PI-6)*.

Beyond procurement, the performance of the other indicators and dimensions in the pillar affected outcomes within and outside the pillar. For instance, the poor outcomes of revenue administration *(PI-19)* redounded on accounting for revenues *(PI-20)* and vice versa. Beyond *Pillar V*, weaknesses inherent in revenue administration *(PI-19)* and accounting for revenues *(PI-20)* contributed to the poor performance of revenue outturns *(PI-3)*. In addition, flaws in monitoring and controlling expenditure payment arrears *(PI-22)* contributed to the inability to control aggregate expenditure outcomes *(PI-1)*.

Pillar VI. Accounting and reporting

The accounting and reporting function of PFM ensures the maintenance of accurate and reliable records, and the timely production and dissemination of information to meet decision-making, management, and reporting needs. Performances of the three indicators of the pillar also reflect on each other and on other indicators outside the pillar. The indicators are *PI-27 (financial data integrity), PI-28 (in-year budget reports),* and *PI 29 (annual financial reports)*.

Adherence to accounting standards (PI-29.3) exhibited the strongest performance recorded in this pillar, i.e., "B", reflecting the strides recorded in the several years of consistent attempt to comply with IPSAS Cash reporting requirements. The auditor general acknowledged the significant progress made in this regard, notwithstanding that gaps remain. The most important element of these gaps is the non-inclusion of information on self accounting projects (SAP), SOEs, etc., in the annual consolidated financial statements. Incidentally, this factor reflected adversely on the assessment outcomes of several other indicators, including *PI-1 (aggregate expenditure outturn), PI-2 (expenditure composition outturn), PI-6 (central government operations outside financial reports),* and *PI-10 (fiscal risk reporting),* among others. The impact of *PI-29 (annual financial reports)* in general, also extended to public access to fiscal information *(PI-9, Element 5),* the monitoring of both financial and nonfinancial assets *(PI-12)*, external audit *(PI-30)*, and legislative scrutiny of audit reports *(PI-31)*.

Pillar VII. External scrutiny and audit

The extent to which the function of external audit and legislative scrutiny of public finances is effective determines the extent to which it is possible to hold the executive accountable for its fiscal and spending policies and their implementation. The best performance among the combined eight dimensions of the two indicators of this pillar is the relative freedom allowed the auditor general and the National Audit Office (NAO) to do their work without interference, except with respect "arrangements for publicizing reports" *(see PI-30.4 - Supreme Audit Institution Independence)*. The auditor-general may not submit audit reports to the legislature director, but must submit it to the minister of finance, who determines when to "table" it before the National Assembly. The delay caused by this and by audit arrears *(see below)* affected ability to release audit to the public as *(PI-9: Element 5)* requires.

No other dimension in this pillar recorded good assessment, partially affected by the ongoing but incomplete reform to clear the backlog of preparation of audit report. The reforms are also simultaneously addressing delays in the preparation of annual financial statements *(PI-29: annual financial reports)*, which while going faster, is also contributing to the buildup of audit arrears. Besides, the poor auditable quality of the initial financial statements produced under these reforms is another factor delaying audit. Inadequate audit personnel, especially in the face of this bunch up of audit arrears, is another important factor.

4.2. Effectiveness of the internal control framework[1]

Overall, the IC system requires strengthening to achieve the four key control objectives[2] and the three fiscal and budgetary goals of government, i.e., aggregate fiscal discipline, strategic prioritization and allocation of resources, and efficient delivery of services. The four control objectives

- Execution of operations in an orderly, ethical, economical, efficient, and effective manner
- Fulfilment of accountability obligations
- Compliance with applicable laws and regulations, and
- Safeguard of resources against loss, misuse, and damage

[1] This assessment concentrates on the areas of PFM not working well rather than the areas that work well, e.g., the IFMIS that is supporting budget formulation, execution, and reporting. This is necessary to contain the length of this section within the prescribed limit.

[2] See the next sentence.

The discussion structures around the five components of internal controls identified by international standards and highlighted in *Chapter 2*, i.e., (i) control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, (v) monitoring.

Control environment

The regulatory framework provides a control environment for the formulation, execution, and reporting of the budget according to policies and guidelines as directed MoFEA. However, gaps in the framework create situations that do not encourage orderly, ethical, economical, efficient, and effective operations, as the following examples in budgeting and public procurement illustrate.

Virement provisions in the PFA 2014 and the FR 2016[1]

- Allow a wide bandwidth for virement, i.e., up to 75 percent of the approved expenditures of the donor or receiving budget entity, creating a disincentive for making tight budgets *ab initio* and engendering an atmosphere for fiscal indiscipline.
- Weak enforcement of this already wide latitude for virement leads to its violation, e.g., by exceeding the already excessive 75 percent limit and by viring among budget agencies without recourse to the vote controllers, as the framework requires *(see PI-18.4).* This is an additional disincentive for budget agencies to 'get budget costing right from the beginning', thereby obviating or, at least, minimizing the need for midstream adjustments.
- Give MoFEA the freedom to decide when, and how to introduce multiyear budgets to the legislature. This open-ended freedom is behind the lack of multiyear perspective in the country's budgets. The situation thus exists, where MoFEA demands multiyear budgets from budget entities, but presents only one-year estimates to the NA and the public *(see PIs 14 - 16)*.

Consequently, the control environment inadvertently fails to promote orderliness, ethics, economy, efficiency, and effectiveness of operations by failing to require the making of realistic budgets and strictly adhering to them, and by allowing virement as a way out of budgeting inadequacies. The pervading atmosphere within the government is that the budget a "mere" estimate, which can never be accurate (read: reliable), and that liberal virement is, therefore, an inevitable accompaniment of budgeting. This inaccurate portrayal of the government budget summarizes the control environment and explains the poor assessment outcomes in *PIs 1 and 2*.

Loopholes in the GPPA Act 2014 and weak enforcement of the law created an atmosphere for

- The excessive use of uncompetitive procurement methods, undermining due process *(PI-19)*.
- Other contract violations such as non-gazetting of the award of a major capital works contract[2] (value: US $35,720,000.00) for up to "18 months after the commencement of the contract"[3], commencement of work on the contract two months before the signing of the contract, among other[4].

The failure to comply with the provisions of the procurement created practical situations that could cause losses to the government. For instance, the 2019 audit reported that "Flaws in Banjul Drainage, Roads, and Sewage (BDRS) project" raised "a likelihood that huge premium would be paid to the Contractor for its contingency and risk" due to "major omissions such as detailed study and design, work schedule, and Bill of Quantity (BOQ) that were not submitted by the contractor (GAI)"[5]. The audit report further submitted that, "Modification to design may attract extra cost to government. There is also no evidence of due diligence conducted to confirm that the contractor has available financial resources including performance security to execute the project."[6]

The two examples of loose control environment in budgeting and public procurement are illustrative, but not exhaustive. Additional examples exist, analysis of which time and space would not permit, e.g., in revenue

[1] Section 29, PFA 2014
[2] Banjul Drainage Roads and Sewage Project (BDRS)
[3] See: Certificate of the Auditor General, The Audited Government of The Gambia consolidated Financial Statements 31 December 2019, *page 7 of 393*
[4] ibidem
[5] ibidem
[6] ibidem

administration and accounting, debt management, and public asset management. In effect, the control environment requires significant tightening to promote an atmosphere for fulfilling the IC objectives of execution of operations in an orderly, ethical, economical, efficient, and effective manner; fulfilment of accountability obligations; compliance with applicable laws and regulations; and safeguard of resources against loss, misuse, and damage.

Risk assessment

"Risk" is the possibility that an event will occur that adversely affects the achievement of organizational objectives; risk assessment provides the basis for proactive identification of risks and determining how to manage them. The PFA 2014, the FR 2016, the IAC 2012, and the GIAM 2014 are the key government policy documents for the performance of this function. Systems for risk monitoring transverse the organization of various government operations but the Internal Audit Directorate has ultimate responsibility for risk assessment in the government.

The outcome of the assessment in Chapter 3 indicates that risk assessment was not effective in several areas. This ineffectiveness hampered the achievement of the four control objectives already variously recited in this section[1]. Examples of the manifestations of the ineffectiveness of risk assessment include the following, among others.

- The existence of huge central government operations outside financial reports, as assessed in *PI-6* – this remains a major risk situation that puts a large chunk of public resources outside the government's purview, control, accounting, and reporting
- Non or ineffective financial monitoring of public corporations and local governments – *PI-10* assessed that "SOEs pose significant and consistent financial risks to the government". These include risks from "recurring and persistent problem of arrears" and "negative equity". The government wrote off these arrears under the 2019 cross-arrears MoU to give SOEs a clean, fresh start. Despite this, the National Water and Electricity Company (NAWEC)'s gearing (debt/equity) ratio remained very high at over 600 percent in 2019, an insolvency situation that made the company reliant on direct government financial assistance to service its debt.
- Weaknesses in the public investment management, demonstrated by the non-monitoring of both financial and nonfinancial assets *(PI-12)*, creating a rife situation for the abuse, misuse, loss, or inefficient, and ineffective use of government assets
- The failure of internal audit activities as currently constituted to focus mainly on risk assessments as mandated in the IAC 2012 and the GIAM 2014, as these two scenarios illustrate *(see PI-26)*
    - Failure to audit and monitor the risks of major capital projects
    - Preoccupation of internal audit with pre-audit of expenditures and payments, rather than with systems monitoring and risk assessment; an internal auditor posted to a government agency explained to the assessors that preaudits consume up to 90 percent of his time; consequently, he does not have time for hi core audit function, including systems monitoring.

The flaws in risk assessment arise from many causes, beyond the scope of this assignment to identify or deal with. These weaknesses include loopholes in the control environment (i.e., the legal and legislative framework) and nonenforcement of the provisions of the current framework. The Internal Audit Charter (IAC) is over a decade old, enacted in 2012, and needs updating, to align with modern professional practices. Similarly, the Gambia Internal Audit Manual (GIAM) 2014 will need a review and update to align its provisions with a revised IAC. The DIA recognizes the age of these two documents, and the need for their review[2]. The revisions should make risk assessment mandatory and the central focus of internal audit activities. The revision should peg the time that an internal auditor can spend on any advisory service at no more than a certain limit.

Nonenforcement of the provisions of the current framework also poses important risk. For example, the FR 2016 enjoins the Directorate of Internal Audit "to provide their management with a means of securing independent and objective assurance on their financial and operational controls" *(para. 41(1, 2))*. It requires the DIA to help agencies "accomplish … [their] **objectives** by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and government processes" *(para. 2)*. There is weak implementation of

[1] i.e., execution of operations in an orderly, ethical, economical, efficient, and effective manner; fulfilment of accountability obligations; compliance with applicable laws and regulations; and safeguard of resources against loss, misuse, and damage

[2] See: Directorate of Internal Audit (DIA) document titled, Annual Activity Report for the Fiscal Year, 1st January to 31st December 2021, dated March 2022, *pp. 11 - 12*

this requirement as shown in the non audit of capital projects and the preoccupation with preaudit of expenditures and payment.

In summary, current risk assessment approaches need reinforcement to provide active support for the "orderly, ethical, economical, efficient, and effective execution of operations". The current risk assessment support to the government for the "fulfilment of accountability obligations" is also weak and needs strengthening. The ease of violation of budget, virement, procurement, and other provisions indicate that current risk assessment is not effective in securing "compliance with applicable laws and regulations" and in the "safeguard of resources against loss, misuse, and damage". Hopefully, the recently developed Enterprise Risk Management (ERM) framework and policy will help to raise the risk assessment profile in the meantime. The government secured the services of a consultant to develop the ERM framework and policy, and pilot it in 11 ministries, with plans for rollout to the remaining ministries[1].

Control activities

Control activities comprise the preventive or detective actions (policies, procedures, and standards) performed to help management mitigate risks and promote the achievement of objectives. The Accounting Procedures Manual (APM) is the key document spelling out control policies, procedures, and standards around these three areas of control activities within the framework provided in the PFA 2014 and the FR 2016 (see Chapter 2). The DIA Activity Report for 2021 provides an excellent summary of the performance of this component (see above). The report assesses performance to be weak in almost every respect, as shown in *Figure 4.1*.

The Activity Report assessed and made findings on various elements of seven control activities. These control activities are (i) revenue, (ii) procurement, (iii) governance, (iv) internal controls, (v) ICT issues, (vi) assets management and control, and (v) risk assessment. The report did not assess any element of any of the control activities as "controlled" or "moderate improvements" needed. Rather, it assessed four elements across the activities as needing moderate improvements, 14 elements as needing significant improvements, and 16 elements as being "unsatisfactory). Further analysis of *Figure 4.1* shows that of 16 unsatisfactory elements, five (31.25 %) are control activities around internal controls generally. Four elements (25 percent) belong to revenue control activities, and three (18.75 percent) deal are procurement control activities. Risk assessments comprise only one element, and it was rated unsatisfactory.

Another way to understand Figure 4.1 is that

- of the eight elements assessed under internal control activities, five or 62.5 percent were unsatisfactory, while two or 25 percent needed significant improvements. One element (12.5 percent) needed moderate improvement.
- Regarding revenue control activities, four or 80 percent of the elements measured were unsatisfactory, while one (20 percent) needs significant improvement.
- For procurement control activities, three out of the eight elements (37.5 percent) were unsatisfactory; four (50 percent) need significant improvement, while one or (12.5 percent) needs moderate improvement
- For risk management control activities, 100 percent of it was unsatisfactory.

This level of performance is insufficient to contribute meaningfully to the achievement of the objectives of internal controls.

[1] Ibidem

Figure 4.1: Summary of Common Findings on Control Activities by the Directorate of Internal Audit

Process / MDA's Objective	Number of findings identified as:				
	Controlled	Minor Improvements Needed	Moderate Improvements Needed	Significant Improvements Needed	Unsatisfactory
Revenue	-	-	-	1	4
Procurement	-	-	1	4	3
Governance	-	-	1	4	2
Internal Controls	-	-	1	2	5
I.C.T Issues	-	-	1	2	1
Assets Management & Control	-	-	-	1	-
Risk management	-	-	-	-	1
TOTAL	-	-	4	14	16

	Audit Rating	Definition
	Unsatisfactory	Controls are not functioning and/or fraudulent activities have been detected which will have a material impact on both the financial statements and operations of the MDA.
	Significant Improvements Needed	The control environment is lacking which would encourage misuse and/or risk of loss by misappropriation contributing to financial losses. Immediate management actions need to be taken to address the control deficiencies noted.
	Moderate Improvements Needed	Some controls are in place and functioning; however, several major issues were noted that could jeopardize the accomplishment of the MDA's objectives.
	Minor Improvements Needed	Many of the controls are functioning as intended; however, some minor changes are necessary to make the control environment more effective and efficient.
	Controlled	Controls are functioning as intended and no additional actions are necessary at this time.

Source: Directorate of Internal Audit (DIA) document titled, Annual Activity Report for the Fiscal Year, 1st January to 31st December 2021, dated March 2022, pages 5 & 6 of 42

Information and communication

This component involves the generation or gathering, and dissemination of pertinent financial and nonfinancial information to relevant parties within and without the organization for their various purposes. The 1997 Constitution, the PFA 2014, the FR 2016, and the APM 2017 are some of the government's documents on the policies, procedures, and standards on the information and communication aspects of internal controls *(see Chapter 2)*.

The evidence of the assessment shows that processes around the generation/gathering, and dissemination of information within and without the government did not work as intended during the period covered by this *assessment.* The key characteristics of information and communication for control purposes at this time were as follows: failure to produce and/or disseminate information, especially those for public consumption; untimely production of information, and/or production and dissemination of incomplete and of poor-quality information. Examples of these range from the submission of one-year perspective budget estimates to the National Assembly, instead of the three-year perspective at the disposal of MoFEA to the delayed production of audited annual consolidated financial statements. It includes the incompleteness of the financial statements and the in-year budget reports involving the exclusion of donor-funded projects.

The assessment in Chapter 3 includes scenarios that indicate how PFM meets the requirements of 'information and communication' for control activities. *Table 4.1* below is an illustrative summary of how the lack/insufficiency of information and communication impacted on the indicator assessment, as a mirror of how they affected the internal and external parties that needed them. In summary, current information and communication activities are not contributing effectively to the achievement of the objectives of internal controls.

Table 4.1: Analysis of Indicators Affected by Lack of/Delayed/Poor Quality Information & Communication

Indicator		Internal/External Parties Affected	Potential Control Impact
PI-6	Central government operations outside financial reports	Executive, Parliament, Public	Incomplete understanding of government operations; affected decision-making
PI-8	Performance information for service delivery	Executive, Parliament, Public	Hampers decision-making ability; incomplete information to monitor and control SD operations; inability to hold government/SD agency to account
PI- 9	Public access to fiscal information	Public	Citizen ignorance on government operations; inability to hold government to account
PI-10	Fiscal risk reporting	Executive	Inability to monitor, quantify, and proactively manage financial risks of public corporations and subnational governments
PI-11	Public investment management	Executive	Ability to make key decision-making on matters affecting fiscal discipline, strategic resource allocation, and SD efficiency
PI-12	Public asset management	Executive	Affects prudent management and use of government assets
PI-13	Debt management	Executive, Parliament, Public	Ability to take decisions on cost-minimization and debt-carrying capacity; public information and ability to hold government to account
PI-19	Revenue administration	Executive, Parliament, Public	Economic management & SD decisions; ability of Parliament and civil society to demand accountability
PI-20	Accounting for revenues		
PI-21	Predictability of in-year resource allocation	Executive	Lack of reliable information to SD units on the amount and timing of resource availability affects SD ability
PI-22	Expenditure arrears	Executive, Parliament, Public	Ability to monitor expenditure arrears and avoid/minimize debt buildup
PI-24	Procurement	Parliament, Public	Parliament & CS ability to demand accountability
PI-25	Internal controls on non-salary expenditure	Executive	Ability to make decisions on effective resource management and use
PI-26	Internal audit	Executive	Realtime knowledge on IC shortcomings and ability to take corrective action
PI-27	Financial data integrity	Executive	Affects reliability of financial information
PI-28	In-year budget reports	Executive, Parliament, Public	Incomplete information; excludes donor projects; affects ability to bring in the budget and citizens' ability to demand accountability
PI-29	Annual financial reports	Parliament, Public	Parliament & CS ability to demand accountability
PI-30	External audit	Parliament, Public	Parliament & CS ability to demand accountability
PI-31	Legislative scrutiny of audit reports	Parliament, Public	Parliament & CS ability to demand accountability

Monitoring

Monitoring activities are continuous or periodic evaluations to verify that each of the five components of internal control is present and functioning, including the controls affecting the principles within each component. Monitoring activities can be detective and preventative in nature. The IAC 2012 and the GIAM 2014 are the two key government policy documents on internal controls monitoring in The Gambia. Internal auditors under the auspices of the Directorate of Internal Audit (DIA) are central to this system monitoring function in the government.

The DIA carries out ex-post detective monitoring of the control system, as evidenced in its 2021 Annual Activity Report, published in March 2022. The report includes a section titled, "Summary of Areas/Process Review, Key

Deficiencies, Risk Rating and Recommendations Area"[1], which identified and analyzed control weaknesses in various operations across MDAs. The report also includes recommendation of "appropriate corrective actions", agreed with management and timescales for their implementation. However, in addition, it appears that the DIA activity reports do not include lessons from the surveillance of major capital projects, which has not been subject to both internal and external audit for several years going. This is a major gap in the systems monitoring activity.

In addition, there is little evidence of proactive, preventive monitoring to assure the health and effectiveness of installed activities across the five components of the integrated control framework, i.e., control environment, risk assessment, control activities, information and communication, and monitoring, and stop or reduce errors from occurring in the first place. There is need to balance the time of internal auditors posted to MDAs between their advisory preaudit services to clients and their core function of systems monitoring, including proactive surveillance.

In summary, there is need to strengthen the systems monitoring function of the DIA to position it to contribute more proactively to the achievement of the four objectives. These are (i) operations are executed in an orderly, ethical, economical, efficient, and effective manner; (ii) accountability obligations are fulfilled; (iii) applicable laws and regulations are complied with; and (iv) resources are safeguarded against loss, misuse, and damage

4.3. PFM strengths and weaknesses

This section concludes Chapter 4 by summarizing the potentials of the PFM strengths and weaknesses identified in sections 4.1 and 4.2 above for enabling the achievement of planned fiscal and budgetary outcomes. The organization of the discussion is along the three main fiscal and budgetary outcomes of aggregate fiscal discipline, strategic prioritization in resource allocation, and efficient delivery of services.

Aggregate fiscal discipline

PFM in The Gambia manifested potential strength to promote aggregate fiscal discipline in several areas, but six are of special interest to this summary discussion. These are (i) contingency votes, (ii) budget classification and chart of accounts, (iii) adherence to a fixed budget calendar, (iv) timely approval of the budget, and (iv) the use of technology to enhance budget formulation, execution, and reporting, and cash management. Ongoing SOE reforms also have potential to strengthen aggregate fiscal discipline; however, the reforms still have some milage to cover before it can fulfill its promise. A brief elaboration of these potentials follows below.

- The use of contingency votes did not exceed the 2.0 percent mark in any year of the three years assessed. Besides, the vote was a holding vote, not a spending one; spending its holdings involved, first viring monies out of it to the appropriate spending votes. These are good practices with potential for helping fiscal managers track and control aggregate spending expenditure.
- The chart of accounts can embody a robust and comprehensive budget classification system, and to facilitate the tracking and monitoring of service delivery programs through the budget formulation, execution, and reporting cycle, with minor but important changes, as explained in *section 4.1* above.
- Adherence to a fixed budget calendar is becoming a tradition in The Gambia, and it has the potential to facilitate fiscal discipline, especially if combined with a budget call circular that imposes and enforces hard budget constraints, such as comprehensive aggregate and sectoral expenditure ceilings, multiyear fiscal programming, and proper costing of activities.
- The approval of the budget before the commencement of the fiscal year to which it relates is another good local tradition with potential to enhance fiscal discipline by allowing budget managers ample time to implement the budget as made. The impact of this feature will be even more profound if combined with the provision of reliable information on the availability of resources for budget commitment.
- Recent and ongoing IFMIS, TSA, and EFT reforms are showing promise and potential to exert positive pressure on the management of expenditure and payments. The profiling of budgeting, execution, and reporting on the system can help procurement, commitment, and cash management across the central government (and subnational governments), especially when fully extended to all budgetary and extrabudgetary agencies, and local government. The IFMIS has commenced the profiling of self accounting projects (SAP), which includes donor funded projects and extrabudgetary funds spending self-raised revenues into the accounting and reporting framework of the government.

[1] See *p. 6* of the Activity Report

The non-inclusion of the operations of these two groups of entities contributes to the adverse assessments in PI-1 and 2 above. The treasury single account (TSA) and electronic funds transfer systems have the features to exert similar positive influence also, when completed.

However, PFM manifested several weak links with the capability to erode fiscal discipline. The following four are among the more serious of these weak links, i.e., (i) an irresponsive organic budget framework, i.e., laws and regulations (ii) gaps in revenue administration and accounting, (iii) poor asset management culture, (iv) uncompetitive procurement practices, and (v) weak/nonenforcement of regulations. A brief elaboration will illustrate the impact of these.

- Irresponsive organic budget framework – the PFA 2014 is the organic budget/finance law, and it predates the ongoing economic and PFM reforms that commenced in 2017; the FR 2016 and the APM 2017 elaborate on the provisions of the Act. However, several provisions of the Act do not respond positively to fiscal discipline. Examples include the provisions allowing up to 75 percent virement on the approved budget within and among budget heads and giving MoFEA the discretion to decide when to begin multiyear budgeting. One impact of these provisions is the continuing lack of multiyear perspective in budgeting since 2014, and instead, a rollback of the gains of 2012/2013 reforms from the then nascent Budget Framework Paper (BFP). Another impact is the annual midstream remaking of the budget during execution using the generous provisions on virement. Fresh reforms to enact a new Public Finance Management Bill 2022 into law are not sufficiently addressing these issues, with the Bill's retention of these provisions.
- Gaps in revenue administration and accounting – the 2021 DIA Activity Report identifies five weaknesses in this area with potential impact on fiscal discipline, i.e., (i) inefficient reconciliation, (ii) weak supervision of revenue collection, posting, and banking, (iii) inaccurate recording of revenues collected, (v) late banking of collected revenue, and cash suppressions and banking shortfalls. Poor revenue performance contributes to the difficulties in achieving aggregate discipline.
- Poor asset management and asset monitoring culture – non-maintenance of proper financial and nonfinancial assets registers could be hindering effective monitoring of the use and value of assets, including by hiding, if not promoting their misuse and /or loss
- Uncompetitive procurement practices have the potential to increase costs unduly and put pressure on aggregate expenditure and payment. The 2021 DIA Activity also identified seven ways in which these weaknesses manifest, i.e., (i) nonexistent, partial, and dormant contract committees, (ii) lack of written policies and procedures for organization specific, general, and unique procurements, (iii) inappropriate and unwritten delegation of authority, (iv) use of wrong procurement methods and execution of non-value for money procurements, (v) weak procurement systems, processes, and practices, (vi) inadequate contract administration and management, and (vi) weak performance measurement and monitoring.
- Weak/nonenforcement of regulations – the lack of appetite to enforce extant regulatory provisions, including on virement, revenue administration, procurement, etc., as manifested in several places in this report

Strategic prioritization in resource allocation

Current PFM enablers for strategic prioritization in resource allocation in The Gambia include the chart of accounts that, with some changes, can embody transparent and comprehensive budget management information. Other sources of strength include the adherence to a fixed budget calendar, timely passage of the budget, and national development programming. These can support an orderly budget process when the processes of macroeconomic and fiscal forecasting, fiscal strategy formulation, and medium-term expenditure programming become effective. Together, these activities will afford the government with the information and time needed to prioritize budget allocations among competing demands.

Perhaps, the weak PFM links in strategic prioritization in resource allocation are, on current performance, the ineffectiveness of the trio of macroeconomic and fiscal forecasting, fiscal strategy formulation, and medium-term expenditure programming. Weaknesses in these areas deny top political and economic decisionmakers reliable data and policy analysis on which to base decisions in the allocation of scarce resources. Other weak links include

- Transfers to local governments that are inconsistent with laws and regulation and out of line with stated national social and economic development priorities

- Inherent ineffectiveness and inefficiencies in the management of public assets and investments can adversely affect resources allocation to social and economic development objectives
- Ineffective monitoring and management of financial liabilities, especially those of SOEs could be diverting resources away from social and economic priorities to service the attendant high debt burden
- Inability to predict in-year resource flow to MDAs and service delivery units due to unpredictability of the revenue base and flow of resources could have affected the implementation of priorities
- Weaknesses detected in procurement could imply or embody inefficiency in resource allocation and prioritization.
- Difficulties with fiscal data and reporting on financial information could be contributing to complications experienced in decisions on resource allocating to strategic priorities

Efficient delivery of public services

One potential source of PFM strength that could impact positively on the delivery of public services is in the legislative scrutiny of the budget. The use of standing committees to vet budget estimates is a good practice that can highlight inefficiencies in resource allocation for service delivery. Efforts by the Ministry of Basic and Secondary Education[1], though nascent and developing, to document information on planned and achieved performances and resources received on policies or programs systematically can promote efficiency in service delivery when fully mature.

Notwithstanding these positive potentials, flaws in several areas of PFM can undermine service delivery. For example,

- The characteristic large deviations from planned expenditure could lead to or imply contraction or suspension of services in key areas
- Difficulties in tracking (especially capital) expenditures from the budget to financial statement complicate transparency and the monitoring actual resources availability, performance level, and efficiency of service delivery units
- The frequency and unpredictability of in-year adjustments move resources around in a manner that could undermine service delivery efficiency
- Weaknesses in the procurement system could undermine value for money in government purchases for service delivery
- The inability of the internal audit function to focus on systems monitoring and risk assessment, especially of major capital projects, could hide weaknesses that affect the level and quality of service delivery to the public.
- Detected weaknesses in the integrity of financial data and the delayed fiscal reporting could be adversely affecting the flow of good information for efficient management of service delivery.
- Delays in audit reporting and in legislative scrutiny of audit reports affect the identification of inefficiencies in service delivery programs and corrective actions to resolve them.

Conclusion - key PFM weaknesses to requiring urgent attention

In conclusion, PFM in The Gambia will benefit from prioritizing new reforms to address three or four issues that are central to overall performance. These issues are so vital and pivotal to PFM that they have the potential to enhance or undermine performance in other areas. These new reform needs include the following (note: these reforms are without prejudice to the reforms that have reached advanced stages of implementation, e.g., asset management, accounts and treasury (IFMIS, TSA, EFT, etc.), financial reporting and external audit reforms), etc.

- **Enactment of a new, modern organic budget law** – as explained above, the Public Finance Act 2014 predates the current wave of reforms and is no longer sufficiently responsive to modern times and fit for purpose. The new law should cover the field, including by providing the legal framework for the IFMIS, TSA, EFT, etc., and having omnibus clauses to accommodate other such emerging developments without need for a new law. Very importantly, the new law should align provisions for virement within international good practices[2]. The law should also make multiyear fiscal programming mandatory, rather than leaving it to the discretion of MoFEA to decide on the timing of

[1] And possibly also, the Ministry of Health and Social Welfare

[2] A rough but useful guide is the realization that virement of above 15 percent will result in a D score in PI-2.1 if made between administrative heads, and PI-2.2, if made between economic heads.

implementation. The draft Public Finance Management Bill 2022 needs adjustment in these regards if it is to be the organic budget law. Pending the enactment of this organic budget law, MoFEA may wish to consider instituting by policy directive to

  - Curb current excesses in the use of virement and denying approval for requests above the policy limit
  - Commence real multiyear fiscal programming in all its ramifications, and announcing a date for its commencement and submission of multiyear budget estimate to the National Assembly

- **Revenue administration and accounting reforms**, including by updating the Gambia Revenue Authority Act 2004 to cater for recent reforms and developments, tightening revenue administration, accounting, accountability, and internal audit. The reforms may consider collapsing the GRA Internal Audit Unit into the Directorate of Internal Audit (DIA) of MoFEA to enhance its independence and improve the transparency of its operations.
- **Procurement enhancement reforms**, covering the operationalization of the implementation of the Gambia Public Procurement Act (GPPA) 2022, including the institution of periodic procurement monitoring, reviews, and audits etc.; and the modernization of procurement, including by introducing e-procurement. The reforms should cover the procurement of both big and small items across all MDAs to curb

Finally, it is also not clear to what extent ongoing reform efforts also focus on attitudinal change and value reorientation. Capacity building and attitudinal change reforms are vital for successful PFM reforms. PFM reforms consist of systems reforms, and human reforms - behavioural and capacity. As difficult as they are, acquiring and installing electronic machines and software, redesigning, and changing business models and procedures, writing and producing technical manuals and guide/rulebooks, etc., are the easier part of PFM reform. Successful reforms must pay commensurate attention to the human aspect: capacity building, attitudinal change, and value reorientation. Capacity building must involve not just attendance at workshops and learning events, but real acquisition and application of the knowledge and skills learned. Acquisition and application of knowledge and skills become more difficult when practices have solidified and atrophied over the years. The longer the atrophy lasts, the harder attitudinal change will be. Time, consistency, and patience are necessary to displace long formed habits and learn new work 'tricks. Successful reforms find a way to change poor work attitudes and mainstream the desired work culture and ethic, while introducing new work systems.

5. Government PFM reform process

This concluding section of the report describes the government's overall efforts to improve PFM performance and provides a forward-looking perspective on factors likely to affect future reform planning, implementation, and monitoring. It comprises of the following three subsections:

- Approach to PFM reforms, which describes
  - The government's overall approach to PFM reforms, i.e., the existence, origins, and structure of a PFM reform program or any alternative approach used, e.g., several parallel, independent, or institution-specific reform and capacity development initiatives
  - How the PFM reform program links to the overall policy and planning of government reforms, e.g., through an overall national development plan, strategic planning arrangements, medium-term expenditure frameworks, etc.
  - Relationships with other administrative reforms of the public sector, including technical links and interdependencies, and planning and management coordination
  - Any recent external reviews or independent evaluations of the PFM reform program(s), including their main conclusions
- Recent and on-going reform actions, which
  - Summarize the most important recent and ongoing reforms, giving an overview of the government's progress in strengthening the PFM system, including by abstracting relevant key objectives and expected outcomes of the reform program(s)
  - Highlights the extent to which ongoing reforms target PFM areas with the most important weaknesses identified in Section 4 of this report above
- Institutional considerations, which provides a forward-looking perspective of the extent to which institutional factors are likely to support the reform planning and implementation process. The four key relevant institutional factors here are government leadership and ownership, coordination across government, and sustainability of the reform process, and transparency of the PFM program.

5.1. Approach to PFM reforms

Formal PFM reforms commenced in modern Gambia in 2010, with the institution of the PFM Reform Strategy 2010 – 2014, aimed at streamlining PFM reform activities and providing a basis for mobilizing resources to support the reforms. The strategy relied on the outcomes of various PFM and related assessments, especially the Country Financial and Accountability Assessment (CFAA) 2010. The activities of the reform strategy included the establishment of the Integrated Financial Management Information System (IFMIS), introduction of the Medium-Term Expenditure Framework (MTEF) and internal control functions, and the founding of a Public Finance Management Directorate (PFMD) in the Ministry of Finance and Economic Affairs (MoFEA) to coordinate the government's PFM reform agenda on behalf of the ministry.

Subsequently, the PFMD/MoFEA has launched two additional medium-term reform strategies on behalf of the government. These are

- PFM Reform Strategy 2016 – 2020 adopted in May 2016, based on the outcome of the PEFA assessment of 2014, with the results published in 2015; initiatives pioneered under the strategy include
  - The production and publication on the government websites of several periodic analytical PFM reports, e.g., (i) quarterly expenditure reports (QERs), (ii) liquidity forecasts, (iii) the medium-term expenditure framework (MTEF), (iv) the medium-term debt strategy (MTDS), (v) the government borrowing plan, and (iv) the debt sustainability analysis (DSA)
  - The conduct of several PFM analytics and diagnostics, including (i) an IMF-supported tax assessment using the Tax Administration Diagnostic Assessment Tool (TADAT) in May 2017, (ii) a PFM Impact Survey in 2018 led by the USAID, (iii) an IMF-led Public Investment Management Assessment (PIMA) in 2019, and (iv) a Pensions and Wages Assessment in early 2020
- PFM Reform Strategy 2021-2025 – this is the current and ongoing strategy, and it has seven pillars. These are (i) macroeconomic management, (ii) budget and procurement management, (iii) financial management, accounting, and reporting, (iv) internal auditing, control, governance, and risk management, (v) external scrutiny and oversight, (vi) local government and authority reforms, and (vii) cross-cutting issues.

The timing of the PFM Reform Strategy 2016 – 2020 coincided with the wider political and governance reforms that followed the switch from the Yahya Jammeh to the new Adama Barrow administration in 2016/2017. The widespread expression of goodwill that greeted the new administration translated into support for fiscal, political, and governance reforms, especially from the more notable international development partners and nongovernmental organizations in the field – the World Bank, International Monetary Fund, African Development Bank, European Union, Agence Française de Développement, Africa in Democracy & Good Governance (ADGG), Action Aid, etc. However, there is no "principal institutional and regulatory framework" to manage, coordinate, and concert these aid activities for greater effectiveness[1]. MoFEA has a Directorate of Aid Coordination whose core mandate and responsibilities transcend "sourcing, negotiating, coordination, and reporting on ODA resources"; however, poor capacitation, [including "limited human capacity, inadequate systems, and facilities"] undermine its ability to discharge its mandate effectively[2].

5.2. Recent and on-going reform actions

Reforms are observable on the PFM terrain. Reforms are in progress in the PFM legal and regulatory framework, budget and budgeting, accounting and treasury management, debt management, cash management, fiscal risk oversight of state-owned enterprises and local governments, internal audit, etc. The following is a brief outline of some of the more prominent of these reforms.

- PFM legal and regulatory framework reforms - ongoing reforms in the area include
    - Enactment of the Gambia Public Procurement Authority (GPPA) Act 2022 late in the year 2022, with arrangements for its operationalization ongoing, including preparation of the accompanying procurement regulations.
    - Review the Public Finance (PFA) Act 2014, with the draft law (bill) approved by the cabinet in March 2023; the revision seeks to consolidate recent progress in budgetary processes, and address gaps on budget preparation, implementation, and transparency; and audit and debt contracting. However, the early version of the draft sighted by the assessors does not adequately address the issue of virements that is the source of many reliability issues.
    - Asset management policy and manual - commencement of the process for developing an asset management policy, with the constitution of an Asset Management Steering Committee comprising of stakeholders owning assets of a technical nature; the committee has produced an initial draft report with the assistance of an IMF-contracted consultant. The draft report is undergoing review, and when approved will form the basis for the preparation of an asset management policy and a manual.
    - National Assembly approval of the State-Owned Enterprises (SOEs) Bill in March 2023; the law aims to (i) strengthen the corporate governance of SOEs by addressing issues of executive interference, unsuitable accounting practices, and inefficient service delivery, and (ii) create the SOEs' commission to oversight SOEs - enforce deployment of IFRS to SOEs, improve board selection process and introduce limits for the CEO and board members, strengthen the reporting and auditing framework, and enforce proper documentation and full compensation for any ad-hoc public service delivery request by the executive.
- Revenue policy – structural reforms led to the creation of a new Directorate for Revenue and Tax Policy (DRTP) in MoFEA, with the mandate "to provide a more strategic focus on tax policy formulation, design and monitoring". At the time of data collection for this exercise, the DRTS was conducting a stocktaking exercise on existing tax systems, laws and institutional arrangements supporting the domestic tax system.
- Budget and budgeting – MoFEA resumed macroeconomic and multiyear fiscal forecasting reforms with the release of the first draft the Medium-term Economic and Fiscal Framework 2023 – 2026 in November 2022. MoFEA's Directorate of Economic Policy and Research produced the document with capacity training and technical assistance from the IMF. The document is far from perfect, though, and lacking several key attributes (see the assessment in Pillar IV above).
- Accounting and treasury management – continuing IFMIS software upgrade from Epicor 9 to 10 to extend IFMIS functionality to embassies, local government authorities (LGAs), sub-treasuries, self-accounting projects, and subvented agencies; facilitate more credible and timely financial reporting; and with an asset management module that would require assets registration and valuing when fully operational.

[1] The Gambia Aid Policy 2023-2027, Draft Report prepared by Dr. Julien BANDIAKY, *p. 5*.
[2] ibidem

- Debt management – reforms are ongoing in debt management reporting and reconciliation (supported by development partners, including the AfDB and the IMF), aimed at strengthening external debt reporting and reconciliation, develop a domestic borrowing plan that provides operational guidance to the Central Bank of The Gambia (CBG) per the medium-term debt strategy (MTDS), i.e., by lengthening maturity of domestic debt to manage rollover risk; and improving data dissemination from DLDM to the CBG, etc.
- Cash management and payment reforms – continuing treasury single account (TSA) reforms to strengthen financial management and electronic funds transfer (EFT) reforms to reduce cash handling and expede payment processes in the central government; the TSA reforms are facing "slow implementation progress"[1].

Not all the reforms have equal intensity in implementation and have achieved the same levels of success. The more progressive reforms tend to be those supported by donor technical assistance (TA) programs, usually by the IMF, WB, AfDB, and EU. The request for and/or offer/acceptance of technical assistance arises during dialogues between the government and its development partners, due mainly to capacity shortages in the government to design, finance, and successfully implement the targeted reform agenda or activity. The observation of greater success of reforms supported by donor technical assistance agrees with a note in a recent IMF report, which includes a statement to this effect, when it noted that, "The successful implementation of key structural reforms in public financial management (PFM), revenue mobilization, debt management, financial sector supervision, and SOEs governance - all built on TA support - helped The Gambia to not only transition from an SMP [IMF Staff Monitored Program] to an ECF [Extended Credit Facility] in March 2020 but also successfully implement the ongoing ECF-supported program"[2].

The Gambia Aid Policy 2023-2027 notes that currently, the task of aid coordination and management disperses among several government institutions. These include the "Aid Coordination Directorate (MoFEA), numerous programme/project management units funded by donors, Loan and Debt Management Directorate (MoFEA), Policy Analysis Unit (Office of the President), the Ministry of Foreign Affairs, Office of the NGO Affairs (Ministry of Interior), independently acting aid/donor coordination units within the line ministries"[3]. This arrangement has left several implications on the landscape. First, "operational structures for dialogue, consultation, joint analysis, and decision-making on external aid allocations comprising various stakeholders are weak and scattered"[4]. Second, there is an absence of strategic processes for aid management and coordination, "which ideally should be of a multi-stakeholder nature with the government assuming the leadership".[5] Third, contextual links and interrelationships between fiscal reforms and wider public sector reforms [including technical links and interdependencies, and planning and management coordination] are not sufficiently strong and require strengthening.

On the last point, for instance, implementation of Pillar 7 (Crosscutting Issues) of the PFM Reform Strategy 2021-2025 lags the other six mainstream pillars. Pillar 7's crosscutting reforms aim to create a supportive environment for effective PFM reforms implementation, and the reform elements cover civil service reforms, electronic records management, and health sector financing. The 2022 Public Finance Management Annual Progress Report published by MoFEA identified "obstacles to the effective implementation of" this pillar as including resource inadequacies (staffing, appropriate equipment, funds, and time) and delays in executive and legislative processes[6]. Pillar 7's crosscutting reforms cannot provide the intended "supportive environment for effective PFM reforms implementation" unless the government pays attention to and addresses the obstacles. Consequently, the progress report concludes that "the PFM stakeholders are now recognizing the benefits of pursuing the reforms making coordination and implementation more effective"[7]. The progress report's recommendations for achieving this

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[1] The Gambia Aid Policy 2023-2027, *p. 29*
[2] IMF (2023), The Gambia: Sixth Review Under the Extended Credit Facility Arrangement, Request for A Waiver of Nonobservance of a Performance Criterion, and Financing Assurances Review - Press Release; Staff Report; and Statement by the Executive Director for the Gambia, IMF Country Report No. 23/216, *p. 42*
[3] ibidem
[4] ibidem
[5] ibidem
[6] Ministry of Finance and Economic Affairs, 2022 Public Finance Management Annual Progress Report, *p. 44*
[7] Op. cit. *p. 44*

include continued government and donor partners' intervention, but with the government assuming "more ownership of the reforms for continuity"; and greater political will to pursue the reforms more aggressively[1].

The GoTG acknowledges the importance of role of TAs in delivering its reforms successes, but quickly notes the challenges that accompany these successes, including the challenges of prioritization, alignment, and sustainability. The government notes, "Whereas the country has derived some benefits from TA, major challenges have been in estimating the costs, value-for-money properties, appropriateness of such assistance, and building sustainable capacity"[2]. The cost of such development assistance arises from the poor coordination of development partner's practices, procedures, and processes, which "differ from each other, and from those of the Government of The Gambia (GOTG). Besides increasing transaction costs, such differences create inefficiencies in the whole process of external resource management thus undermining its effectiveness"[3]. The IMF report referred to above also acknowledges some of the limitations of these TA programs. It observed that, "Capacity building is constrained by absorption and implementation gaps, exacerbated by high staff turnover and the COVID-19 and its lingering effects"[4].

In nutshell, ongoing reforms target many of the critical PFM challenges identified in Chapter 4 above. Albeit the reforms do not decisively address the related and pertinent matters of capacity shortages, absorption, and additional change identified in the chapter. These matters lie at the heart of the current issues of effectiveness and future questions of sustainability of the reforms that may arise.

5.3. Institutional considerations

Institutional factors likely to predispose to an effective PFM reform process will differ among jurisdictions, although they generally fall into four categories. These are (i) government leadership and ownership, (ii) reform coordination across government, (iii) how sustainable the reform process is, and (iv) the extent of transparency of the PFM program. The chapter concludes by reviewing how The Gambia fares in these four categories.

Government leadership and ownership

A key feature of The Gambia's approach to PFM reforms intended to promote government ownership of the PFM reform process is the use of successive medium-term PFM reform strategies to articulate the reform agenda. There have been three such strategies thus far, as pointed out in *Section 5.1* above. These are *PFM Reform Strategy 2010 – 2014*, *PFM Reform Strategy 2016 – 2020*, and the ongoing *PFM Reform Strategy 2021-2025*. Each reform strategy has sought to address specific objectives, programs, and activities. The Ministry of Finance and Economic Affairs anchors the reform agendas on behalf of the government through its dedicated Public Finance Reform Directorate (PFMD). Often preceding and informing these reform agendas are the usually donor-sponsored PFM analytics and diagnostics[5], economy and sector wide reviews (ESWs)[6], and other analytical and advisory activities (AAAs), which the PFMD anchors on behalf of MoFEA. The PFMD coordinates the processes that articulate these reforms, which includes missions, government-DPs' dialogues and meetings of different shapes and sizes, workshops, seminars, negotiations, drafting of agreements, etc. The processes that lead to the formulation of the PFM reform strategies receive cabinet approvals and commitments, as do the strategies themselves and their individual elements receive before implementation. In principle, this helps to secure government involvement, ownership and leadership of the reform process and address the issues of budgetary allocations for government counterpart funding. MoFEA supervises, monitors, and periodically reports on the implementation of the reforms on behalf of the government through, also through its PFMD.

[1] Ibidem
[2] The Gambia Aid Policy 2023-2027*, p. 5*
[3] ibidem
[4] IMF 2023, op. cit., *p. 42*
[5] e.g., the IMF led TADAT 2018 and PIMA 2019; the ongoing AfDB led PEFA 2022, the EU-sponsored PEFA 2015
[6] Especially those commissioned by the World Bank (e.g., Country Financial and Accountability Assessment (CFAA) 2010, The Gambia Integrated State-Owned Enterprises Framework (iSOEF) Assessment, 2022), Systematic Country Diagnostics for the Republic of The Gambia: Overcoming a No-Growth Legacy, 2020, etc.)

Notwithstanding these elaborate arrangements, there are gaps in government leadership and ownership of the PFM reform process. These gaps are more apparent in donor-financed projects, executed according to the financing development partner's processes and procedures. The observation in latest government's aid policy document, that practices, procedures, and processes of development partners differ from each other, and from those of the government[1], is pertinent and makes government ownership difficult. To this end, the aid policy made two critical recommendations: the government "wishes to see implementing ministries, districts or other government entities retaining ownership of externally financed activities and their implementation" and have MoFEA play "a lead role in coordinating external assistance and ensuring its efficient allocation to activities in line with the national planning processes"[2].

In addition, it is not clear to what extent the government articulates the case for PFM reforms through its civil servants rather than through consultants provided by development partners technical assistance arrangements. As noted in *PI-8* above, some ministries procure external consultants to write their policy and evaluation documents for them, suggesting inherent capacity shortages to do themselves. Even the extant government aid policy is the work of an external consultant. As PI-8 also noted, "Capacity shortages to prepare a policy document suggests capacity shortages to implement it". Beyond this, it connotes gaps in understanding, articulation, and ownership of the document. Experience shows that there is usually deeper understanding of the systemic weaknesses in need of reform and the rationale for the reforms, ownership of the reform process, and obligation to ensure that the reforms work, when government officials directly make the case for reforms versus when they have the case articulated for them by external parties. "Urgency and "zeal" for successful reform implementation does not "feel" very strong among mid-career level government personnel in The Gambia, who are more likely to blame "lack of political commitment" for any lethargy on their part.

Coordination across government

MoFEA's PFMD coordinates PFM reforms on behalf of the ministry and the government, as stated above. The coordination mechanism mostly involves the provision of *ad hoc* (rather than institutionalized) platforms for government institutional and development partner stakeholders to interact at different stages of the reform process, especially at the stages of reform initiation, mid-term review, and final evaluation. The coordination also involves the PFMD also liaises with the government institut0ons hosting specific reforms evaluation. It begins at the early stages of formulating the reform strategy to secure the participation of relevant government institutions (i.e., those that will host specific aspects of the reforms) into the planning activities - meetings, dialogues, consultations, seminars, negotiations, and committees, etc. The coordination activities also involve maintaining liaison between the PFMD and government institutions hosting specific reforms to monitor and report reform progress, and organization and coordination of donor and consultants' missions and events. In addition, the PFMD hosts and coordinates the participation of relevant state and nonstate actors' participation in PFM diagnostics, analyticities, and dialogues. However, these activities do not leverage on formal and institutionalized arrangements such as those usually provided by wider strategic aid management and coordination.

Technically, coordination of PFM reform implementation differs from strategic management of strategic aid coordination and management (aid coordination) in general, although they interject at a point. PFM reform coordination is ideally a subset of strategic aid coordination. The former is a narrower concept dealing with ensuring the smooth planning, implementation, and proper sequencing of the technical, functional, and operational activities of the PFM improvement for effectiveness. The latter deals with the administrative arrangements to secure harmonious relationships and interactions between the wider spectrum of external and domestic aid provision to avoid multiplicity of aid support, ensure proper integration, alignment, and prioritization of aid (including reform aid) into the government development agenda, and secure mutual support and reinforcement of aid provision. In a properly set up system, the coordination of PFM reforms leverages on the operational structures for dialogue, consultation, joint analysis, and decision-making established by strategic aid coordination in general. However,

[1] The Gambia Aid Policy 2023-2027, *p. 5*
[2] The Gambia Aid Policy 2023-2027, *p. 10*

strategic aid coordination is currently weak in The Gambia, and characterized by scattered operational structures, as the government's current aid policy document established *(see above)*.

The weaknesses in strategic aid management and coordination affect the ability of the PFMD and MoFEA to coordinate PFM reforms effectively, linearly using institutionalized processes, instead of relying on ad hoc arrangements. The lack of formal operational structures for multistakeholder "dialogue, consultation, joint sector analysis, and decision-making" in strategic aid management and coordination that the PFMD can lean on adversely redounds on PFM reform coordination. Economy-wide institutionalization of mechanisms for backward-looking and forward-looking joint sector reviews (JSRs), with their technical committees and all stakeholder participation (government and its partners), would greatly enhance the coordination of PFM reforms, and other development activities as well. Formalized and established JSRs usually evaluate all activities at set periodic intervals, including PFM reform progress as one of the inputs. JSRs help to develop capacity in government institutions, secure government commitment and ownership of reforms and all economic and social programs and activities, and instill a sense of urgency into reform and development agendas. There is no such formal system in place in The Gambia, which affects smooth PFM reform coordination.

Finally, there is no observable involvement of the legislature and the National Audit Office in the PFM reform process coordination process. Formalized JSR processes would have provided the necessary platform for the participation of all stakeholders, including the legislature and external audit, in PFM reform, aid management, and development coordination in general. The lack of these processes weakens effective PFM reform coordination.

The Gambia Aid Policy 2023-2027 includes proposed measures to address these weaknesses and strengthen aid (and reform) management and coordination. The proposals include the following measures[1]

- Creation of a Joint Government and Development Partners Harmonization and Coordination Group (JGDPHCG), as the highest-level body, consisting of government and development partners' representatives, to serve as a forum for dialogue on aid coordination, harmonization of donor support, strategic planning, and alignment of donor resources to the government priorities.
- Creation of the Implementation Coordination Steering Committee (ICSC) and joint sector technical working groups (JSTWGs) to will provide support to the JGDPHCG
- The JSTWGs will review progress on the implementation of development cooperation programmes by sectors.
- The ICSC will oversee the effective implementation of this policy
- JGDPHCG will meet each semester in June and December, while the JSTWGs working groups will meet quarterly
- The Government will report annually to the parliament on aid policy implementation
- All national stakeholders (the executive, parliament, CSOs, and private sector) will be part of the monitoring and implementation structures; joint conduct and publication of annual progress reviews of the aid policy that includes all these stakeholders

Sustainable reform process

Early reforms initiated under the PFM Reform Strategy 2010 – 2014, visibly stalled and retarded sometime after. The retardation affected the following areas, among others: budgeting and budget preparation (including medium-term expenditure programing, preparation of the budget framework paper (BFP), etc.); revenue administration; treasury and accounting (including IFMIS); accounting, reporting, and auditing, resulting in a backlog of unprepared and unaudited financial statements, and personnel and payroll administration. Significant donor support engendered by the widespread goodwill for the governance reforms following the political changes of 2016/2017 helped to revive and reinvigorate the reforms and initiate the PFM Reform Strategy 2016 – 2020. The ongoing PFM Reform Strategy 2021 – 2025 is extending and deepening the reforms. However, sustainability questions remain.

Key threats to sustainability arise from evident capacity and funding challenges. Three types of capacity challenges are discernable - apparent lack of comprehensive capacity development programs accompanying reform activities, difficulties in retaining of trained staff, and questions of commitment to reforms among mid-career civil servants. For example, audit findings that government revenue collection systems used by contractors "operated with little

[1] The Gambia Aid Policy 2023-2027, *p. 12*

participation of government staff attached to the private companies" and that the "contracts failed to adequately address skills and knowledge transfer which is considered a key component for smooth and sustainable operation at the end of the contract when Government takes over the projects". The Gambia Aid Policy also notes that TA programs raise "major challenges", including in capacity building[1], because "they fail to transfer capacity to local staff in an organised manner, often adopting an ad-hoc 'gap-filling' role instead"[2]. Going forward, the government requires that All TA provided to the Government must be concerned primarily with the transfer of capacity to the government by building the skills and capabilities of local staff and/or developing systems and procedures and codifying these in an accessible manner for use by local staff"[3]. The problem of staff retention manifests in MoFEA, AGD, internal audit, the National Audit Office, where personnel that attain a certain level of skill proficiency often leave for better paying jobs, often with development partners and the private sector. Government officials and development staff identified retention difficulties as a major challenge to sustainability of the reforms. Staff retention issues may also be contributing to the death of personnel with proper understand of and commitment to PFM reform process.

The funding challenges arise from concern about the ability of the government to continue to finance the reforms and their outcome without external funding. The government relies on external finance to finance fund major capital projects, including their recurrent expenditures. The government acknowledges its dependence on external assistance (loans, grants, and technical assistance) for many of its development funding activities, including important PFM reforms, including, for example, the periodic staff audit exercise. In fact, one of the recommendations of the 2019 staff audit exercise was for the Personnel Management Office to "have a budget line for staff audit as it cannot continue to be funded by external partners"[4]. To resolve this, the Aid Policy provides avers the government's "commitment to reduce aid dependency by improving domestic resource mobilization through tax and customs reforms"[5].

Transparency of the PFM program

The openness and accountability generated by transparent PFM reform programming helps in setting expectations and mobilizing stakeholder support and resources. In The Gambia, the PFMD pursues transparency by publishing the PFM reform strategies (version 2021-2025 and 2016-2020), and quarterly and annual progress reports on their implementation, on MoFEA's website (www.mofea.gm); however, the reporting is not timeous. For instance, the latest quarterly progress report published by January 2024 the "2023 Second Quarter PFM Performance Review Assessment"; the annual reports are available up to FY2022. The PFMD also publishes other PFM related items, but these are even more out of time. These other reports available on the website in early January 2024 include:

- Progress report on key PFM reform activities, e.g., Implementing Program Based Budgeting (PBB) First Progress Report, Study tour on Treasury Single Account Report (TSA) from May 12 – 13, 2019, Itemized expenditure report of the D500 million COVID-19 Health Emergency Fund (1st May 2020)
- Snap donor assistance news, e.g., "The Gambia will receive US$85 million SDRs Allocation from the IMF"
- Public Expenditure and Financial Accountability (PEFA) 2014; TADAT 2018 and PIMA 2019 are not on the website
- The 2020 PFM Action Plan and Monitoring Tool – latter monitoring tools are not available

The PFMD published reports lack reliable information on the financial aspects of reforms; estimates of the costs of the reforms are those included in the PFM strategies, which are usually not accurate. However, the approved budget has budget lines on the estimated financing (GLF/domestic and external) of individual PFM reform activities, e.g., '0539 IFMIS Additional Financing Project'. As the assessment in Section 3 shows, yearend financial reporting is only on the GLF component of the budgeted expenditure, excluding donor-executed projects.

[1] Op. cit. *p. 5*
[2] Op. cit., *p. 9*
[3] ibidem
[4] Personnel Management Office, 2019 Staff Audit Final Report, *p. 13*
[5] Op. cit., *p. 12*

Annex 1: Performance indicator summary

This annex provides a summary table of the performance at indicator and dimension level. The table specifies the scores with a brief explanation for the scoring for each indicator and dimension of the current and previous assessment, where applicable. It also includes columns to capture scores from a previous assessment where the PEFA 2016 methodology was applied, where applicable. However, Annex 1 cannot be used to compare scores with a previous assessment that used the 2005 or 2011 versions of the framework. Tracking performance changes in these circumstances will require assessors to complete a supplementary annex (See Annex 4: Tracking changes in performance based on previous versions of PEFA). The supplementary annex should be prepared in compliance with the Guidance on reporting performance changes in PEFA 2016 from previous assessments that applied PEFA 2005 or PEFA 2011 at www.pefa.org.)

COUNTRY NAME: The Gambia			Current assessment	
Pillar	**Indicator/Dimension**		**Score**	**Description of requirements met**
Budget Reliability	PI-1	**Aggregate expenditure out-turn**	**D**	**Aggregate budget deviation was 48.9% in FY2019, 59.8% in FY2020; and 63.2% in FY2021**
	PI-2	**Expenditure composition outturn**	**D+**	**Functional and economic composition variances were higher than 15 percent in each of the last three completed FY.**
		(i) Expenditure composition outturn by function	D	Functional expenditure variance was higher than 15 percent in each of the last three completed years, i.e., 75.5% in FY2019, 65.5% in FY2020, and 43.4% in FY2021
		(ii) Expenditure composition outturn by economic type	D	Expenditure composition variance by economic classification was higher than 15 percent in each of the last three completed years, i.e., 67.8% in FY2019, 17.6% in FY2020, and 17.8% in FY2021
		(iii) Expenditure from contingency reserves	A	Actual expenditure charged to contingency during the period averaged 2.2 percent.
	PI-3	**Revenue outturn**	**D**	**Aggregate revenue outturn deviated widely from the approved estimates in each of FY2019, 2020, and 2021, and revenue composition variance was also very high in each year.**
		(i) Aggregate revenue outturn	D	Aggregate revenue outturn 58.9 percent in FY2019, 86.5 percent in FY2020, and 45.5 percent in FY2021
		(ii) Revenue composition outturn	D	Revenue composition variance did not meet the requirement for a C score, which is that "revenue composition was less than 15% in two of the last three years". The composition variance was 69.3 percent in FY2019, 49.9 percent in FY2020, and 94.1 percent in FY 2021.
Transparency of Public Finances	PI-4	**Budget Classification**	**D**	**Annual budget formulation follows a classification system integrated into the CoA, based on detailed level of GFS 2014 at the administrative and economic classifications; the functional and program elements have limited application. However, budget formulation and reporting are not consistent; while the former uses recurrent and development expenditure classification, the latter reports on capital expenditure instead of development**.
	PI-5	**Budget Documentation**	**C**	**The evidence meets the requirements the four (4) basic elements (Forecast of the fiscal deficit or surplus or accrual operating result; Previous year's budget outturn, presented in the same format as the budget proposal; Current fiscal year's budget presented in the same format as the budget proposal; and Aggregated budget data for both revenue and expenditure) and two (2) additional elements , i.e., Deficit financing, describing its anticipated composition; and Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or changes to expenditure programs".**
	PI-6	**Central government operations outside financial reports**	**D**	**Annual consolidated financial statements do not include external sourced project finance and expenditures funded from them, and self-raised and retained revenues and expenditures incurred from them. These constitute significant proportions of government operations. Annual financial reporting by extrabudgetary units is in arrears; the consolidated government financial statements also do not include their revenues and expenditures.**

COUNTRY NAME: The Gambia			Current assessment	
Pillar	Indicator/Dimension		Score	Description of requirements met
		(i) Expenditure outside financial reports	D	Expenditure on externally financed projects not reported in the FY2022 consolidated financial reports is more than 45 percent of total BCG expenditure. Data to calculate the percentage of expenditures of other budgetary and extrabudgetary units not reported in the financial statements is not available.
		(ii) Revenue outside financial reports	D	Externally sourced not reported in the FY2021 consolidated financial statements is more than 37 percent of total BCG expenditure. Data to calculate the percentage of other revenues of budgetary and extrabudgetary units not reported in the financial statements is not available.
		(iii) Financial reports of extra-budgetary units	D	Annual financial statements of all extrabudgetary units are in arrears of preparation and, thus, do not meet the requirements for a higher score.
	PI-7	**Transfers to subnational governments**	**C+**	**Transfer of more than 90 percent of revenues to local councils follow transparent rules; however, information on transfers does not get to local councils until late in December, at the earliest, by when it would already be too late to influence their planning for the next fiscal year**.
		(i) System for allocating transfers	A	The horizontal allocation of general transfers to local councils (which is more than 90 percent of total transfers) from central government follows rules made by the Local Government Finance Advisory Body
		(ii) Timeliness of information on transfers	D	Local government councils do not receive information on annual transfers until the National Assembly has approved the budget estimates and the appropriation bill and the president accented to it, which happens around mid-December, i.e., about two weeks to the beginning of the next fiscal year
	PI-8	**Performance information for service delivery**	**D**	**The government does not systematically collect, record, or report information on planned and achieved performances and resources received on policies or programs of ministries; recent external audit evaluations of these services cover less than 50 percent of expenditures.**
		(i) Performance plans for service delivery	D	The government does not publish annual information on planned activities under the policies or programs of ministries; neither has it put in place a framework of performance indicators relating to their outputs or outcomes.
		(ii) Performance achieved for service delivery	D	The government does not generate or publish information annually on the activities performed by ministries.
		(iii) Resources received by service delivery units	D	There is no evidence of the collection, recording, and reporting of information on resources received by service delivery units, and no survey has taken place in the last three years to provide estimates for, at least, one large ministry.
		(iv)Performance evaluation for service delivery	C	The National Audit Office has undertaken performance audit of some service deliveries in the last three years; however, the audited services amounted to less than 50 percent of the aggregate expenditures.
	PI-9	**Public access to information**	**D**	**The evidence meets the requirements for one basic element ("Annual budget execution report") and one (1) additional element, i.e., "Other external audit reports".**
Management of assets and liabilities	PI-10	**Fiscal risk reporting**	**D**	**There is no systematic recording and reporting on the fiscal risks of SOEs, local governments, and contingent liabilities.**
		(i) Monitoring of public corporations	D	All 13 SOEs' financial statements are, at least, one year (FY2021) in arrears of preparation and audit.
		(ii) Monitoring of sub-national government (SNG)	D	All the eight local governments are in, at least, two years arrears of audited annual financial reporting; none of the LGs publishes its draft or unaudited financial statements.
		(iii) Contingent liabilities and other fiscal risks	D	The government did not systematically record and report on its explicit significant contingent liabilities emanating from its own programs and projects and those of its extrabudgetary units in the last completed fiscal year, FY2021.
	PI-11	**Public investment management**	**D**	**Work on instituting a functional policy and national guidelines for the economic appraisal, selection, costing, and monitoring of major investment projects is at an early stage.**
		(i) Economic analysis of investment proposals	C	National or centralized guidelines for project appraisals are not currently in place, as there are also no mechanisms for independent third-party review of projects' economic analyses, MoFEA's evaluation of projects' affordability and FACL potential, or publication of the results of the analysis. External donors fund most of the 8 identified major public-investment projects, and they use their own project appraisal techniques with no centralized oversight.

COUNTRY NAME: The Gambia			Current assessment	
Pillar	**Indicator/Dimension**		**Score**	**Description of requirements met**
		(ii) Investment project selection	D	The admittance of major projects into the budget does not follow a process of prioritization by a central government agency, neither are the bases of prioritization, defined standard criteria for project selection, published or unpublished.
		(iii) Investment project costing	D	The budget includes the total capital cost projections for major investment projects for the budget year; however, they do not also include projections of the total (life cycle) costs of the project or their medium-term breakdown, which is the minimum requirement for a higher score.
		(iv) Investment project monitoring	D	Implementing entities do not prepare annual progress reports on the total cost and physical progress of major investment projects.
	PI-12	**Public asset management**	**D**	**The government does not maintain comprehensive records of financial and nonfinancial assets. The Procurement Act regulates procedures for the transfer and disposal of public assets; however, the process does not include disclosure of ex post information on transfer and disposal to the legislature or the public, or inclusion of the information in budget documents or financial or other reports.**
		(i) Financial asset monitoring	D	The government does not maintain systematic records of its holdings in financial assets.
		(ii) Nonfinancial asset monitoring	D	The government does not currently maintain a comprehensive register of fixed assets' holdings, including information on historical cost, age, usage, expected life, etc. Some departments keep fixed asset registers on Excel spreadsheets, but do not include updated information on historical cost, age, usage, expected life, etc.
		(iii) Transparency of asset disposal	D	The GPPA Act 2014 established procedures and rules for the transfer or disposal of nonfinancial assets in ss. 58 – 63. The approved budget and draft yearend financial report for the year do not include information on assets disposal in the last completed FY, 2021, although there appears to have been assets' disposal during the year; in FYs 2018 and 2019, the audited yearend financial report included such information.
	PI-13	**Debt management**	**D+**	**MTDS 2021 - 2025 has scenario mapping and is publicly available, but it has limited ability to influence annual borrowing; however, the process for approving and monitoring guarantees is unclear, and debt recording and reporting excludes guarantees.**
		(i) Recording and reporting of debt and guarantees	D	Debt reporting covers domestic and foreign debt, but excludes guaranteed debt, which is the minimum requirement for a higher score.
		(ii) Approval of debt and guarantees	D	There are no documented policies and procedures issued by a single authority providing guidance on borrowing, issuance of new debt and undertaking debt-related transactions, issuance of loan guarantees, and monitoring of debt management transactions.
		(iii) Debt management strategy	D	The MTDS 2021 – 2025, dated September 2021, covers existing and projected government debt, has a horizon of five years, and is publicly available on MoFEA website. The strategy includes target ranges for interest rates, refinancing, and foreign currency risks. However, it is not clear that the cabinet approves the strategy as required by law. Besides, although the strategy influences the preparation of the ABP, the government does not view the ABP as a binding document.
Policy-based fiscal strategy and budgeting	**PI-14**	**Macroeconomic and fiscal forecasting**	**D**	**The government did not update the macroeconomic forecasts underlying the budget in the latter two of the three years covered by this indicator. Production of the Medium-Term Economic Fiscal Framework, which discontinued after 2019 and restarted in 2022, against 2023 – 2026. Revenue and expenditure projections are only for the budget year, and do not include outer years.**
		(i) Macroeconomic forecasts	D	There was no update of the Medium-Term Economic Fiscal Framework in the latter two of the last three completed fiscal years, FYs 2021 and 2022.
		(ii) Fiscal forecasts	D	There were no forecasts of revenue, expenditure, and the budget balance for the budget year and the two following fiscal years as part of the 2021 and 2022 budget processes. The executive budget submitted to the legislature for approval and the approved budget do not include outer year projections of revenues and expenditures.
		(iii) Macro-fiscal sensitivity analysis	D	The government did not prepare macrofiscal forecasts for the latter two of the three years under consideration, i.e., for FY 2021 and FY 2022. The macrofiscal forecasts prepared for the FY 2020 (i.e., MTEFF 2020 – 2024) did not include a qualitative assessment of the impact of alternative macroeconomic assumptions.

COUNTRY NAME: The Gambia			Current assessment	
Pillar	**Indicator/Dimension**		**Score**	**Description of requirements met**
	PI-15	**Fiscal strategy**	**D**	**The government did not analyze and document the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year in the last three completed fiscal years and it did not prepare a fiscal strategy in the last fiscal year.**
		(i) Fiscal impact of policy proposals	D	MoFEA did not provide evidence of analyzing and documenting the fiscal impact of policy proposals in FY2021 and FY2022 budgets, as good practice requires, neither did it provide evidence of consolidating such analysis, where budgetary entities analyze the impacts as it affects them.
		(ii) Fiscal strategy adoption	D	The Gambia did not prepare any fiscal strategy for the last completed fiscal year (FY 2021), which is the period covered by the dimension.
		(iii) Reporting on fiscal outcomes	NA	The government did not prepare any fiscal strategy in the last completed fiscal year, which is the period covered by this dimension. There was, therefore, nothing to report on.
	PI-16	**Medium term perspective in expenditure budgeting**	**D**	**Migration to full multiyear perspectives in budgeting is in process; expenditure ceiling covers less than 60% of the budget.**
		(i) Medium-term expenditure estimates	D	The budget call circular requests for and receives three-year forward-looking MDA budget submissions; however, estimates of revenue and expenditure presented in the budget are for the budget year and the current year only; they do not include estimates for outer years.
		(ii) Medium-term expenditure ceilings	D	Migration to multiyear perspectives in fiscal planning and budgeting is in process; the government does not approve expenditure ceilings for the budget year and the two following fiscal years before the issuing of the first budget circular. Multiyear ceilings in the budget call circular covers only goods and services, subvention, and development component of GLF origin; this excludes external funding, about 40% of spending, and personnel costs.
		(iii) Alignment of strategic plans and medium-term budgets	D	Ministries do not have extant medium-term strategic plans that meet the definition; work is still evolving in this area, as it is also in providing hard budget constraints through medium-term fiscal strategies to guide budget entities in realistically costing their strategic plans in a manner that improves funding assurance for them. Expenditure policy proposals in the annual budget estimates do not always align with the priorities of the NDP due to complications introduced by donor preferences and "political prioritization".
		(iv) Consistency of budgets with previous year estimates	NA	The Gambia is yet to adopt the multiyear budgeting technique, as explained *PIs 14* and 15*, and Dimensions 16.1*-3.
	PI-17	**Budget preparation process**	**D+**	**A clear budget call circular with a fixed calendar of activities and expenditure ceilings exists; however, it allows budget entities only three weeks to prepare their medium-term estimates; the ceilings are mere proposals; and the cabinet reviews the estimates ex-post, after the entities have finalized their budget estimates. The legislature has only 14 days to complete review and approval of the budget.**
		(i) Budget calendar	C	The FY2022 budget calendar includes a timetable of activities that culminate with the submission of the draft budget to the legislature; actual processes beat the calendar, leading to the submission of the draft budget to the legislature 10 days early. However, the calendar allowed budget entities only three weeks to prepare their estimates.
		(ii) Guidance on budget preparation	D	Budget entities prepare their budget estimates in detail, before the cabinet reviews them; however, the budget call circular issued to them covers only domestic resources, which was about ⅔ of the total budgeted spending.
		(iii) Budget submission to the legislature	D	Insufficient information to assess - dates of submission of estimates to house not available for FYs 2020 and 2021; however, the constitution allows it only 14 days (less than one month) to complete detailed scrutiny and approval.
	PI-18	**Legislative scrutiny of budgets**	**C+**	**Well entrenched procedures enable the National Assembly to complete scrutiny of the detailed budget estimates timeously; however, budget scrutiny does not include fiscal policy; rules for administrative midyear reallocations exist and budget execution mostly adheres to them.**

COUNTRY NAME: The Gambia			Current assessment	
Pillar	Indicator/Dimension		Score	Description of requirements met
		(i) Scope of budget scrutiny	B	The National Assembly reviews fiscal policies and details of expenditure and revenue estimate for the coming year only. The review does not include medium-term fiscal forecasts and medium-term priorities, as the government does not make these available to the legislature.
		(ii) Legislative procedures for budget scrutiny	C	The Revised National Assembly Standing Orders 2019, as amended, governs procedures for legislative review of the budget. The procedures include the use of specialized review committees and interaction with MDAs and other budget entities; however, there are no established negotiation procedures, technical support, and public consultation.
		(iii) Timing of budget approval	A	The National Assembly has approved the annual budget and the president has duly accented to them before the start of the year in each of the last three fiscal years.
		(iv) Rules for budget adjustments by the executive	B	Clear rules for administrative reallocation exist; the rules are loose and permit extensive reallocations without ex-ante approval. Available evidence shows that violations affect about 15.4 percent of spending.
Predictability and control in budget execution	**PI-19**	**Revenue administration**	**D+**	**Taxpayer information on obligations and right utilizes multiple channels; however, the compliance risk management system is underdeveloped, a "compliance improvement plan (CIP)" does not underlie tax audits and investigations, and data provided on revenue arrears is unreliable.**
		(i) Rights and obligations for revenue measures	**B**	The GRA uses multiple channels to provide taxpayers with comprehensive information on their main tax obligations and their rights, including redress processes and procedures. However, the informal sector and rural communities lack effective sensitization and education; and access to tax legislations is difficult.
		(ii) Revenue risk management	**C**	The recently established compliance risk management system is in its infancy but evolving; a system of rewarding good taxpayers as incentive to reduce compliance risks is in place, but not the approaches appear to be partly structured, at best.
		(iii) Revenue audit and investigation	**D**	The GRA does not have a "compliance improvement plan (CIP)"; neither is there evidence of pre-planning of revenue audits and investigations nor of their completion according to CIP.
		(iv) Revenue arrears monitoring	**D**	Analysis of data provided by the GRA shows that the stock of revenue arrears at the end of FY2021 was 8.3 percent of the year's total revenue collection, and the revenue arrears older than 12 months was 18.20 percent of the year's total revenue arrears. However, the assessors could confirm the reliability of the data provided, just as the TADAT 2018 Report could not on the same item.
	PI-20	**Accounting for revenues**	**D+**	**Most revenue collections sweep into the TSA twice weekly, which interfaces with the IFMIS controlled by the AGD; however, there is no complete reconciliation of assessments, collections, arrears, and transfers to treasury.**
		(i) Information on revenue collections	**B**	The GRA collects 80 percent of total government revenues through six designated bank accounts and sweeps the balances twice weekly into the TSA domiciled at the CBG. The TSA interface with the IFMIS affords the AGD real-time information on the revenue sweeps.
		(ii) Transfer of revenue collections	**A**	The GRA percolates collected revenue in its commercial bank accounts, which sweep twice weekly into the TSA. The TSA interface with the IFMIS affords the AGD real time information and access to the funds. The GRA collects 80 percent of government revenues.
		(iii) Revenue accounts reconciliation	**D**	No complete reconciliation of assessments, collections, arrears, and transfers to treasury accounts takes place between the AGD and the revenue collecting entities - the GRA and MDAs.
	PI-21	**Predictability of in-year resource allocation**	**D**	**Consolidation excludes more than 40 percent of cash; cash forecasting excludes, at least, 35 percent of resources and 40 percent of expenditures; MDA commitment ceilings are not sacrosanct; and in-year changes to the approved budget is significant, frequent, and nontransparent.**
		(i) Consolidation of cash balances	**D**	At the least, the bank accounts of donor-executed projects (40 percent of expenditures), extrabudgetary agencies, and self-raised revenue agencies are outside the government's cash consolidation process.
		(ii) Cash forecasting and monitoring	**D**	Annual cashflow forecasts and monthly updates prepared by MoFEA are not comprehensive, omitting, at least, 35 percent or government resources and 40 percent of government expenditures.

COUNTRY NAME: The Gambia			Current assessment	
Pillar	**Indicator/Dimension**		**Score**	**Description of requirements met**
		(iii) Information on commitment ceilings	**D**	MDAs do not receive advance reliable information on actual resource availability for expenditure commitment; spending warrants issued by MoFEA and information provided based on the CMC meeting are also not sacrosanct, as there may not be cash-backing for them at the end of the day.
		(iv) Significance of in-year budget adjustments	**D**	MoFEA makes significant, frequent, and nontransparent in-year adjustments to the approved budget, using powers ascribed to it under the PFA Act 2014 and other enactments.
	PI-22	**Expenditure arrears**	**D**	**The quality of records on expenditure arrears does not allow for accurate determination of the stock of expenditure arrears or for arrears monitoring.**
		(i) Stock of expenditure arrears	**D**	The state of the records does not permit accurate determination of the stock of expenditure arrears; records kept, and information reported are on "outstanding commitments", which encompass "approved purchase orders, unpaid payment vouchers, and outstanding imprests".
		(ii) Expenditure arrears monitoring	**D**	The government does not maintain or report reliable data on the stock, age, and composition of EPA of any type – contract arrears, unpaid claims for salaries, pensions, supplies, services, rents, interest on domestic and external debt, etc.
	PI-23	**Payroll controls**	**D+**	**Payroll and personnel databases are separate records, with infrequent reconciliation between them. Existing control measures are sufficient to ensure the integrity of the payroll data of greatest importance, but changes to the payroll are subject to long delays. A comprehensive payroll audit took place in 2019.**
		(i) Integration of payroll and personnel records	**D**	There is no indication of how often reconciliation takes place between the payroll controlled by the AGD, the nominal roll or personnel database maintained at the PMO, and individual staff files maintained at MDA offices. There is no indication that an effective reconciliation has taken place within the last six months. Besides, identified shortfalls weaknesses in the staff audit of 2019, the lates financial audit report, and 2021 DIA Activity Report indicate serious integrity issues.
		(ii) Management of payroll changes	**D**	The evidence shows systemic long delays in reflecting changes in personnel and payroll records.
		(iii) Internal control of payroll	**C**	Sufficient control measures exist to ensure integrity of the payroll data of greatest importance, but they do not successfully secure full data integrity, as evidenced by the payment of unidentified staff (ghost workers), staff receiving double salaries, and outdated staff profiles, including cases of civil servants earning the salaries of their promotion while their personal files did not reflect their redesignations
		(iv) Payroll audit	**B**	The 2019 staff audit exercise had statewide coverage, including agencies outside the payroll system, e.g., Drug Law Enforcement Agency.
	PI-24	**Procurement**	**D**	**Information on procurement monitoring and procurement complaints management is insufficient, and the evidence shows that less than 10 percent of approved contracts is by open tendering; the public has limited access to procurement information.**
		(i) Procurement monitoring	**D**	No databases or records for contracts containing information on procured items, value of procurement, and supplier/successful bidder existed as at the cutoff date for this assessment, i.e., end of November 2022.
		(ii) Procurement methods	**D***	There is insufficient evidence to score this dimension, given the nonavailability of information on contracts awarded on the WB projects, the Kuwaiti Fund, and other similar projects that use alternative procurement methods.
		(iii) Public access to procurement information	**D**	The procurement system does not meet the complete requirements for public access on any of the six key items of information.
		(iv) Procurement complaints management	**D***	The complaints review mechanism meets criterion 6 (i.e., issues decisions binding on every party, without precluding subsequent access to an external higher authority), but that there is insufficient evidence to rate performance under the five other criteria
	PI-25	**Internal controls on nonsalary expenditure**	**D+**	**Regulatory provisions are clear and detailed; however, compliance is poor in segregation of duties, expenditure commitment controls, and payment rules and procedures.**

COUNTRY NAME: The Gambia			Current assessment	
Pillar	**Indicator/Dimension**		**Score**	**Description of requirements met**
		(i) Segregation of duties	C	The regulations prescribe appropriate segregation of duties and responsibilities throughout the expenditure process; however, a recent IA review rates compliances as “unsatisfactory” due to “increasing irregular expenditure and noncompliance to set procedures”.
		(ii) Effectiveness of expenditure commitment controls	D	Management practices (cash rationing, unorthodox use of virements, etc.) and MDA noncompliance with set procedures nullify the practicality of cash plans and expenditure warrants in limiting commitments and payments to available cash, thereby rendering them ineffective.
		(iii) Compliance with payment rules and procedures	D	The 2021 DIA Activity Report identifies serious issues of noncompliance with government regulation regarding payments.
	PI-26	**Internal audit effectiveness**	**D**	**IA is not sufficiently operational in MDAs as to help achieve audit objectives per internal standards; management response to audit findings was only 9 percent in 2021, and the extent of implementation of the annual audit workplan was only 36 percent.**
		(i)Coverage of internal audit	D	The internal audit function has a charter, mandate, and staff deployed across all government departments; however, IA does not cover major capital projects, and MDA audit staff spend much of their time on accounting control work, which denies them sufficient time for systems monitoring and periodic reporting.
		(ii) Nature of audits and standards applied	D	Oral evidence informed and the DIA Activity Report 2021 confirms that internal auditors posted in MDAs are “preoccupied with vouching activities”, i.e., preaudit, leaving little or no time for systems monitoring or even financial compliance.
		(iii) Implementation of internal audits and reporting	D	The completion rate for RBIA workplan activities in FY2021 was only 36 percent in FY2021; special management requests and MDA preaudits took up scarce audit time. The DIA is yet to work out ways of balancing the cost of consulting engagements vis-à-vis their potential benefits, i.e., their impact on the implementation of the risk-based annual plan.
		(iv) Response to internal audits	D	MoFEA DIA reported that for 2021, only 9% of recommendations were implemented.
Accounting and Reporting	**PI-27**	**Financial data integrity**	**C+**	**Changes to the IFMIS have restricted access and results in an audit trail, and the country does not outstanding suspense accounts; however, inefficient bank reconciliation adversely affects financial integrity, and there is insufficient information to assess advance accounts.**
		(i)Bank account reconciliation	D	Reconciliation issues identified by both internal and external audit reports include (i) “inefficient reconciliation” of important revenue accounts, (ii) use of incorrect balances to reconcile cash and bank balances, resulting in large unresolved differences, and the accounts “not reconciling”, and non-review and signing of bank reconciliation statements by a senior officer”
		(ii) Suspense accounts	A	The Gambia does not have outstanding suspense accounts at the end of the fiscal year.
		(iii) Advance accounts	D*	The frequency, timing of reconciliation of advances could not be validated. The age-analysis for balances is not available to confirm that advances are cleared regularly.
		(iv) Financial data integrity processes	B	Access to changes is restricted to the IFMIS system administrator, after approval by the accountant general, and results in an audit trail; however, there is no dedicated operational body that verifies financial data integrity.
	PI-28	**In-year budget reports**	**D+**	**Information presented in in-year reports limits comparability to the original budget as only Government Local Funded expenditure budget execution is reported on.**
		(i)Coverage and comparability of reports	D	The monthly expenditure briefs cover only expenditure incurred from domestic resources to the exclusion of expenditures in self-accounting projects (SAP) and self-raised revenues and retained revenues. Thus, (i) extrabudgetary (deconcentrated) units’ budget execution, (ii) expenditure funded through donors (loans and grants) and (iii) of revenue collections are not included in the monthly expenditure briefs.
		(ii) Timing of in-year budget reports	C	It could not be confirmed that monthly budget briefing reports are presented within 4 weeks (as is required for a B score)
		(iii)Accuracy of in-year budget reports	D	Disparity in reporting formats of the budget and performance reports affects their usefulness: the approved budget includes both GLF and donor-project finances expenditures, while performance reporting excludes the latter.

COUNTRY NAME: The Gambia			Current assessment	
Pillar	**Indicator/Dimension**		**Score**	**Description of requirements met**
	PI-29	**Annual financial reports**	**D+**	**Financial reports apply IPSAS cash accounting standards; however, the reporting excludes about 40 percent of operations; and FY2021 financial statements was not yet ready for audit, 12 months after the yearend.**
		(i)Completeness of annual financial reports	C	Annual financial statements cover only revenues, expenditures, and cash balances, compared to the approved budget, but they exclude non-financial assets, guarantees, and cash flows
		(ii) Submission of reports for external audit	D	The National Audit Office returned the draft 2021 consolidated annual financial statements submitted by the Accountant General's Department on 30 June 2022 (within six months of the fiscal year end) for not being in an auditable state; the AGD had not resubmitted it for audit by the end of 2022.
		(iii) Accounting standards	B	The consolidated annual financial statements apply IPSAS Cash Basis and are consistent with the provisions of the Public Finance Act 2014; however, they are not IPSAS compliant in the disclosure of about 40 percent by value of government operations.
External scrutiny and audit	**PI-30**	**External audit**	**D+**	**Audit is mostly independent but covers no more than 65 percent of revenues and 60 percent of expenditure; there are significant delays in finalizing audits and submitting reports to the legislature, and there is limited follow-up on audit findings.**
		(i)Audit coverage and standards	C	Audit focuses on both PFM systemic issues and financial and compliance issues, and covers government revenues, expenditures, assets, and liabilities; however, audit covers no more than 65 percent of government revenue and 60 percent of government expenditures.
		(ii) Submission of audit reports to the legislature	D	When the information is available, it indicates that significant time elapses between the date of receipt of financial statements for audit and the date of submission of the finalized audit to the legislature for discussion – 29 months, in the case the audited 2019 financial statements.
		(iii) External audit follow-up	D	Formal responses that are partially complete were made by the Accountant General on behalf of all executives on the audit findings for the audit of the Consolidated Annual Financial Statements for 2019 only (as the 2020 and 2021 audits are in progress) and dealing only with BCG. NAO indicated that as follow up, 80% of recommendations in the 2018 report have not been implemented.
		(iv)Supreme Audit Institution (SAI) independence	B	Five of the 6 criteria/indicators are met. The Auditor General however submits its reports to MoFEA for tabling in the National Assembly and are not published until tabling and review.
	PI-31	**Legislative scrutiny of audit reports**	**D**	**The relevant supporting information is not available to assess each of the 4 dimensions.**
		(i)Timing of audit report scrutiny	D*	The time frame for legislative scrutiny of all relevant audit reports could not be confirmed against available data.
		(ii) Hearings on audit findings	D*	The extent that entities other than the Office of the Accountant General on behalf of CBG, could not be validated.
		(iii) Recommendations on audit by the legislature	D*	Recommendations are issued by the National Assembly; however, it could not be validated against supporting information, and there is no "in-year" tracking tool within the NA to monitor progress and status.
		(iv)Transparency of legislative scrutiny of audit reports	D*	The extent that the public had access to all hearings or committee reports could not be validated based on available information or against the NA website.

Annex 2: Summary of observations on the internal control framework

Internal control components and elements	Summary of observations
1. Control environment	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization	Internal controls impeded by apparent knowledge and skill gaps, and practices in key areas internal controls, e.g., virements (encouraged weak legal provisioning and loopholes), procurement, multiyear programming, etc..
1.2 Commitment to competence	Weak commitment observable, especially among mid to senior career personnel
1.3 The "tone at the top" (i.e., management's philosophy and operating style)	External and internal audit findings, and findings of repeated PFM analytics and diagnostics conducted over the years suggest that action lags precepts in vital ways, which leaves loopholes in internal controls
1.4 Organizational structure	Organization arrangements are adequate to promote internal controls in many areas of revenue administration, budgets and budgeting, accounting, treasury, and reporting, external oversight; however, human capacity and compliance issues, sometimes undermine their operation.
1.5 Human resource policies and practices	Capacity shortages observed in key PFM professional areas – budgeting, (multiyear fiscal programming), accounts and treasury, audit, aid management, coordination, and monitoring, etc.
2. Risk assessment	
2.1 Risk identification	Weak and lax risk identification procedures and processes
2.2 Risk assessment (significance and likelihood)	Ineffectiveness, exemplified by the huge central government operations outside financial reports, ineffective financial monitoring of public corporations and local governments, weaknesses in the public investment management, failure of internal audit to focus mainly on risk assessment.
2.3 Risk evaluation	Not done in any standardized form due to lack of centralized investment appraisal processes
2.4 Risk appetite assessment	The Loan and Debt Management Directorate (DLMD) of MoFEA is developing the skill to assess the level of tolerable risk while pursuing its objectives, and before determining that action is be necessary to reduce the risk; the Economic Policy and Research Directorate is doing the same. The skill level for and current methods of 'risk appetite assessment' in the government need scaling up.
2.5 Responses to risk (transfer, tolerance, treatment, or termination)	MoFEA is beginning to develop professional approaches for responding to risk, e.g., those posed by SOEs, local government, and extrabudgetary units. Currently, response stimuli and actions are inadequate.
3. Control activities	
3.1 Authorization and approval procedure	Legal provisions on authorization and approval procedures exist; however, there re, sometimes, important violations as audit reports find, e.g., in virements.
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	Appropriate regulatory provisions on segregation of duties and responsibilities throughout the expenditure process exist; however, IA rates compliances as "unsatisfactory" due to "increasing irregular expenditure and noncompliance to set procedures".
3.3 Controls over access to resources and records	The Accountant General's Department and the Central Bank of the Gambia maintain control and custody of liquid assets; however, issues of comprehensive reconciliation raise control questions. Control and records over illiquid assets are less clear, including noncash financial assets, solid minerals, etc.
3.4 Verifications	Inadequate, e.g., due to lack of comprehensive assets register, etc.
3.5 Reconciliations	Not comprehensive, especially of revenue assessments, collections, arrears, and transfers to the government

Internal control components and elements	Summary of observations
3.6 Reviews of operating performance	Weak, both in the BCG and public sector in general, including SOEs – arrears of preparation and audit of financial statements in the central government, local governments, and SOEs.
3.7 Reviews of operations, processes, and activities	MoFEA publishes monthly budget execution reports; however, the report does not include the operations of (i) donor-financed projects, which constitutes about 40 percent of government expenditures, and (ii) MDAs authorized to spend self-raised revenues, (ii) non-subvented revenue and expenditures of extrabudgetary funds. Process reviews are not observable, except for occasional PFM analytics and diagnostics done with the assistance of development partners.
3.8 Supervision (assigning, reviewing, and approving, guidance, and training)	Supervision appears tighter in issues relating to the National Assembly deadlines, e.g., annual presentation of the budget. Delays and lapses in the performance of other tasks appears to implicate supervision issues, among others.
4. Information and communication	Inadequate - failure to produce and/or disseminate information, especially those for public consumption; untimely production of information, and/or production and dissemination of incomplete and of poor-quality information.
5. Monitoring	
5.1 Ongoing monitoring	The DIA carries out *ex-post* detective monitoring of the control system, but not proactive, preventive monitoring of the system, to assure the health and effectiveness of installed activities.
5.2 Evaluations	Little or no ex-post evaluation takes place
5.3 Management responses	Generally delayed or late in coming

Annex 3: Sources of information

Annex 3A: Related surveys and analytical work

No	Institution	Document title	Date	Link
1	The World Bank	The Gambia Integrated State-Owned Enterprises Framework (iSOEF) Assessment	2022	Electronic copy of document provided by email by the World Bank, The Gambia country Office
2	The International Monetary Fund (IMF) – (Technical Assistance Report)	The Gambia Public Investment Management Assessment	May 2019	Electronic copy of document provided by email by the Ministry of Finance and Economic Affairs (MoFEA), Public Financial Management Directorate PFMD
3	The World Bank/IMF	2022 Debt Sustainability Analysis for the Republic of The Gambia	September 2022	Electronic copy of document provided by email by the Ministry of Finance and Economic Affairs (MoFEA), Public Financial Management Directorate PFMD; copy also available at https://www.mofea.gm/directorates/loans-and-debt-management
4	The International Monetary Fund (IMF) – (Technical Assistance Report)	The Gambia TADAT Performance Assessment, Technical Assistance Report	June 2018	Electronic copy of document provided by email by the Ministry of Finance and Economic Affairs (MoFEA), Public Financial Management Directorate PFMD; copy available at
5	The World Bank	Systematic Country Diagnostics for the Republic of The Gambia: Overcoming a No-Growth Legacy.	May 2020	World Bank Group. 2020. Republic of The Gambia: Overcoming a No-Growth Legacy. Systematic Country Diagnostic; © World Bank, Washington, DC. http://hdl.handle.net/10986/33810
6	The World Bank	Debt Reporting Heat Map, October 1, 2022	December 9, 2022	https://www.mofea.gm/directorates/loans-and-debt-management?p=directorates&c=loans-and-debt-management

Annex 3B: List of people interviewed

GoTG PEFA 2022 Assessments Field Mission: Record of Persons Consulted				
No	**Institution**	**Department**	**Person**	**Position**
1	Min. of Budget & Econ Affairs (MoFEA)	Office of the Minister	Seedy Keita	Minister
2	Min. of Budget & Econ Affairs (MoFEA)	Office of the Permanent Secretary	Mod. A. K Secka	Permanent Secretary (PS) 1
3	Min. of Budget & Econ Affairs (MoFEA)	Office of the Permanent Secretary	Abdoulie Jallow	Permanent Secretary (PS) 2
4	Min. of Budget & Econ Affairs (MoFEA)	Budget	Mustapha Samateh	Director
5	Min. of Budget & Econ Affairs (MoFEA)	Budget	Swaibou Barry	Deputy Director
6	Min. of Budget & Econ Affairs (MoFEA)	Budget	Alaye Barra	Principal Economist
7	Min. of Budget & Econ Affairs (MoFEA)	Budget	Ismaila Bah	Principal Finance Office (PFO)
8	Min. of Budget & Econ Affairs (MoFEA)	Budget	Abdon Salam Jatha	PFO
9	Min. of Budget & Econ Affairs (MoFEA)	Budget	Horeja Jeng	Finance Office (FO)
10	Min. of Budget & Econ Affairs (MoFEA)	Budget	Mariam P. Saho	Intern
11	Min. of Budget & Econ Affairs (MoFEA)	Budget	Mrs. Maria Azzi Tambadoo	Principal Economist
12	Min. of Budget & Econ Affairs (MoFEA)	Budget	Lamin D. Manneh	PFO
13	Min. of Budget & Econ Affairs (MoFEA)	Budget	Abdou Salam Jatta	PFO
14	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Agnes Macaulay	Accountant General
15	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Clara Saine Mendy	Deputy Accountant General
16	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Moussa Ba	Deputy Accountant General
17	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Alhagie Jallow	Assistant Accountant General (AAG)
18	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Fatou Jobe	SAS
19	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Saikou Keita	Senior Accountant
20	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Matida Jikineh	Principal Accountant
21	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Alieu Darboe	Principal Accountant
22	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Matida Jikineh	Principal Accountant
23	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Saikou Keita	Senior Accountant
24	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Adama Saidyikhan	ACC
25	Min. of Budget & Econ Affairs (MoFEA)	Accountant General's	Malick Darboe	ACC
26	Min. of Budget & Econ Affairs (MoFEA)	Internal Audit	Modou Ceesay	Director General (DG)
27	Min. of Budget & Econ Affairs (MoFEA)	Internal Audit	Ebrima Sanyang	Principal Internal Auditor) PIA
28	Min. of Budget & Econ Affairs (MoFEA)	Internal Audit	Siaka Saidyleigh	Senior Audit Supervisor (SAS)
29	Min. of Budget & Econ Affairs (MoFEA)	Internal Audit	Masireh Drammeh	Principal Internal Auditor) PIA
30	Min. of Budget & Econ Affairs (MoFEA)	Internal Audit	Yama Jobe	Senior Internal Auditor (SIA)
31	Min. of Budget & Econ Affairs (MoFEA)	Loan & Debt Management	Njaga Gaye	Principal Loans Office (PLO)

GoTG PEFA 2022 Assessments Field Mission: Record of Persons Consulted				
No	**Institution**	**Department**	**Person**	**Position**
32	Min. of Budget & Econ Affairs (MoFEA)	Loan & Debt Management	Fatou Kujabbie	SLO
33	Min. of Budget & Econ Affairs (MoFEA)	Loan & Debt Management	Lamin Sillah	Loans Officer (LO)
34	Min. of Budget & Econ Affairs (MoFEA)	Loan & Debt Management	Fasaikou Danso	PLO
35	Min. of Budget & Econ Affairs (MoFEA)	Loan & Debt Management	Saikauna E. Jarju	SFRA
36	Min. of Budget & Econ Affairs (MoFEA)	Loan & Debt Management	Ya Fatou Njie	LO
37	Min. of Budget & Econ Affairs (MoFEA)	Loan & Debt Management	Binta D. Manong	Assistant Loans Officer (ALO)
38	Min. of Budget & Econ Affairs (MoFEA)	Public Procurement	Dr. J. Solomon Jatta	Ag. Director
39	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Lamin Fatty	Director
40	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Abdoulie Puye	Principal Economist
41	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Fatou S. Sanneh	Economist
42	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Tamsir Bittaye	Senior Economist
43	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Sainabou Sonko	Personal Assistant
44	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Awa Bittaye	Senior Economist
45	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Haddijatou Mbenga	Senior Economist
46	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Bekai Suso	Economist
47	Min. of Budget & Econ Affairs (MoFEA)	Public Private Partnership	Fatoumatta Sillah	Intern
48	Min. of Budget & Econ Affairs (MoFEA)	Public Finance Management	Amie Kolleh Jeng	Director
49	Min. of Budget & Econ Affairs (MoFEA)	Public Finance Management	Abdoulie S. Bah	Principal Economist
50	Min. of Budget & Econ Affairs (MoFEA)	Public Finance Management	Alasan Cham	Cadet Economist
51	Min. of Budget & Econ Affairs (MoFEA)	Public Finance Management	Ruth Kezia Forster	Cadet Economist
52	Min. of Budget & Econ Affairs (MoFEA)	Public Finance Management	Michael Palmbach	EU Attachee/Advisor to the PFMD
53	Min. of Budget & Econ Affairs (MoFEA)	Aid Coordination (DAC)	Ebaima Daboe	Director
54	Min. of Budget & Econ Affairs (MoFEA)	Aid Coordination (DAC)	Mariama Saine	Principal Economist
55	Min. of Budget & Econ Affairs (MoFEA)	Economic Policy & Research	Baboucar Jobe	Director
56	Gambia Public Procurement Agency	Gambia Pub Procurement Agency (GPPA	Phoday M. Jaiteh	Director General
57	Gambia Public Procurement Agency	Gambia Pub Procurement Agency (GPPA	Ndey Kumba Gaye	Senior Admin Manager
58	Gambia Public Procurement Agency	Gambia Pub Procurement Agency (GPPA	Ibrahima Sanyang	DPPO
59	Gambia Public Procurement Agency	Gambia Pub Procurement Agency (GPPA	Alieu Y. Kah	HR. Manager
60	Gambia Public Procurement Agency	Gambia Pub Procurement Agency (GPPA	Isatou Barry	ACO
61	Gambia Public Procurement Agency	Gambia Pub Procurement Agency (GPPA	Ebrima Darboe	FM
62	Gambia Public Procurement Agency	Gambia Public Procurement Institute	Maurice J. Gomez	Manager
63	Personnel Management Office (PMO)	Personnel Management Office (PMO)	Mustapha MB Nyabally	Deputy Permanent Secretary (DPS)
64	Personnel Management Office (PMO)	Personnel Management Office (PMO)	Lamin Saidy	Director

GoTG PEFA 2022 Assessments Field Mission: Record of Persons Consulted				
No	**Institution**	**Department**	**Person**	**Position**
65	Public Service Commission (PSC)	Public Service Commission (PSC)	Lamin Samateh	Chairman
66	Public Service Commission (PSC)	Public Service Commission (PSC)	Lamin Sama Jaiteh	Vice Chairman
67	Public Service Commission (PSC)	Public Service Commission (PSC)	Ganyi Touray	Member
68	Public Service Commission (PSC)	Public Service Commission (PSC)	Abdoulie Jafuneh	Secretary
69	Public Service Commission (PSC)	Public Service Commission (PSC)	Fatou Amirah Mambouray	Admin Assistant Officer
70	Public Service Commission (PSC)	Public Service Commission (PSC)	Muhammah Jawla	A. Accountant
71	National Audit Office (NAO)	National Audit Office (NAO)	Pa Majegne Ndow	Deputy Auditor General (DAG) 1
72	National Audit Office (NAO)	National Audit Office (NAO)	Almamie Mankajang	Director of Audit
73	National Audit Office (NAO)	National Audit Office (NAO)	Baba S. Drammeh	DAG 2
74	National Audit Office (NAO)	National Audit Office (NAO)	Sering Mass Jallow	Director of Audit
75	Min. of Basic & Sec Education (MoBSE)	Min. of Basic & Sec Education (MoBSE	Essa Marory	PAS
76	Min. of Basic & Sec Education (MoBSE)	Min. of Basic & Sec Education (MoBSE	Alhagie Bah	Financial Controller (FC)C
77	Min. of Basic & Sec Education (MoBSE)	Min. of Basic & Sec Education (MoBSE	Kalilu Marika	Accountant
78	Min. of Basic & Sec Education (MoBSE)	Min. of Basic & Sec Education (MoBSE	Baboucarr O. Jarju	Senior Executive Officer (SEO)
79	Min. of Basic & Sec Education (MoBSE)	Min. of Basic & Sec Education (MoBSE	Salim Jaiteh	PO
80	Min. of Basic & Sec Education (MoBSE)	Min. of Basic & Sec Education (MoBSE	Naomi.A. Williams	DPS(Admin)
81	Min. of Basic & Sec Education (MoBSE)	Min. of Basic & Sec Education (MoBSE	Babou Joof	Auditor
82	Ministry of Health	Department of Planning & Inspection	Gabriel Jarju	Director
83	Min. of Agric. (MoA)	Ministry of Agriculture (MoA)	Jerreh A.B Sonko	Principal Accountant
84	Min of Local & Regional Government (MoLRG)	Ministry of Local & Regional Government (MoLRG)	David Gomez	Director
85	National Assembly	National Assembly	Marabi S. Hydara	Director Of Committees
86	National Assembly	National Assembly	Ebrima Jawo	Assistant Snr. Committee Clerk
87	National Assembly	National Assembly	Sarata Betany	Committee Clerk
88	National Assembly	National Assembly	Naffissatau Njie	Principal Budget Officer
89	National Assembly	National Assembly	Faoumata Keita	Committee Clerk
90	National Assembly	National Assembly	Isatou Sonko	Committee Clerk
91	National Assembly	National Assembly	Sainey Kontah	Table Officer
92	Gambia Rev Agency (GRA)	Gambia Rev Agency (GRA)	Yankuba Darboe	Commissioner General (CG)
93	Gambia Revenue Agency (GRA)	Gambia Revenue Agency (GRA)	Yahya Manneh	Director of Technical Services (DTS)
94	Gambia Revenue Agency (GRA)	Gambia Revenue Agency (GRA)	Mary P. Mendy	Deputy Director (PPR)
95	Gambia Revenue Agency (GRA)	Gambia Revenue Agency (GRA)	Sarja Camara	Deputy Director, Finance & Amin ((DDFA)
96	Gambia Revenue Agency (GRA)	Gambia Revenue Agency (GRA)	John S. L Gomez	Director of Internal Audit (DIA)
97	European Union Delegation (EUD)	European Union Delegation (EUD) to The Gambia	Aisha Sillah	Project Officer
98	International Monetary Fund (IMF)	Resident Representative's Office for The Gambia	Mamadou D. Barry	Resident Representative
99	International Monetary Fund (IMF)	Resident Representative's Office for The Gambia	Bernard Mendy	Economist

GoTG PEFA 2022 Assessments Field Mission: Record of Persons Consulted				
No	**Institution**	**Department**	**Person**	**Position**
100	The World Bank	Country Office in The Gambia	Niyongabo Ephrem, Ph. D	Country Economist
101	Central Bank of The Gambia (CBG)	Deputy Governor's Office	Abdoulie Sireh Jallow	Deputy Governor (DG) 1
102	Brikama Area Council (BAC)	Brikama Area Council (BAC)	Modou Jonga	CEO
103	Kanifing Area Council (KMC)	Kanifing Area Council (KMC)	Kajali Janneh	Deputy CEO
104	Kanifing Area Council (KMC)	Kanifing Area Council (KMC)	Sheriff Njie	Director of Admin & Finance (DAF)
105	Janjanbreh Area Council (JAC)	Janjanbreh Area Council (JAC)	Usman Keita	Director Planning
106	Janjanbreh Area Council (JAC)	Janjanbreh Area Council (JAC)	Lamin Jassey	Director of Finance
107	Basse Area Council (BSAC)	Basse Area Council (BSAC)	Osainou Touray	Budget Officer
108	Banjul Area Council (BCC)	Banjul Area Council (BCC)	Haddijatou Penn	Ag Senior Accounts Officer
109	MK Area Council	MK Area Council	Lamin Marri	Director of Planning
110	Assoc. of Non-Gov. Organizations (TANGO)	TANGO	Ndey Sireng Bakuri	Executive Director
111	Assoc. of Non-Gov. Organizations (TANGO)	NAWFA (TANGO Affiliate)	Njagga B. Jawo	Executive Director
112	Assoc. of Non-Gov. Organizations (TANGO)	TANGO	Abubacarr Fadera	AP
113	Assoc. of Non-Gov. Organizations (TANGO)	PPI - (TANGO Affiliate)	Michael Davies	Director
114	Assoc. of Non-Gov. Organizations (TANGO)	TANGO	Alhaji S. Cham	Programme Officer
115	Assoc. of Non-Gov. Organizations (TANGO)	GFD - (TANGO Affiliate)	Maimuna Jallow	Admin Assistant
116	Assoc. of Non-Gov. Organizations (TANGO)	TANGO	Amadou Gaye	Activist
117	Africa Development Bank (AfDB)	Governance & Economic Management	Ibrahim Ansu BANGURA	Senior Governance & Economic Management Officer
118	Africa Development Bank (AfDB)	Public Financial Management	Philip DOGHLE	Principal Financial Management Specialist
119	Africa Development Bank (AfDB	Procurement	Daniel OSEI-BOAKYE	Senior Procurement Officer

Annex 3C: Sources of information used to extract evidence for scoring each indicator

Indicator/dimension	Data Sources
Budget reliability	
PI-1. Aggregate expenditure outturn 1.1. Aggregate expenditure outturn	**Institutions/agencies -** MoFEA - Directorate of Budget and Accountant General's Department (AGD) **Document** • Approved Budget Estimates for FY2019, FY2020, and FY2021 • MoFEA - Consolidated Annual Financial Statements for FY2019 (audited), FY2020 (unaudited), and FY2021 (draft)
PI-2. Expenditure composition outturn 2.1. Expenditure composition outturn by function 2.2. Expenditure composition outturn by economic type 2.3. Expenditure from contingency reserves	**Institutions/agencies -** MoFEA - Directorate of Budget and Accountant General's Department (AGD) **Document** • Approved Budget Estimates for FY2019, FY2020, and FY2021 • MoFEA - Consolidated Annual Financial Statements for FY2019 (audited), FY2020 (unaudited), and FY2021 (draft) • Virement Report 2019 - Contingency - Excel & PDF Copies • Virement Report 2020-22 - Contingency - Excel & PDF Copies • Public Finance Act (PFA) 2014 • Financial Regulations 2016
PI-3. Revenue outturn 3.1. Aggregate revenue outturn 3.2. Revenue composition outturn	**Institutions/agencies -** MoFEA - Directorate of Budget, Directorate of Revenue & Tax Policy, and Accountant General's Department (AGD) **Document** • Approved Budget Estimates for FY2019, FY2020, and FY2021 • MoFEA - Consolidated Annual Financial Statements for FY2019 (audited), FY2020 (unaudited), and FY2021 (draft)
Transparency of public finances	
PI-4. Budget classification 4.1 Budget classification	**Institutions/agencies -** MoFEA Accountant General's Department (AGD), Directorate of Budget (DoB) **Document** • Chart of accounts (CoA) • Accounting Procedures Manual (APM) 2017 • Financial Regulations 2016
PI-5. Budget documentation 5.1 Budget documentation	**Institutions/agencies** • MoFEA – Directorates of Budget (DoB), Economic Policy & Research (DEPR), Revenue & Tax Policy (DRTP), Loans and Debt Management (DLDM), MoFEA website (www.mofea.gm) • National Assembly **Documents** • *Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year 2022* submitted by MoFEA to the National Assembly (NA) in November 2021 for review • "Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year 2022", aka, the "Explanatory Note" • Medium-term fiscal forecasting in the Gambia (MTEFF) entered a lull after the FY2020 – 2023 edition prepared in FY2019
PI-6. Central government operations outside financial reports	**Institutions/agencies -** Ministries of Finance & Economic Affairs (MoFEA), Basic & Secondary Education (MoBSE), and Health & Social Welfare (MoH); National

Indicator/dimension	Data Sources
6.1. Expenditure outside financial reports 6.2. Revenue outside financial reports 6.3. Financial reports of extra-budgetary units	Assembly (NA), National Audit Office (NAO) **Documents** • The Constitution of the Gambia 1997 • Public Finance Act (PFA) 2014 • Consolidated annual financial statements for FY19 (audited), FY20 (unaudited), and FY21 (draft) • 2019 Financial Audit Report and Audit Management Letter • FY2021 Approved Budget Estimates
PI-7. Transfers to subnational governments 7.1. System for allocating transfers 7.2. Timeliness of information on transfers	**Institutions/agencies** • Central Government institutions - Ministries of Finance & Economic Affairs (MoFEA) and Lands, Regional Government, and Religious Affairs, and MoFEA's Accountant General's Department (AGD) • Local governments - Banjul City Council (BCC), Kanifing Municipal Council (KMC), Basse Area Council (BSAC), Brikama Area Council (BAC), and Jangjangbureh Area Council (JAC) **Documents** • The Constitution of the Gambia 1997 • Public Finance Act (PFA) 2014 • Local Government Act of 2002 • Finance and Audit (Local Government) Act 2004

PI-8. Performance information for service delivery
8.1. Performance plans for service delivery
8.2. Performance achieved for service delivery
8.3. Resources received by service delivery units
8.4. Performance evaluation for service delivery
	Institutions/agencies - Ministries of Finance & Economic Affairs (MoFEA), Basic & Secondary Education (MoBSE), and Health & Social Welfare (MoH); and National Audit Office (NAO)
	Documents
	• The Constitution of the Gambia 1997
	• Public Finance Act (PFA) 2014
	• FY2021 Approved Budget Estimates
	• FY2023 Executive Budget Proposal
	• Strategic plans of Ministry of Women, Children, and Social Welfare: Strategic Plan 2021-2025 and Ministry of Transport, Works, and Infrastructure: Sector Strategic Plan 2022-2026
	• Agriculture (MoA) - Agriculture and Natural Resources (ANR) Policy (2017 – 2026) and Supplementary Agriculture and Natural Resource (ANR) Policy, Updated Draft, December 2017
	• Basic and Secondary Education and Higher Education, Research, Science, and Technology – Education Sector Policy 2016 – 2030
	• Higher Education, Research, Science, and Technology (MoHERST): Programme Based Budgeting Framework for 2022-2024
	• Health: Medium Term Expenditure Framework - Program Based Budgeting for 2021-2023
	• Women, Children, and Social Welfare - Program Based Budgeting Framework for 2022-2024
	• Basic and Secondary Education (MoBSE) - Program Based Budgeting Framework for 2022-2024; the ministry also supplied several performance evaluation and audit reports on their programmes – the only ministry to do so
	• Public Service - Program Based Budgeting Framework for 2023-2025
	• National Audit Office (NAO):
	  ○ Performance Audit Report: Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE)
	  ○ Performance Audit Report - Emergency Obstetric Care in Public Health Facilities

Indicator/dimension	Data Sources
	○ Follow-up Audit on the Storage and Distribution of Drugs by Central Medical Stores (CMS) - 2021 ○ Performance Audit Report: Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers ○ Performance Audit Report: Management of Community Fisheries Centres (CFCs)
PI-9. Public access to fiscal information 9.1. Public access to fiscal information	**Institutions/agencies** • MoFEA – Directorate of Budget (DoB), Accountant General's Department (AGD); MoFEA website (www.mofea.gm) • National Audit Office (NAO) **Documents** • FY2022 Estimates of Revenues, Recurrent, and Development Expenditures laid before the National Assembly • Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year 2022, i.e., the explanatory note • The FY2022 Appropriation Bill submitted after the NA • The President's budget speech made at the time of submitting the Appropriation Bill to the NA • Approved FY2022 budget estimates • FY2021monthly budget execution reports as published on MoFEA website • January – December budget execution report (FY2021) as published on MoFEA website • FY2019 audited financial statements and audit report • Medium-Term Economic Fiscal Framework (MTEFF 2023 – 2026 • Performance and other audit reports published on the NAO website (www,nao.gm) • FY 2022 citizen's budget
Management of assets and liabilities	
PI-10. Fiscal risk reporting 10.1. Monitoring of public corporations 10.2. Monitoring of sub-national government 10.3. Contingent liabilities and other fiscal risks	**Institutions/agencies** • MoFEA - Directorates of Budget (DoB), Internal Audit (DIA), Loans and Debt Management (DLDM), Public & Private Partnership (DPPP), aid Coordination (DAC), MoFEA website (www.mofea.gm) • Ministry of Lands, Regional Government, and Religious Affairs • Local governments - Banjul City Council (BCC), Kanifing Municipal Council (KMC), Basse Area Council (BSAC), Brikama Area Council (BAC), and Jangjangbureh Area Council (JAC) • Development Partners – International Monetary Fund, World Bank • National Audit Office (NAO), including NAO website – www.nao.gm **Documents** • FY2019 audited financial statements • FY 2021 Draft Consolidated Financial Statements • Various SOEs' audit reports as published on MoFEA website • World Bank 2022 assessment report - The Gambia Integrated State-Owned Enterprises Framework (iSOEF) Assessment • Various LGs' audited reports as published on the NAO website • Final Consolidated Audit Report on MDAs Arrears as At Sept 2020 (Directorate of Internal Audit)

<table>
<tr><th>Indicator/dimension</th><th>Data Sources</th></tr>
<tr><td>PI- 11. Public investment management</td><td rowspan="5">Institutions/agencies
• MoFEA - Directorates of Budget (DoB), Loans and Debt Management (DLDM), Public & Private Partnership (DPPP), Aid Coordination (DAC); Accountant General’s Department (AGD); MoFEA website (www.mofea.gm)
• Development Partners – International Monetary Fund, World Bank
Documents
• National Development Plan (NDP) 2018 – 2021
• Approved Budget Estimates for FY2022
• Excel Spreadsheet Analysis of List of Projects Supported the Directorate of Aid Coordination (DAC)
• Draft 2021 Consolidated Financial Statements
• 2019 IMF PIMA Report on The Gambia</td></tr>
<tr><td>11.1. Economic analysis of investment proposals</td></tr>
<tr><td>11.2. Investment project selection</td></tr>
<tr><td>11.3. Investment project costing</td></tr>
<tr><td>11.4. Investment project monitoring</td></tr>
<tr><td>PI-12. Public asset management</td><td rowspan="4">Institutions/agencies
• MoFEA - Directorates of Budget (DoB), Public & Private Partnership (DPPP), Aid Coordination (DAC); Accountant General’s Department (AGD); MoFEA website (www.mofea.gm)
• The Gambia Public Procurement Authority (GPPA)
• Development Partners – International Monetary Fund, World Bank
Documents
• Excel Spreadsheet Analysis of List of Projects Supported the Directorate of Aid Coordination (DAC)
• Draft 2021 Consolidated Financial Statements
• Gambia Public Procurement Authority (GPPA) Act 2014
• FY2019 Audited Consolidated Financial Statements
• World Bank. 2022. The Gambia Integrated State-Owned Enterprises Framework (iSOEF) Assessment. © World Bank
• 2019 IMF PIMA Report on The Gambia</td></tr>
<tr><td>12.1. Financial asset monitoring</td></tr>
<tr><td>12.2. Nonfinancial asset monitoring</td></tr>
<tr><td>12.3. Transparency of asset disposal</td></tr>
<tr><td>PI-13. Debt management</td><td rowspan="4">Institutions/agencies
• MoFEA - Directorates of Loans and Debt Management (DLDM), Public & Private Partnership (DPPP), Aid Coordination (DAC); Accountant General’s Department (AGD); MoFEA website (www.mofea.gm)
• Development Partners – International Monetary Fund, World Bank
Documents
• The 1997 Constitution
• Public Finance Act (PFA) 2014
• Financial Regulations (FR) 2016
• FY2019 Audited Consolidated Financial Statements
• Draft 2021 Consolidated Financial Statements
• DLDM - Medium-term debt Management Strategy (MTDS), 2022 – 2026
• Two additional DLDM - “Excerpt from the 2022 Annual Borrowing Plan” and “2022 Annual Borrowing Plan Announcement”
• The WB Debt Reporting Heat Map, October 1, 2022: https://www.mofea.gm/directorates/loans-and-debt-management?p=directorates&c=loans-and-debt-management</td></tr>
<tr><td>13.1. Recording and reporting of debt and guarantees</td></tr>
<tr><td>13.2. Approval of debt and guarantees</td></tr>
<tr><td>13.3. Debt management strategy</td></tr>
<tr><td colspan="2">Policy-based fiscal strategy and budgeting</td></tr>
<tr><td>PI-14. Macroeconomic and fiscal forecasting</td><td>Institutions/agencies</td></tr>
</table>

Indicator/dimension	Data Sources
14.1. Macroeconomic forecasts 14.2. Fiscal forecasts 14.3. Macro-fiscal sensitivity analysis	• MoFEA - Directorates of Economic Policy and Research Directorate (EPRD), Revenue & Tax Policy (DRTP)); MoFEA website (www.mofea.gm) • The National Assembly (NA) • Development Partners – International Monetary Fund, World Bank **Documents** • The 1997 Constitution • Public Finance Act (PFA) 2014 • Medium-Term Economic Fiscal Framework (MTEFF) 2023 – 2026 (draft) • Medium-Term Economic Fiscal Framework (MTEFF) 2020 – 2024

PI-15. Fiscal strategy
15.1. Fiscal impact of policy proposals
15.2. Fiscal strategy adoption
15.3. Reporting on fiscal outcomes
	Institutions/agencies
	• MoFEA - Directorates of Economic Policy and Research Directorate (EPRD), Revenue & Tax Policy (DRTP)); MoFEA website (www.mofea.gm)
	• The National Assembly (NA)
	• Development Partners – International Monetary Fund, World Bank
	Documents
	• The 1997 Constitution
	• Public Finance Act (PFA) 2014
	• Medium-Term Economic Fiscal Framework (MTEFF) 2023 – 2026 (draft)
	• Medium-Term Economic Fiscal Framework (MTEFF) 2020 – 2024
	• FY2021 and FY2022 budget documentations
	    ○ Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year presented to the National Assembly for approval
	    ○ Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the FY, i.e., the explanatory note
	    ○ Budget speech to the National Assembly upon the presentation of the Appropriation Bill for the year, i.e., after approval of the budget estimates

PI-16. Medium-term perspective in expenditure budgeting
16.1. Medium-term expenditure estimates
16.2. Medium-term expenditure ceilings
16.3. Alignment of strategic plans and medium-term budgets
16.4 Consistency of budgets with previous year's estimates
	Institutions/agencies
	• MoFEA - Directorates of Economic Policy and Research Directorate (EPRD), Revenue & Tax Policy (DRTP)); MoFEA website (www.mofea.gm)
	• The National Assembly (NA)
	• Development Partners – International Monetary Fund, World Bank
	Documents
	• The 1997 Constitution
	• Public Finance Act (PFA) 2014
	• Medium-Term Economic Fiscal Framework (MTEFF) 2023 – 2026 (draft)
	• Medium-Term Economic Fiscal Framework (MTEFF) 2020 – 2024
	• FY 2019, 2020, and 2021 Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year presented to the National Assembly for approval
	• Budget call circulars for FYs 2022 and 2023 issued respectively on 15 June 2021 and 29 July 2022
	• Sector Strategic plans for ministries of
	    ○ Women, Children, and Social Welfare 2021 - 2025
	    ○ Transport, Works, and Infrastructure 2022 - 2026

PI-17. Budget preparation process 17.1. Budget calendar	**Institutions/agencies** • MoFEA - Directorate of Budget (DoB); MoFEA website (www.mofea.gm)

Indicator/dimension	Data Sources
17.2. Guidance on budget preparation 17.3. Budget submission to the legislature	• The National Assembly (NA) **Documents** • Public Finance Act (PFA) 2014 • Financial Regulations (FR) 2016 • Accounting Procedures Manual (APM), 2017 • FY2023 budget call circular (BCC) issued on July 29, 2022 • FY2023 budget call circular (BCC) issued on June 15, 2021 • MoBSE's "Budget Consultative Programme Schedule 2023" • National Human Rights Commission (NHRC)'s updated 2023 – 2025 program-based budget (PBB) Statement submitted to MoFEA on July 19, 2022 • Votes & Proceedings of the National Assembly, October 28, 2021
PI-18. Legislative scrutiny of budgets 18.1. Scope of budget scrutiny 18.2. Legislative procedures for budget scrutiny 18.3. Timing of budget approval 18.4. Rules for budget adjustments by the executive	**Institutions/agencies** • The National Assembly (NA) • MoFEA - Directorate of Budget (DoB); MoFEA website (www.mofea.gm) **Documents** • The Constitution of The Gambia, 1997 • Public Finance Act (PFA) 2014 • "The Gambia National Assembly in Brief: Bringing the National Assembly Closer to the People", March 2020 • Revised National Assembly Standing Orders 2019, approved on September 12, 2019, and amended on June 25, 2020 • Consolidated Report of the Finance and Public Accounts Committee on the Estimates of Revenue and Expenditure 2023 of the Government of The Gambia, 23rd November 2023 • "Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year 2023", aka, the "Explanatory Note" on the 2023 estimates accompanying the laying of the estimates before the NA • The 2023 budget speech presented to the NA by the minister after the approval of the estimates of revenue and expenditure • Supplement "C" to The Gambia Gazette No. - of – 2019, Appropriation Act, 2020, ISSN 0796-0298 • Supplement "C" to The Gambia Gazette No. - of – 2020, Appropriation Act, 2021, ISSN 0796-0298 • Supplement "C" to The Gambia Gazette No. 52 of November 2022, Appropriation Act, 2020 • Management Audit Letter on the FY2019 financial statements
Predictability and control in budget execution	
PI-19. Revenue administration 19.1. Rights and obligations for revenue measures 19.2. Revenue risk management 19.3. Revenue audit and investigation 19.4. Revenue arrears monitoring	• The Gambia Revenue Authority Act, Act 13 of 2004 • Customes Regulations, 2019 • Brochures used to inform Taxpayers of Rights and Obligations, Taxpayer Charter and publications and information available on the GRA website • TADAT Diagnostic assessment 2018 • PFM Reform Strategy 2021 - 2025 Progress Report for 2022 • Data provided by GRA on Taxpayer arrears and Revenue Collections (excel format) and information shared during interview of Commissioner and management team. • BCG approved Budget 2019; 2020; 2021 and 2022 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021

Indicator/dimension	Data Sources
	consolidated BCG AFS
PI-20. Accounting for revenues 20.1. Information on revenue collections 20.2. Transfer of revenue collections 20.3. Revenue accounts reconciliation	• The Standard Chart of Accounts (SCOA) as per IMF Government Finance Statistics Manual • BCG approved Budget 2019; 2020; 2021 and 2022 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
PI-21. Predictability of in-year resource allocation 21.1. Consolidation of cash balances 21.2. Cash forecasting and monitoring 21.3. Information on commitment ceilings 21.4. Significance of in-year budget adjustments	• Monthly Cashflow and Liquidity forecasts by the Cashflow Managemnt Committee and Liquidity Management Committee for 2021 and 2022, and the minutes of these meetings • Monthly Expenditure Briefs (BCG) 2021 • BCG approved Budget 2019; 2020; 2021 and 2022 • Unaudited annual financial statements 2021 for BCG (Note 15) - List of Bank Accounts • MoFEA Accounting Procedure Manual
PI-22. Expenditure arrears 22.1. Stock of expenditure arrears 22.2. Expenditure arrears monitoring	• Annual Financial Statements for the 13 SOEs extracted from MoFEA website. • Internal Audit Reports on assessing validity of Arrears reported by MDAs, dated January 2020 and December 2020 (follow-up reporting). • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
PI-23. Payroll controls 23.1. Integration of payroll and personnel records 23.2. Management of payroll changes 23.3. Internal control of payroll 23.4. Payroll audit	• The Regularity Framework including the Public Service Act, Act 1991, the Public Service Regulations (2013), Code of Conduct for the Civil Service (2013) and the General Orders (2013). • The Public Service Commission Activity Reports 2019; 2020 - 2021 and information shared by the PSC Chair person and management team, and by the PMO. • MoFEA Staff Establishment - Details of Establishment for the Planning Cadre 2022 • PMO Staff Audit Report 2019 • BCG approved Budget 2019; 2020; 2021 and 2022 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
PI-24. Procurement 24.1. Procurement monitoring 24.2. Procurement methods 24.3. Public access to procurement information 24.4. Procurement complaints management	• The Regularity Framework including The Gambia Public Procurement Bill, Act 2014; The GPPA Regulations 2019; the new GPPA Act, Act 2022; the Public Procurement Manual. The Public Finance Act, Act 2014; the Financial Regulations, 2016; and the Constitution, 1997 • Training Workshop Report - July 2021 (Training woman to partcipate in Procurement) • Procurement Plans for select ministries (MOBSE; Agriculture; Health) and information shared by the ministries during interviews • Data provided by the GPPA on procurement by type (2022 analysis), in excel format, and information shared by the head of the GPPA and senior management team, and by the Director: Procurement. Information available on the GPPA website. • MoFEA Accounting Procedure Manual • BCG approved Budget 2019; 2020; 2021 and 2022 • Audited consolidated annual financial statements BCG for 2019 & the NAO

Indicator/dimension	Data Sources
	Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
PI-25. Internal controls on non-salary expenditure 25.1. Segregation of duties 25.2. Effectiveness of expenditure commitment controls 25.3. Compliance with payment rules and procedures	• The monthly Expenditure Briefs and monthly Cash Flow forecasts, 2021 and 2022 • The Public Finance Act, Act 2014; and the Financial Regulations, 2016 • The MoFEA Internal Auditor's Strategic Plan 2021-23 and its Activity Report 2021 • MoFEA Accounting Procedure Manual • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
PI-26. Internal audit 26.1. Coverage of internal audit 26.2. Nature of audits and standards applied 26.3. Implementation of internal audits and reporting 26.4. Response to internal audits	• For GRA based IAU: IIA Framework based documents including the Internal Audit Charter 2016; Internal Audit Manual; and the 2021 Work Plan and information share by the GRA Internal Auditor. • Examples of reports on audit assignments including Observations on the 2021 GRA Annual Financial Statements; Subvention Audit 2021 • For MoFEA based IAD: IIA Framework based documents including the Internal Audit Charter 2012; Internal Audit Manual 2014; Risk Based Internal Audit Plan 2021-23; and information shared by the Director: IAD and management team. • Examples of IAD Audit Reports TRRC 2021; NAS 2021; GFMDP 2021; Civid-19 Project (2022); Essential Service Project (2022) • The IIA IPPF (internal audit standards, and other prerequisite components) and the guidelines thereto • The External Quality Assessment (EQA) of the Directorate of Internal Audit (DIA) Ministry of Finance and Economic Affairs (MoFEA),The Gambia, report dated 14 August 2022, compiled by the Diamond Consulting Group (Uganda) • The Gambia Republic Enterprise Risk Management Policy 2021 • The IAD 2021 Annual Activity Report
Accounting and reporting	
PI-27. Financial data integrity 27.1. Bank account reconciliation 27.2. Suspense accounts 27.3. Advance accounts 27.4. Financial data integrity processes	• Data provided by the office of the Accountant General on frequency of Bank Reconciliations and the approval thereof. • Copies of GRA Bank Reconciliations - Commercial Bank Accounts • MoFEA Accounting Procedure Manual • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
PI-28. In-year budget reports 28.1. Coverage and comparability of reports 28.2. Timing of in-year budget reports 28.3. Accuracy of in-year budget reports	• Monthly Expenditure Brief Reports 2021 & 2022 extracted from MoFEA website. • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS • BCG approved Budget 2019; 2020; 2021 and 2022
PI-29. Annual financial reports 29.1. Completeness of annual financial reports 29.2. Submission of the reports for external audit	• IPSAS Standard for Cash Basis Accounting • BCG approved Budget 2019; 2020; 2021 and 2022 • The Standard Chart of Accounts (SCOA) • Certificates issued by the Accountant General for submission of the Consolidated BCG Annual Financial Statements for audit purposes - 2019;

Indicator/dimension	Data Sources
29.3. Accounting standards	2020; 2021 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
External scrutiny and audit	
PI-30. External audit 30.1. Audit coverage and standards 30.2. Submission of audit reports to the legislature 30.3. External audit follow up 30.4. Supreme Audit Institution independence	• ISSAI Standards (Independence etc.) • The NAO Strategic Development Plan 2020-2024; NAO Communication and Social Media Policies; NAO Communication and Stakeholder Engagement Strategy and information extracted from the NAO website. • Minutes of the PFM Audit Implementation Committee meetings 2020, 2021 and 2022 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS
PI-31. Legislative scrutiny of audit reports 31.1. Timing of audit report scrutiny 31.2. Hearings on audit findings 31.3. Recommendations on audit by the legislature 31.4. Transparency of legislative scrutiny of audit reports	• The Revised Standing Orders of the National Assembly, 2019 • The previous Standing Order No 77 (PAC) • The National Assembly Service Bill 2021 • The Constitution of The Gambia, 1997 • Certificates issued by the Accountant General for submission of the Consolidated BCG Annual Financial Statements for audit purposes - 2019; 2020; 2021 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto

Annex 4: Tracking change in performance based on previous versions of PEFA

This annex provides a summary table of the performance at indicator and dimension level. The table specifies the scores with a brief explanation for the scoring for each indicator and dimension of the current and previous assessment. This annex should present comparisons with previous assessments that used the 2005 or 2011 versions of the framework and should be prepared in compliance with the Guidance on reporting performance changes in PEFA 2016 from previous assessments that applied PEFA 2005 or PEFA 2011 at www.pefa.org.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
PI-1 Aggregate expenditure out-turn compared to original approved budget	**C**	**D**	**Actual Expenditure was deviated from the original budget by 9.2% in 2019, 31.4% in 2020, and 35.4% in 2021; however, FY2020 and 2021 financial statements are unaudited.**	**The COVID-19 pandemic significantly affected the ability of the government to generate domestic revenue to execute GLF expenditure, i.e., expenditure denominated by domestic revenue, in FY2020 and FY2021.**
PI-2 Composition of expenditure out-turn compared to original approved budget	**D+**	**D+**	**Variance in expenditure composition exceeded 15% in all three years, and actual expenditure charged to contingency was.4% of the original budget.**	**Observed deteriorating performance in both composition variance and the use of contingency vote, even though the aggregate score remained the same.**
(i) Extent of the variance in expenditure composition during the last three years, excluding contingency items	D	D	Variance in composition variance was 17.4% in FY2019, 54.4% in FY2020, and 44.0% in FY2021; however, FY2020 and 2021 financial statements are unaudited	Declining performance observed, with composition variance exceeding 15% of the original budget in all three years in the current assessment as against two years in the preceding assessment. The main cause is the continued excessive use of the virement instrument and administrative adjustments for budgetary management, probably excusable in FY2020 by the adverse impact of the COVID-19 pandemic on public finances but representing a deterioration in fiscal discipline beyond that.
(ii) The average amount of expenditure actually charged to the contingency vote over the last three years.	A	B	Actual expenditure charged to the contingency vote was on average 5.4% of the original budget between FY2019 and FY2021. However, there are two caveats to note: (i) FY2020 and 2021 financial statements are unaudited, and (ii), note the caveat inserted in the assessment of PI-2.3 in the main report as follows (*Note: analysis of FY2020 data is incomplete - only	Progressive decline in performance, illustrated by the score of 2.4% in FY2019, 4.8% in FY2020 (would be higher if analysis for the year was completed), and 9.1% in FY2021; the use of virements and contingency votes is expanding to levels of concern.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			one-fifth done; completing the process requires complicated analysis of the data on virements, which spans nearly 12,000 rows of excel spreadsheets for FY2020 alone (FY2021 data spans more than 4,000 rows). The assessors discontinued further analysis of FY2020 because of the time it was taking to do the analysis vis-à-vis the benefit of continuing; the general message was clear from the data already analyzed with no new insight gained, except for the potential impact on the score.).	
PI-3 Aggregate revenue out-turn compared to original approved budget	**B**	**D**	**Actual domestic revenue was 136.8%, 171.9%, and 70.1% of the approved budget in FY2019, FY2020, and FY2021, respectively. However, the audit of FY2020 and FY2021 financial statements was still outstanding at the time of this assessment.**	**Deteriorating performance stemming from underestimation of revenue in FY2019 and FY2020, and overestimation in FY2021**
PI-4 Stock and monitoring of expenditure payment arrears	**NR**	**NR**	**Insufficient information to score the indicator**	**No change in performance.**
(i) Stock of expenditure payment arrears and a recent change in the stock	NR	NR	Insufficient information to rate the dimension - the books do not disclose information on expenditure payment arrears (EPA), probably due to the cash basis nature of accounting used. However, the year end financial statements disclose information on "arrears of revenue".	No change in performance.
(ii) Availability of data for monitoring the stock of expenditure payment arrears	D	D	The government does not maintain reliable data on the stock of EPA of any type - unpaid claims for salaries, pensions, supplies, services, rents, interest on domestic and external debt, etc. In FY2020, the Internal Audit Directorate conducted a one-off verification exercise to confirm the contractor arrears, at the request of MoFEA; there was no repeat exercise in FY2021.	No change in performance.
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency				
PI-5 Classification of the budget	**C**	**D**	**Annual budget formulation uses a GFS 2014 compliant classification system integrated into the CoA at the administrative and economic categories; the functional and program elements have limited application. However, budget formulation and reporting are not consistent, which makes expenditure tracking difficult; the former groups expenditure according to recurrent and development, while the latter reports on recurrent and capital (not development) expenditure.**	**The evidence of the 2014 assessment shows that both budget formulation and expenditure reporting used recurrent and capital classification, which made tracking possible. Subsequent reforms appear to have modified budget formulation into using recurrent and development expenditure classification, without fully requiring expenditure reporting to adopt the same reporting approach.**

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
PI-6 Comprehensiveness of information included in budget documentation	**B**	**B**	**Recent budget documentation fulfils six of the nine information benchmarks, i.e., Elements 2, 3, 6, 7, 8, and 9.**	**No change in performance**
PI-7 Extent of unreported government operations	**NR**	**NR**	**Information is insufficient to assess the quantum of non-donor government operations not included in fiscal reports and information on donor financed projects included in consolidated annual financial statements does not even cover all loan financed operations.**	**Deteriorating performance due to information on donor financed projects included in consolidated annual financial statements no longer covering all loan financed operations, which was the case in 2014.**
(i) Level of unreported government operations	NR	NR	Sources of non-donor government operations not included in in-year budget reports and consolidated financial statements include (i) revenue and expenditure of extrabudgetary units, (ii) expenditure on budgetary subvention to SOEs, (iii) authorized retention of self-raised revenues (e.g., fees and charges of hospitals and health centres) and expenditures incurred on them, (iv) expenditures incurred from unauthorized revenues collected by budgetary and extrabudgetary units, including, e.g., by school and hospital units. However, it was not possible to determine the magnitude of these revenues and expenditures due to lack of documentary information.	No change in performance
(ii) Income/expenditure information on donor-funded projects	C	D	The approved budget includes information on donor-funded loan and grant projects; however, information on donor financed projects included in consolidated annual financial statements is seriously deficient and does not even cover all loan financed operations.	Deterioration of performance since the 2014 assessment reported that "Complete income/expenditure information for all loan financed projects is included in both the approved budget and the annual accounts. Grants are also captured in the approved budget, but by less than 50% of value in the accounts, and as receipts rather than expenditure".
PI-8 Transparency of inter-governmental fiscal relations	**NR**	**NR**	**Insufficient evidence to assess horizontal transfers to local councils; however, information on the expected transfer amounts gets to them too late to influence their budget formulation; the CG does not consolidate LG information on any sector.**	**No change in performance**
(i) Transparency and objectivity in the horizontal allocation amongst Sub-national Governments	NR	NR	Insufficient evidence to assess horizontal transfers to local councils.	No change in performance

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
(ii) Timeliness and reliable information to SN Governments on their allocations	D	D	Local government councils do not receive information on annual transfers until the National Assembly has approved the budget estimates and the appropriation bill and the president accented to it, which happens around mid-December, i.e., about two weeks to the beginning of the next fiscal year	No change in performance.
(iii) Extent of consolidation of fiscal data for general government according to sectoral categories	D	D	No consolidation of local governments' fiscal information consistent with central government fiscal reporting currently takes place on any sector. However, reforms to secure that are in process, with the ongoing integration of local governments' budgeting formulation, execution, accounting, and reporting into the CG-controlled IFMIS	No change in performance, but reform is underway to achieve consolidation.
PI-9 Oversight of aggregate fiscal risk from other public sector entities	**D+**	**D**	**There is no effective mechanism for systematic recording and reporting on the fiscal risks of SOEs and local governments.**	**Deterioration in performance due to failure to sustain the timely preparation and submission of local governments' year end financial statements to the CG.**
(i) Extent of central government monitoring of autonomous entities and public enterprises	D	D	All 13 SOEs' financial statements are, at least, one year (FY2021) in arrears of preparation and audit.	No change in performance
(ii) Extent of central government monitoring of SN government's fiscal position	C	D	All the eight local governments are in, at least, two years arrears of audited annual financial reporting, and a consolidated overview is missing.	Evident deterioration in performance - the 2014 assessment noted that "The net fiscal position [of local governments] is monitored at least annually for the most important level of SNG but a overall consolidated fiscal risk report is not issued … The Ministry receives the accounts of the LCs every year, soon after the end of the FY, and this was the case for the FY 2013 accounts". However, this practice of timely submission annual financial statements by LGs to the CG had lulled by the time of the 2022 assessment, and local governments' accounts were in arrears of preparation and audit.
PI-10 Public access to key fiscal information	**C**	**C**	**The public has access to only one of the six elements, i.e., in-year budget execution reports.**	**No change in performance in this area; the government continued to make available only one of the six required elements to the public. However, the element identified as**

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
				made available in the previous (2014) assessment (annual budget documentation) differs from the element made available this time, i.e., in-year budget execution reports.
C. BUDGET CYCLE				
C(i) Policy-Based Budgeting				
PI-11 Orderliness and participation in the annual budget process	**A**	**C+**	**The budget call circular covers only domestic resources, which constitutes only about ⅔ of the total budgeted spending and allowed budget agencies two weeks to prepare their budget proposals; cabinet review of the proposals occurs after budget agencies have completed detailed preparation of estimates. However, the NA approved the budget in each year before the commencement of the next fiscal year.**	**Decline in performance was observable in two areas, i.e., reduction in the time allowed budget agencies to prepare their estimates from four to two weeks, and the inclusion in the BCC of non-cabinet-approved expenditure ceilings.**
(i) Existence of, and adherence to, a fixed budget calendar	B	**C**	The budget call circular is clear, and it has a fixed calendar of activities leading to bilateral negotiations with budget entities and the submission of the finalized budget estimates to MoFEA; however, it allows budget entities only two weeks to prepare their estimates.	Performance has deteriorated in this area since the 2014 assessment. The BCC allowed budget agencies one month then to prepare their budgets; now, it allows them only two weeks.
(ii) Guidance on the preparation of budget submissions	A	D	Budget entities prepare their budget estimates in detail, before the cabinet reviews them; the budget call circular issued to them covers only domestic resources, which constitutes about ⅔ of the total budgeted spending	Performance has also deteriorated in this area – the BCC then reflected ceilings approved by cabinet prior to its distribution to MDAs; currently, it does not.
(iii) Timely budget approval by the legislature	A	A	In the last three years, the NA approved the budget as follows: December 23, 2019, for FY2020 budget; December 30, 2020, for FY2021 budget; and November 24, 2021, for FY2022 budget.	No change in performance; the good tradition of timely approval of the budget continued during the period.
PI-12 multi-year perspective in fiscal planning, expenditure policy and budgeting	**B**	**D+**	**The forecast of fiscal aggregates covers the budget year only, there are no strategic plans meeting the definition, and there are broken linkages between the investment budget and expenditure estimates; however, a tradition of annual DSA preparation is taking root, with the assistance of the WB.**	**Deteriorating performance, following the stalling of the 2013/2014 fiscal reforms, ostensibly due to reform inertia; efforts to reinvigorate the reforms are underway.**
(i) Multiyear fiscal forecasts and functional allocations	C	D	Forecasts of fiscal aggregates based on the main categories of economic classification is only for the budget year; there are no outer year forecasts.	Deteriorating performance observed in the discontinuation of preparation of multiyear forecasts and fiscal programming.
(ii) Scope and frequency of debt sustainability analysis	A	A	For the last three years, the government has prepared and published DSA reports on MoFEA website	No change in performance.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			(www.mofea.gm), with the assistance of the WB; the coverage of the DSAs includes both foreign and domestic debts; the dates of the DSAs are March 2020, September 2021, and September 2022, respectively.	
(iii) Existence of costed sector strategies	B	D	Ministries do not have extant medium-term strategic plans that meet the definition; work is still evolving in this area, as it is also around the provision of hard budget constraints to guide budget entities to cost their strategic plans realistically to improve funding assurance for them.	Deteriorating performance, following the stalling of the 2013/2014 fiscal reforms, ostensibly due to reform inertia; efforts to reinvigorate the reforms are underway.
(iv) Linkages between investment budgets and forward expenditure estimates	C↑	D	Expenditure policy proposals in the annual budget estimates do not always align with the priorities of the NDP due to complications introduced "political prioritization", among others.	Deteriorating performance, following the stalling of the 2013/2014 fiscal reforms, ostensibly due to reform inertia; efforts to reinvigorate the reforms are underway.
C(ii) Predictability and Control in Budget Execution				
PI-13 Transparency of taxpayer obligations and liabilities	**B**	**NR**	**Tax brochures on various taxes published on the tax authority's website are clear and easy to read and follow, and they explain tax processes and procedures in English language. The tax authority distributes printed versions of the brochure through various public media free of charge. The authority also holds tax education programs on radio in the main local languages twice weekly. However, limited information does not allow assessment of the workings of the objections and appeals process.**	**Not comparable due to insufficient information on tax appeal process, especially on access, efficiency, fairness, and effective follow up on its decisions of the system.**
(i) Clarity and comprehensiveness of tax liabilities	B	C	The tax authority has developed and published on its website (www.gra,gm), clear and easy to understand brochures on the main taxes and their applicable procedures, but not the actual legislative enactments, which remain hard to come by. Concerted efforts to obtain a copy of or sight the Income and Value Added Tax (IVAT) Act 2012 were unsuccessful. Internet searches for the document were not successful. A link to the document on the Ministry of Petroleum & Energy (MoPE) website (https://www.mope.gm/downloads) does not work. Tax waivers and discretions exist in the form of (i) investment tax incentives implemented by the Gambia Investment and Export Promotion Agency (GIEPA), (ii) duty waivers granted by the Minister of Finance, (iii), other exemptions granted by the President, etc.,	In 2022, the GRA confirmed that discretionary "incentives packages" (tax expenditures) granted by the GEIPA and other government agencies, "have squeezed the tax base, and thus force only a fraction of taxpayers to bear the brunt of the tax burden". The 2014 assessment did not observe this development.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			according to the GRA. Recent GRA and World Bank reports indicate that these waivers and tax exemptions constitute a heavy burden. According to the GRA, "High Tax Expenditures" hinder "The capacity of the Authority to mobilize adequate revenue … [through] generous incentive packages built into the investment … [and] other laws administered by other Government MDAs. These incentive packages have squeezed the tax base, and thus force only a fraction of taxpayers to bear the brunt of the tax burden"[1] (emphasis added). A World Bank 2020 report also highlights the need to rationalize tax expenditures to businesses, which is costing the country significant losses in revenue[2].	
(ii) Taxpayer access to information on tax liabilities and administrative procedures	B	B	The tax authority's website publishes brochures and forms on all the main taxes, with clear and detailed explanations on processes and procedures written in simple, easy to understand English language. Brochures exist on corporation tax, PAYE, personal income tax (PIT), rental income tax, capital gains tax (VGT) dividends income tax, customs duties, tax arrears, fringe benefits, value added tax (VAT), informal sector income tax, etc. The Association of Nongovernmental Agencies in The Gambia (TANGO) confirms the existence of twice-weekly (Mondays and Wednesdays) live radio tax-education programmes in the main local languages, where people call in to ask questions. Other forms of tax education activities in place include fliers distributed in public places, drop boxes at GRA offices where taxpayers can submit questions and report incidents, taxpayer service officers in each local branch of the GRA to attend to questions, etc. Notwithstanding these measures, TANGO suggests that the informal sector still lacks effective sensitization and education. The better sensitized formal sector bears the brunt of taxation. Reach-out to rural communities is	No change in performance

[1] See: GRA Corporate Strategic Plan 2020 – 2024, *pp. 11, 43*

[2] See: "World Bank. 2020. Systematic Country Diagnostics for the Republic of The Gambia: Overcoming a No-Growth Legacy. Washington, DC: World Bank., especially at *pages 45 and 109*

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			also not effective, as many rural dwellers do not have radios and do not tune in to the radio programmes.	
(iii) Existence and functioning of a tax appeal mechanism	B	NR	Incomplete information to rate this dimension. PDF versions of the brochures on each of the various taxes produced in 2018 and published on the tax authority's website include a section on "Objections & Appeals of Tax Decisions". The wording of the sections is roughly as follows: "Taxpayers not satisfied with any tax decision can within 30 days, object to such decision through the Objection and Appeal process. The process starts with the filing of an objection with the Commissioner General through to an appeal to the Tax Tribunal and then to the Court of Appeal where necessary". The tax authority's website also includes a section on "Service Processes of the Domestic Taxes Department", which discusses the "Objection and Appeals Process". The section outlines three levels of appeal as follows: • Objection to GRA – this is where the taxpayer disputes GRA's assessments or decisions • Appeal to the Tax Tribunal (an independent body headed by a High Court Judge) to hear cases brought by taxpayers not satisfied with the GRA's decisions on their objections • Appeal to the Court of Appeal - In the event a taxpayer is not satisfied with the decision of the Tax Tribunal, he/she may challenge the decision at Court of Appeal However, it was not possible to obtain a copy of the IVAT Act 2012 that governs the appeal process and many other tax-related matters for perusal, despite repeated requests to the GRA and MoFEA. It was also not possible to verify how the objections and appeal process works in practice – its operations, fairness, transparency, and effectiveness. Consequently, it is not possible to assess this dimension due to insufficiency of information.	Not comparable – insufficient information
PI-14 Effectiveness of measures for taxpayer registration and tax assessment	**C+**	**NR**	**A compulsory taxpayer registration with a unique TIN is in place but requires strengthening to be effective. The government did not provide sufficient**	**Not comparable**

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			information to enable assessment of the effectiveness of penalties and the planning and monitoring of tax audit and investigations.	
(i) Controls in the taxpayer registration system	C	C↑	Electronic taxpayer registration is compulsory for both individuals and entities. The process includes the issuance of a unique taxpayer identification number (TIN) to each taxpayer, tied to bank accounts and other government service delivery systems, including (i) registration of motor vehicles/transfer of ownership, (ii) registration of land and properties/transfer of leases and freehold land, (iii) registration of title deeds and stamping of instruments/documents, (iv) granting of investment incentives and tax exemptions. However, the evidence of the 2019 staff audit exercise *(see PI-18 below)* of individuals "with double or multiple TIN numbers" and ability "to acquire new and different TIN certificates any time they wish" shows that the system is not effective. Besides, both the staff audit report and the 2019 auditor general's report found that some staff files did not have information on TIN registration.	There is evidence of ongoing reform in this area in the form compulsory electronic taxpayer registration with the issuance of a unique TIN. However, the reform has significantly advanced to impact performance.
(ii) Effectiveness of penalties for non-compliance with registration and declaration obligations	B	NR	Insufficient evidence to assess	Not comparable
(iii) Planning and monitoring of tax audit and fraud investigation programs	C	NR	Insufficient evidence to assess	Not comparable
PI-15 Effectiveness in collection of tax payments	**D+**	**D+**	**Insufficient evidence to assess collection ratio and there is no complete reconciliation of assessments, collections, arrears, and transfers to treasury; however, revenues transfers to the treasury takes place fortnightly,**	**No change in overall assessment; however, revenue transfer to the treasury deteriorated from weekly to biweekly, while PEFA 2014 over-assessed tax reconciliation.**
(i) Collection ratio for gross tax arrears	D↑	NR	Insufficient evidence to assess	Not comparable
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration	B	C	The GRA collects 80 percent of government revenues through its "post-no-debit" accounts in commercial banks. Balances in these accounts automatically sweep into the TSA kept at the CBG twice weekly. The TSA interfaces with the IFMIS, providing the Accountant General's Department of MoFEA real-time information and access to the funds.	The revenue collection system may be stronger in 2022 than in 2014; however, the fortnightly transfer of collections to the treasury marks a deterioration from the 2014 status quo of weekly transfer.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records, and receipts by the Treasury	C	D	No complete reconciliation of assessments, collections, arrears, and transfers to treasury accounts takes place between the AGD and the revenue collecting entities - the GRA and MDAs	Overassessment evidenced in the 2014 assessment, which reported as follows: *"Reconciliation between revenue collected and transferred is carried out at least quarterly but the exercise is incomplete as it does not fully reconcile revenue assessment, its collection, transfer, and arrears. Complete reconciliation of total tax collected, and amount transferred to the Treasury takes place at least annually within three months of end of the year."*
PI-16 Predictability in the availability of funds for commitment of expenditures	**D+**	**D**	**Annual cashflow forecasts prepared by the Treasury and updated monthly are neither comprehensive nor of good quality; consequently, MDAs do not receive reliable advance information on actual resource availability for commitment. This leads to significant in-year budget adjustments every year; the adjustments involve some level of transparency.**	**MDAs do not receive up to one-month reliable information on commitment ceilings in advance, unlike in 2014.**
(i) Extent to which cash flows are forecasted and monitored	D	D	Annual cashflow forecasts prepared by the Treasury and updated monthly are neither comprehensive nor of good quality. The forecasts relate only to GLF resources, which they barely cover. Among the excluded revenues resources are those of self-accounting projects (SAP) and MDA self-raised and retained revenues, conservatively estimated at more than 35% of resources. In addition, the 2019 audit report found that government fiscal reports do not "include … all funds or bank accounts controlled by the government or held for its use".	No change in performance
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure	C	D	MDAs do not receive advance reliable information on actual resource availability for commitment. Commitment ceilings provided on the IFMIS while uploading the approved annual budget do not offer a practical guide for expenditure commitment. Information provided by MoFEA based on the CMC meeting is also not sacrosanct, as there may not be cash-backing for it at the end of the day. A major contributory factor to this is the liberal provisions on virement, which allows virement of up to 75% or more of an entity's approved annual budget. The manner of	The narrative of the 2014 assessments shows that MDAs receive reliable information on commitment ceilings one month in advance. This is not the case during this current assessment.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			deploying this tool in practice further undermines the reliability of resource availability information to MDAs. For instance, the 2019 audit reported that the minister vired resources among budget entities without their information, contrary to legal enactments. Resources vired in this manner in 2019 totaled D2,469,441,457.38, equivalent to 16.4% of the year's actual aggregate expenditure.	
(iii) Frequency and transparency of adjustments to budget allocations above the level of management of MDAs	D	D	Evidence of IFMIS-exported data confirms that in-year budget adjustments are significant every year (FY2021, FY2020, FY2019), and they follow a process of virements and transfers, first into, and subsequently out of, the Miscellaneous Vote (Head 15). However, audit evidence indicates that the adjustments do not always observe rules outlined in the legal and regulatory framework.	No change in performance".
PI-17 Recording and management of cash balances, debt and guarantees	**B+**	**D+**	**Debt reporting covers domestic and foreign debt, but excludes guaranteed debt, and the system for issuing guarantees does not include an overall debt ceiling or other guidance; besides, a large proportion of CG-controlled bank accounts remain outside the cash consolidation process, and unavailable for effective cash management.**	**The 2014 assessment failed to address the issues of the recording of guarantees and "transparent criteria and fiscal targets" in the issuing guarantees, and therefore, may have overrated dimensions (i) and (iii), while there appears to be a performance deterioration in the consolidation of cash balances.**
(i) Quality of debt data recording and reporting	B	**D**	Debt reporting covers domestic and foreign debt, but excludes guaranteed debt	The 2014 assessment failed to address the issue of recording of debt guarantees, and therefore, may have overrated performance on this dimension.
(ii) Extent of consolidation of the government's cash balances	B	**C**	According to the FY2019 audit report, "The most notable departure [from IPSAS Cash Accounting Basis] is that the preparation of the financial statements did not include transactions in all funds or bank accounts controlled by the Government or held for its use"[1]. These bank accounts include those of donor-executed projects, the expenditures of which amounted to about 40% of total government projects in FY2021. They	The 2022 performance does not meet the requirement for a "B" score, i.e., "Most cash balances calculated and consolidated at least weekly, but some extra-budgetary funds remain outside the arrangement"[2]. The 2014 assessment reported that, "some extra-budgetary funds and AGAs still remain outside the

[1] FY2019 Certificate of the Auditor General (i.e., FY2019 Audit Report), *p. 12 of 393*

[2] 2012 PEFA Fieldguide, *p. 102 of 180*

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			also include the bank accounts of budget-subvented extrabudgetary agencies and those of agencies constitutionally permitted to retain and administer their self-raised revenues; it was not possible to calculate the relative size of these extrabudgetary agencies' funds.	consolidation process", whereas the 2022 position is that ALL of extrabudgetary funds and autonomous government agencies (AGAs) are outside the cash consolidation system.
(iii) Systems for contracting loans and issuance of guarantees	A	C	The PFA 2014 makes the Minister for Finance and Economic Affairs the sole authority for approving new CG debt and loan guarantees; however, the FR requires that the ministry first obtain opinions of the auditor general and the CBG governor on their assessments of the potential impact of such a guarantee on the country's fiscal health. Nonetheless, there are no established or published criteria or overall debt ceilings to guide the opinions and decisions of the minister, the NAO, and the CBG.	Apparent overrating in 2014, with the statement, "Central government's contracting of loans and issuance of guarantees is made against transparent criteria and fiscal targets and always approved by a single responsible government entity (MoFEA)". The narrative failed to state the "transparent criteria and fiscal targets" and appears to have mistaken provisions to consult with the CBG as such criteria and fiscal target.
PI-18 Effectiveness of payroll controls	**C+**	**D+**	**Continuing irregularities indicate poorly reconciled personnel and payroll records; there is evidence of long delays in reflecting changes in personnel and payroll records, and existing control measures of changes to personnel records and the payroll do not successfully secure full data integrity. However, a comprehensive payroll audit took place in 2019 and the NAO and DIA include selective payroll audits in their annual audit workplans.**	**The 2022 assessment found delays of up to "months and years" in changes to personnel records and the payroll and control measures existing in 2022 failed to secure full integrity of personnel and payroll records.**
(i) Degree of integration and reconciliation between personnel records and payroll data	C	C	The PMO maintains a personnel database for civil servants on GL 3 – 12 and fixed income earners, while individual MDAs maintain and manage databases for GLs 1 and 2. The HR Module of the AGD-hosted IFMIS was docile and not activated at the time of the assessment, whereas the payroll module was active. There is thus, no seamless integration of the personnel databases and the payroll at the time of the assessment. Evidence of the latest omnibus 2019 Staff Audit, the 2019 audit report, and the 2021 DIA Activity reports highlight continuing irregularities that are inconsistent with integrated and effectively reconciled personnel and payroll records. Irregularities identified in the 2019 statewide staff audit include the following (i) unidentified staff costing D8,127,258.29, (ii) staff receiving double salaries to	No change in performance

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			the tune of to the tune of D6,545,327.73, especially in hospitals, (iii) employees with double and wrong TIN numbers, (iv) outdated staff profiles – nonexistent and inaccurate dates of birth, stale and non-updated designations, non-updated employee status in the payroll, nonreflecting of statuses of civil servants on study leave, secondment, contract, etc., (v) departments placed under wrong ministries, (vi) staff overdue for statutory retirement, (vii) staff on long-term studies without study leave, (viii) unauthorized extended sick leave, (ix) wrongful appointment of foreign nationals on permanent positions, (x) staff overdue for longevity pay, (xi) wrongful appointment of staff to permanent positions with less than five years to statutory retirement age, (xii) payrolling of officers at wrong cost centres and locations, (xiii) wrong and blank gradings, etc. The limited review reported in the more recent 2021 DIA Activity confirms that these issues are continuing. Examples of these include cases of staff receiving double salaries in MoBSE, and exited employees not removed from the personnel files resulting in the irregular payment of D202,410.50, unverified staff, staff receiving double provincial allowances, and payment of rental allowances to officers living in government housing, etc., all in the Judiciary.	
(ii) Timeliness of changes to personnel records and the payroll	B	D	The evidence shows systemic long delays in reflecting changes in personnel and payroll records. For instance, the 2019 Staff Audit Report noted that. "Most civil servants in the payroll have their profiles incomplete and outdated. Dates of birth are largely absent and inaccurate while designations remained not updated despite changes of designation through promotions and re-designations for such civil servants. Employee status in the payroll was also often not updated. As a result, statuses of civil servants on study leave, secondment, contract, etc. remained unchanged. This makes human resource planning, monitoring and control very difficult". The 2019 Audit report findings of (i) partially updated personal files, (ii) poor record management, (iii) failure to maintain personal files for staff on contract, (iii)	Compared to the evidence presented in the 2014 report, the situation has deteriorated. The evidence of the 2014 scoring is as follows: "Required changes to the personnel records are updated monthly (or at least every three months) and generally without substantial delays. Retroactive adjustments are not frequent". In contrast, the 2019 staff audit reported delays of "months or years". The report noted, "In the same vein some staff posted to Hospitals remain in the Ministry's payroll months or years before their salaries are transferred to the respective Hospitals, they are posted in."

Indicator/Dimension		Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget					
				Staff receiving Salary after end of Contract, (iv) contract employees' status not updated in the system after end of contract, etc. Verbal testimony by Personnel Management Office (PMO) officials provide insight into the reasons for delays in changes to personnel records. The explanation is to the following effect: the IFMIS personnel management module does not yet have a full-fledged HR Management Information System that would have facilitated changes to personnel and payroll records. Besides, the AGD manages the IFMIS personnel module, to which PMO officials have limited access rights, which excludes the right to update personnel information. However, Finance (AGD) staff are always busy, which delays the update of personnel records.	"The exercise revealed that some staff were overdue for statutory retirement, some of whom should have retired years ago but are still on the payroll."
(iii)	Internal controls of changes to personnel records and the payroll	B	C	Control measures of changes to personnel records and the payroll exist but they do not successfully secure full data integrity, as evidenced by the payment of unidentified staff (ghost workers), staff receiving double salaries, and outdated staff profiles, including cases of civil servants earning the salaries of their promotion while their personal files did not reflect their redesignations, as reported in Dimensions (i) and (ii) above, for instance. In addition, the 2019 Audit report findings of errors occasioned by (i) partially updated personal files, (ii) poor record management, (iii) failure to maintain personal files for staff on contract, (iii) staff receiving salary after end of their contracts, (iv) contract employees' status not updated in the system after end of contract, etc. Besides, the 2021 DIA Activity Report notes that the selective audit of the Judiciary did not obtain access to a copy of the Judicial Service Commission (JSC) regulations, often cited in appointment letters of judicial personnel. This made it "harder for [the] audit team to ascertain which guidelines … JSC used for its operations … Without JSC regulation there is a risk that the activities may not be guided by laid down plans and procedures"; *see page 13 of 42*.	The 2014 assessment reported, "Authority to change personnel and payroll records is clear and restricted". However, as the evidence of the current assessment shows, failure of the controls to secure full integrity of personnel and payroll records.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	B	B	The Personnel Management Office (PMO) conducted a payroll audit in 2019, which covered all central government entities. In addition, both the NAO and DIA conduct selective payroll audit activities as part of the irregular audit exercises.	No change in performance.
PI-19 Competition, value for money and controls in procurement	**D+**	NR	**Inspired by the UNCITRAL Model Law for Public Procurement, the GPPA Act 2014 meets five of the six *de jure* transparency and competitiveness criteria; however, the *de facto* practices do not measure up to standard. The level of competitiveness in actual procurement is weak, public access to key procurement information is poor, and there is insufficient evidence to assess performance on complaints review.**	**No change in performance observed on the first three dimensions, but performance on complaints review is "not comparable" due to insufficient information to assess the dimension.**
(i) Transparency, comprehensiveness and competition in the legal and regulatory framework.	B	B	The GPPA Act 2014 meets five of the six listed requirements, i.e., (i) hierarchical organization and establishing clear precedence, (ii) free and easy public access through the GPPA website, (iii) applicability to all procurement involving government funds, (iv) making open competitive procurement the default method of procurement and clearly defining the situations warranting other methods and justification for their use, and (vi) providing for an independent administrative procurement review process for handling procurement complaints by participants prior to contract signature. The only one not met is the fifth one, involving providing for public access to "all of the following procurement information: government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints".	No change in performance
(ii) Use of competitive procurement methods	D	D	The evidence shows that single source and other noncompetitive techniques dominate contract awards, but it was not possible to obtain direct evidence on the official justification provided for their use. Indirect and anecdotal evidence (verbal and indirect documentary evidence, including from the procurement authority, the 2019 Audit Report, and development partners) suggests that the prevalence of noncompetitive procurement methods is for the purpose of avoiding the use of transparent and competitive bidding methods. Misuse of 'emergency" and "urgency" provisions in the law,	No change in performance.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			and 'contract splitting' to fit otherwise large contracts into thresholds for single sourcing are some of the processes employed. The enactment of the new Gambia Public Procurement Authority (GPPA) Act 2022 was mostly to plug the loopholes that permit these abuses and promote greater transparency and competitiveness in public procurements.	
(iii) Public access to complete, reliable and timely procurement information	D	D	A mechanism to systematically generate and disseminate accurate and reliable key procurement information to the public is lacking. The public routinely accesses only one of the four items assessed here (i.e., bidding opportunities); the other three are not accessible, i.e., government procurement plans, contract awards, and data on resolution of procurement complaints	No change in performance
(iv) Existence of an independent administrative procurement complaints system	D	NR	Insufficient information to rate this dimension; *s. 54* of the GPPA Act 2014 creates a Complaints Review Board of 7 members "to receive and administer procurement related complaints" by reviewing decisions made by procuring organizations "at any stage of the procurement proceedings". However, it was not possible to gather sufficient evidence of its modus operandi or access reports on its activities to verify the extent to which the board meets the 7 criteria for this dimension.	Not comparable.
PI-20 Effectiveness of internal controls for non-salary expenditure	**C+**	**D+**	**Expenditure commitment control procedures exist, but they are partially effective, the extent of violations of extant control rules and procedures raise concern about the level of appreciation of their importance and implications. External and internal audit reports establish widespread noncompliance with internal control rules and security protocols.**	**The 2014 assessment of Dimension (i) was narrow, focusing only comparing expenditure commitment to approved budget and actual cash allocated, and ignoring the impact of weaknesses procurement, internal control, virement procedures, revenue, etc., on commitment controls.** **The 2014 assessment reports a higher level of compliance of rules and procedures than observable in 2022**
(i) Effectiveness of expenditure commitment controls	B	D	Expenditure commitment control procedures exist; however, cash management practices (cash rationing, unorthodox use of virements, etc.) and MDA noncompliance with set procedures nullify the practicality of cash plans and expenditure warrants in	The 2014 assessment limited its assessment of this dimension to a comparison of "expenditure commitment to approved budget and actual cash allocated to each line ministry for most expenditures".

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			limiting commitments and payments to available cash, thereby rendering them ineffective. In addition, FY2021 DIA Annual Activity Report identified serious procurement, internal controls, and asset control issues. The report did not evaluate any of the issues assessed in these areas as "controlled" or "needing minor improvements". Of the 8 procurement control issues assessed, 3 were "unsatisfactory", 4 "need significant improvement", and 1 "needs moderate improvement". Of the 8 internal controls issues, 5 were "unsatisfactory", 2 "need significant improvement", and 1 "needs moderate improvement". The only issue assessed in "Assets Management & Control" rated as "needing significant improvement". Procurement issues identified include the following: (i) lack of properly written procurement policies and established procedures for organization of specific, general, and unique procurements, (ii) improper and unwritten delegation of authority, especially to Specific Procurement Units (SPUs) as dictated by the GPPA Act, (iii) execution of non-value for money procurements and the use of wrong procurement methods, (iv) improper performance measurement and monitoring, (v) weak procurement systems, processes and practices; and (vi) inadequate contract administration and management. The 8 internal controls issues identified are: (i) non-compliance with government's regulations, (ii) inadequate internal controls and fraud prevention strategies, (iii) poor document management and inadequate record keeping, (iv) non-existence of proper segregation of duties in MDAs, (v) improper/Insufficient supporting documentation, (vi) increasing irregular expenditure and noncompliance to set procedure, (vii) using wrong votes to effect payments, and (viii) inaccurate financial and management reporting. (iv) During our audit, we noted that some users were assigned more rights than needed as per their role entitlement. The asset management and control issue identified is that of inefficient utilization of public resources.	However, they ignore the impact of weak procurement, excessive virements, and internal controls violations have on commitment controls.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
(ii) Comprehensiveness, relevance and understanding of other internal control rules/procedures.	C	C	The PFA 2014, FM 2016, the Accounting Procedures Manual (APM), GPPA 2014, Procurement Regulations, etc., incorporates elaborate and comprehensive set of internal controls; however, the preponderance and frequency of their violations indicates inadequate understanding of basic internal control rules, their importance, and implications. These violations those identified in the latest DIA Activity Report (2021) and auditor-general's report (2019) and Outlined in PI-20(i) above. In addition, the FY2019 audit report observed serious violations of IT control protocols, including (i) failure to hold and maintain minutes of IT steering committee meetings (ii) failure to outline specific roles and tasks for each member of the IT team, (iii) failure to record access time to the server room of some members of the technical team in the logbook, (iv) enabling of 3 unidentifiable administrative accounts in the domain server, etc. The 2021 DIA Activity Report also identified ICT controls and security issues, including (i) limited information technology capabilities, facilities, and security access, (ii) inadequate rollout and application of government-wide ICT policies and framework across MDAs, (iii) no backup of data and periodic updates of service-level agreements (SLAs), and (iv) inadequate safeguarding of institutional assets.	No observed change in performance
(iii) Degree of compliance with rules for processing and recording transactions	C	D	The latest auditor-general's (2019) and DIA activity (2021) reports establish widespread and routine violations of internal control rules and security protocols, including in the areas of virement, procurement, ICT, revenue administration, asset management, etc., where the evidence shows that unjustified use of simplified/emergency procedures is becoming a routine.	The current situation differs from the status quo in 2014, when the PEFA Assessment reported "compliance of rules and procedures but with some exceptions".
PI-21 Effectiveness of internal audit	**D+**	**D+**	**The DIA does not audit major capital projects and achieved only 36% of its workplan in FY2021s; entity internal audit units perform mostly accounting work, which allows them little time for reporting; and implementation of previous audit reports is only9%.**	**DIA has rolled out to all CG entities unlike in 2014; however, entity level reporting is weaker.**

Indicator/Dimension		Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget					
(i)	Coverage and quality of the internal audit function	C	C	Internal audit is nominally operational in all central government entities, but the bulk of its work focuses on accounting control tasks; audit completion rate against the RBIA workplan was only 36%; besides, audit does not cover major capital projects.	Notwithstanding the similar scores, the current situation differs from the 2014 status quo, when IA was mostly centralized due to more limited personnel, but its work involved mostly "ex post and on compliance audit", which took "80% of staff time".
(ii)	Frequency and distribution of reports	B	D	The DIA produces quarterly and annual activity reports, but there is little or no reporting at the level of budget entities because, unit internal auditors spend an inordinate amount of their time on preaudit (accounting control) work.	Performance has declined from the level observed in FY2014, when assessment reported as follows, "Internal audit reports are prepared quarterly and annually for audited entities in accordance with the annual approved audit work plan".
(iii)	Extent of management response to internal audit function.	D↑	D	Analysis of the 2021 IA Activity Report shows that the extent of implementation of previous IA findings is as follows, implemented (9%), partially implemented (48%), not implemented (43%).	The evidence suggests a slight improvement in performance. The 2014 assessment observed as follows, "Even though management provided responses and timelines for action, little evidence exists to suggest major issues are addressed by management". However, current evidence shows management responses in many cases, and attempts to implement recommendations, although the efforts are often inchoate.
C(iii) Accounting, Recording and Reporting					
PI-22 Timeliness and regularity of accounts reconciliation		**C+**	**D+**	**Generally, reconciliation of Treasury-managed bank accounts takes place daily; there is no evidence that suspense accounts exist; and the AGD attempts to reconcile and clear advances' accounts at the yearend. However, DIA and NAO findings raise critical unresolved issues about the completeness and reliability of the reconciliations.**	**Significant bank reconciliation issues exist in 2022, in contrast to the situation reported in 2014.**
(i)	Regularity of bank reconciliation	B	D	Reconciliation of bank accounts directly managed by the Treasury and domiciled at the CBG on the auspices of the TSA takes place daily; however, the DIA and NAO findings raise important issues about the completeness and reliability of the reconciliations. Findings reported in the 2021 DIA Activity Report include (i) inefficient reconciliation of received revenue before banking, (ii) weak supervision exercised on revenue collection, posting, and banking, (iii)	The 2014 assessment appears to suggest that reconciliation of treasury-managed accounts took place monthly, with all material differences explained, as the 2011 Framework required. The requirement states that, "reconciliation of accounting data, held in the government's books, with government bank account data held by central and

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			inaccurate recording of revenues collected, (iv) late banking of collected revenue, and (v) cash suppressions and banking shortfalls. Instances of lack of or improper bank reconciliation by various government departments outlined in FY2019 audit report, which is the latest available at the time of this exercise, include the following (i) failure to reconcile the daily collection report and commercial bank accounts relating to scanning fees, (ii) use of incorrect balances to reconcile cash and bank balances, leading large unresolved differences affecting the following five bank accounts (a) Treasury Bills, (b) Sukuk Al Salam, (c) Treasury Management Account (TMA), (d) Special Project Bank Account GMD, and (e) Special Deposit Bank Account, (iii) non-review and signing of bank reconciliation statements by a senior officer, affecting the same five bank accounts listed in (ii) above, and (iv) un-reconciled amounts, totaling D454, 615,538.74 for both customs and domestic tax in the reconciliation of cashbook report and the T24 bank statement (tax receipts), although subsequently reconciled after the audit query.	commercial banks, in such a way that no material differences are left unexplained" *(see PEFA Fieldguide, 2012, p. 130 of 180)*. This is different from the scenario observed in this 2022 assessment.
(ii) Regularity and clearance of suspense accounts and advances	C	C	There is no evidence of the existence of suspense accounts; the AGD makes efforts to reconcile and clear advances' accounts at the yearend, but NAO and DIA reports outline a significant number of accounts with uncleared balances brought forward, as shown below FY2019 Audit Report • Unreconciled payments and recoveries differences of D787,146.78 between the general ledger (Amount Recovered) and the 315 report (Amount Disbursed) on salary advance to Grade Levels 1 – 6 officers[1] • unretired imprests[2] o 21 physical imprests, totaling D4,673,054 o IFMIS imprests totaling D48,147,986.00 • Uncleared balances at the yearend in the "Statement of Outstanding Commitments",	No change in performance observed.

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *p 262 of 512*
[2] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp 189 - 191 of 512*

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			comprising supply orders, **outstanding imprests**, and unpaid payment vouchers and claims, amounting to D351,693,000.00[1] DIA Activity Report[2] • "Lack of proper reconciliation and misappropriation of funds" of UTG invoices amounting to GMD1,881,000 • Unretired imprest amounting to GMD4,576,872.00	
PI-23 Availability of information on resources received by service delivery units	**C↑**	**D**	**There has been no collection, recording, and reporting of information on resources received by primary schools and primary health clinics in the last three years, whether through regular bookkeeping and accounting procedures or by special surveys.**	**Decline in performance: early reforms in the MoH and MoBSE to track resources to primary health and primary education services have discontinued or stymied.**
PI-24 Quality and timeliness of in-year budget reports	**B+**	**D+**	**Monthly expenditure briefs produced by MoFEA are usually late in preparation, and they allow comparison to the budget only for main administrative headings; besides, they use line-item reporting rather than the program presentation used in preparing the budget, making comparison difficult.**	**Deteriorating performance is evident in all three dimensions of this indicator: comparison of expenditure to the budget is possible only at the main administrative levels, and not also at the sub-vote and economic breakdown levels, as in 2014; preparation and publication of reports now experience undue delays, and use a different presentation format than that used in preparing the budget, also unlike in 2014.**
(i) Scope of reports in terms of coverage and compatibility with budget estimates	A	C	Monthly expenditure briefs published by MoFEA's Directorate of Budget covers only GLF expenditure and compares approved budget estimates with one column IFMIS data on actual expenditure, which is either commitment expenditure or actual payment, but not both - the document does not specify which. The comparison is according to the main administrative classification; the economic breakdown is at the highly aggregated level (i.e., personnel emoluments, other recurrent, subventions to public corporations, debt service, and capital development), and not in	Performance has declined here, because the 2014 assessment reported as follows, "In-year budget execution reports are prepared consistent and compatible with budget estimates that allow for easy financial and statistical analysis up to the sub-vote level. The reports show expenditure both at commitment and payment level". This is not the situation currently.

[1] Management Letter of the Government of The Gambia for the year ended 31 December 2019, *pp 138 - 139 of 512*
[2] 2021 DIA Activity Report, *pp. 17 - 18*

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			compliance with the manner of preparing the approved budget. Comparison to budget is, therefore, possible only for main administrative headings.	
(ii) Timeliness of the issue of reports	A	D	The evidence of DPs and CSOs indicate undue delays in the publication of in-year budget reports, which is still the case. For instance, the latest in-year budget report published as at mid-2023 is that of October 2022, i.e., the November report is about 8 overdue.	Decline in performance is evident because, the 2014 assessment reports that, "In-year budget execution reports are prepared within a month after the end of the preceding month".
(iii) Quality of information	B	D	Disparity in reporting formats of the budget and performance reports affects their usefulness. As the auditor general noted in the 2019 audit report, "the budget approved by the National Assembly in 2019 was program based while the disclosures made in the financial statements are line items. This inconsistency indicated above is misleading and users of the financial statement cannot determine whether the programmes budgeted for are indeed implemented". This also applies to in-year budget reports, which similarly report along budget line items, rather than programs.	Declining performance: the 2014 assessment did not report a disparity in the presentation format of the approved budget estimates and performance reports, unlike the current assessment.
PI-25 Quality and timeliness of annual financial statements	**C+**	**D+**	**The basis for preparing the consolidated annual financial statements is IPSAS Cash Accounting; however, the statements lack some essential information, and their preparation is usually significantly out of time.**	**The 2014 assessment may have overrated the level of completeness of the annual financial statements; however, there is a noticeable deterioration in the timeliness of preparation of the statements.**
(i) Completeness of the financial statements	C	D	Essential information is missing from the draft FY2021 consolidated financial statement prepared by the Accountant General's Department (AGD), including revenue and expenditure of extrabudgetary funds, including donor projects, subvented agencies, and agencies authorized to raise retain with self revenues. Besides, the statement is too poor to enable audit. The same information is missing from the FY2022 statements currently undergoing audit and the already audited FY2019 financial statements.	The 2014 assessment appears to have overrated this dimension, when it admitted that information on revenue, expenditure, financial assets and liabilities are not complete, but still rated it "C", arguing that the missing information do not significantly affect the usefulness of the accounts". However, the extent of usefulness of the accounts is the basis for scoring PI-24(iii) on "Quality of information", rather than PI-25(i).
(ii) Timeliness of submissions of the financial statements	B	D	The consolidated annual financial statements fell into significant years of preparation arrears, and the AGD is currently working hard to clear them through reforms initiated by MoFEA and with support from development partners, including with EU incentives.	This current performance represents a deterioration from the situation in 2014 when submission of FY2013 statements was "after 9" months of the end of the FY.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			For instance, an auditable draft of FY2021 statements was due for submission for audit around mid-2023.	
(iii) Accounting standards used	B	B	The accounting standard consistently used in preparing the consolidated annual financial statements is IPSAS Cash Accounting, although compliance with some disclosure requirements is still incomplete, e.g., information on "controlled entities", i.e., public enterprises, and accounts of self-accounting projects (SAP), i.e., projects funded and administered entirely by external agencies but representing development expenditure.	No change in performance observed.
C(iv) External Scrutiny and Audit				
PI-26 Scope, nature and follow-up of external audit	**D+**	**D+**	**The last audit report covering most of CG entities has financial, systems, and performance aspects; however, submission to the legislature is late, and the level of follow up on findings is low.**	**The scope and nature of audit performed improved, as did also follow-up on audit findings although less significantly than the former..**
(i) Scope/nature of audit performed (including adherence to auditing standards)	C	C	The last FY of completed CG audit available for this analysis is 2019. The coverage of the audit includes all CG revenues and expenditures, excluding those of the following agencies that operate outside the IFMIS and whose financial statements are not usually part of the AGD's consolidated financial statements: • External donor-financed projects, audited by private companies and not • Subvented, extrabudgetary, and other accounting agencies that do not operate on the IFMIS. • The National Audit Office • The SSHFC, classified as an SOE in The Gambia, but whose services encompass both the private and public sectors that operates a private sector company. The magnitude of the expenditures of these agencies is unclear; however, the analysis in PI-6 of the 2016 Framework estimates their revenues and expenditures to be a minimum of 35 percent and 40 percent of aggregate CG revenues and expenditure, respectively. Consequently, the 2019 audit covers, at least, 50 percent of CG revenues and expenditures. Thus, the audit covered the revenue and expenditure of more than 50% of CG entities, and involved a wide range of financial audits and, at least, one major capital	Improved performance: the 2019 audit conducted audits included both systems and performance audits, unlike the situation reported in the 2014 assessment report, i.e., that "The audits are largely financial audits with little focus on systemic issues. The NAO is yet to carry out performance audits, due to lack of human capacity and capability".

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			project – the Banjul Drainage, Roads, and Sewage (BDRS). The audit covered oy GLF expenditures (i.e., expenditures from domestic resources), and did not include external donor-financed project revenues and expenditure, constituting about 35 and 40 percent of GLF revenues and expenditures, respectively. Donor-funded projects do not use national procedures, including audit (see: D-3 of the 2011 Framework) The audit generally adhered to INTOSAI auditing standards and focused on significant and systemic issues including in procurement, IT/IFMIS, internal controls, public debt management, payroll, etc. There were also a set of completed performance audits conducted as separate reports within the last three or so years, including these five: (i) Performance Audit Report on "Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE)", (ii) Performance Audit Report on "Emergency Obstetric Care in Public Health Facilities", (iii) "Follow-up Audit on the Storage and Distribution of Drugs by Central Medical Stores (CMS)", (iv) Performance Audit Report on "Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers", and (v) Performance Audit Report on "Management of Community Fisheries Centres (CFCs)"	
(ii) Timeliness of submission of audit reports to the Legislature	D	D	The last audit report submitted to the legislature was for FY19. The initial date of submission of that year's financial statements for audit was audit June 3, 2020; initial submissions are usually inaccurate and subsequent submissions are often necessary to bring the statements to an auditable state. However, it was not possible to obtain the final date of submission. Finalization and submission of the audit report to MoFEA was on March 14, 2022, and its submission to the NA was in November 2022. The auditor general does not submit the report directly to the NA; the Minister of Finance does so on its behalf, and it took about 8 months to do that. The total time taken from the initial receipt of the financial statements for audit and the submission of the finalized audit report to the legislature was about 29 months.	The 2014 assessment was not correct, because it assessed delay in submission of audit reports to the NA, rather than the timeliness of submission of last audit submitted. The report wrote: "FY 2012 and FY 2013 audit reports of the Auditor General have not yet been submitted to the National Assembly. Financial statements for public entities for FY 2013 have not yet been audited by the Auditor General". However, the assessment Framework notes as follows: **"Critical period/time - Last annual audit report submitted to the legislature"**.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
(iii) Evidence of follow up on audit recommendations	D↑	C	FY2019 audit report shows that MoFEA formally responded to FY2018 audit findings; however, the evidence shows satisfactory resolution of only a small fraction of the issues. Most of the issues remained unresolved.	There has been an improvement both in response time and the resolution of issues.
PI-27 Legislative scrutiny of the annual budget law	**D+**	**C+**	**The NA adopts well-established procedures in its budget scrutiny, which covers the estimates and some fiscal policy planks; however, the NA has only 14 days to complete the scrutiny, and its procedures does not include negotiation with budget entities; rules for in-year budget amendments by the executive are clear but loose and allowing extensive administrative reallocations – up to 15.4% of spending.**	**Improving performance due to the NA's inclusion of some fiscal policy provisions in it budget scrutiny process.**
(i) Scope of the legislature scrutiny	C	B	The National Assembly reviews fiscal policies and details of expenditure and revenue estimate for the coming year only. The review does not include medium-term fiscal forecasts and medium-term priorities, as the government does not make these available to the legislature	Improved performance is evident here. In 2022, the executive continued to present the budget speech to the NA after it had approved the budget estimates, as was also observed in 2014; the budget speech remains the most important fiscal policy document of the government. However, the government now also presents to the NA at the time of 'laying' the budget estimates before it, a *"Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the Fiscal Year", i.e., the "Explanatory Note""*. This "Explanatory Note" outlines the key fiscal policy planks underlying the revenue and expenditure estimates.
(ii) Extent to which the legislature's procedures are well established and respected	B	B	The Revised National Assembly Standing Orders 2019, as amended, governs procedures for legislative review of the budget. The procedures include the use of specialized review committees and interaction with MDAs and other budget entities; however, there are no established negotiation procedures.	No change in performance
(iii) Adequacy of time for the legislature to provide a response to budget proposals both the	D	D	Constitutional provisions allow the NA only 14 days to "give consideration to and approve the estimates", once	No change in performance

Indicator/Dimension		Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget					
	detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)			laid before it (see (s. 152(1A) of the 1997 Constitution).	
(iv)	Rules for in-year amendments to the budget without ex-ante approval by the legislature	B	B	Clear rules for administrative reallocation exist; the rules are loose and permit extensive reallocations without ex-ante approval. Available evidence shows that violations affect about 15.4% of spending.	No change in performance
PI-28 Legislative scrutiny of external audit reports		**D+**	**NR**	**Examination of audit reports usually takes a long time (more than 12 months) to complete, but there was insufficient evidence to confirm the extent of scrutiny undertaken by the Na and the issuance of recommendations and follow up on them**	**Not comparable due to insufficient evidence**
(i)	Timeliness of examination of audit reports by the legislature	D	D	The 6th session of the National Assembly (April 2022 – April 2027) adopted the report of the Finance and Public Accounts Committee (FPAC) of the 5th session (2018 – 2022) on the scrutiny of FY2018 audit report. The FPAC commenced and completed but the full house could not adopt before the end of its term. Examination of audit reports usually takes a long time (more than 12 months) to complete because of the crowded nature of the legislative agenda, as explained by the NA; for instance, committees do not meet in periods reserved for plenaries, which constricts the time available for their deliberations. In addition, FPAC has an extensive mandate, encompassing finance, appropriations, public enterprises, and public accounts, among which tasks it must divide its time.	No change in performance, although the Public Accounts Committee/Public Enterprises Committee (PAC/PEC) in 2014 now has a new designation, i.e., Finance and Public Accounts Committee (FPAC), and expanded mandate.
(ii)	Extent of hearing on key findings undertaken by the legislature	B	NR	Verbal submissions by NA officials suggest extensive and thorough investigation of audit reports, involving all key dramatis personae (auditor general, accountant general, and indicted persons), and using technical experts appointed by FPAC and other legislative aids. However, it was not possible to obtain minutes of the committee's meetings or a copy of the recommendations for confirmation and perusal, despite requested.	Not comparable due to insufficient evidence.
(iii)	Issuance of recommended actions by the legislature and implementation by the executive	C↑	NR	Verbal submissions by NA officials indicate that the Assembly issued recommendations on its findings on the FY2018 audit report, giving the Minister of Finance	Not comparable

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
A. PFM-OUT-TURNS: Credibility of the Budget				
			& Economic Affairs up to October 31, 2022, to report to it on the recovery of the outstanding D20 million imprests to budget entities; however, the Minister had not responded by the November 11, 2022, date of the interaction by with the committee. It was not possible to obtain copies of the recommendations and resolution for confirmation, despite requests.	

Annex 5a: Calculations for PI-1, PI-2, and PI-3 (2016 Framework)

Calculations for PI-1, PI-2.1, and PI-2.3

Table 1 - Fiscal years for assessment

Year 1 =	2019 (audited)
Year 2 =	2020 (unaudited)
Year 3 =	2021 (draft)

Table 2

Data for year =	2019 (audited)					
administrative or functional head	budget GMD '000s	actual GMD '000s	adjusted budget	deviation	absolute deviation	percent
Works, Construction, & Infrastructure	6,267,044	192,613	2,731,233.5	-2,538,620.5	2,538,620.5	92.9%
Agriculture	3,941,743	379,979	1,717,846.6	-1,337,867.6	1,337,867.6	77.9%
Basic and Secondary Education	3,063,393	2,255,152	1,335,053.9	920,098.1	920,098.1	68.9%
Health	2,144,772	1,171,652	934,710.7	236,941.3	236,941.3	25.3%
Finance	2,029,881	973,317	884,640.2	88,676.8	88,676.8	10.0%
Tertiary & Higher Education	1,373,593	294,402	598,624.0	-304,222.0	304,222.0	50.8%
Centralized Services	1,340,000	1,080,430	583,983.9	496,446.1	496,446.1	85.0%
Embassies/Missions	1,040,142	824,790	453,303.1	371,486.9	371,486.9	82.0%
Interior	996,905	1,097,233	434,460.1	662,772.9	662,772.9	152.6%
Defence	726,558	939,513	316,640.4	622,872.6	622,872.6	196.7%
Office of The President	697,664	675,447	304,048.2	371,398.8	371,398.8	122.2%
Enviroment, Climate Change,W/Resouces, W	543,970	218,579	237,067.0	-18,488.0	18,488.0	7.8%
Pensions and Gratuties	375,678	265,495	163,723.8	101,771.2	101,771.2	62.2%
Fisheries	359,000	45,437	156,455.4	-111,018.4	111,018.4	71.0%
Attorney General's Chambers & Ministry of Justice	346,163	291,887	150,860.9	141,026.1	141,026.1	93.5%
Petroleum and Energy	340,601	39,041	148,436.9	-109,395.9	109,395.9	73.7%
Foreign Affairs	217,741	150,148	94,893.5	55,254.5	55,254.5	58.2%
Local Government and Lands	175,382	128,396	76,433.0	51,963.0	51,963.0	68.0%
Judiciary	164,092	137,982	71,512.8	66,469.2	66,469.2	92.9%
Youth & Sports	141,276	113,209	61,569.3	51,639.7	51,639.7	83.9%
Sum of the Rest	563,104	426,201	245,405.7	180,795.3	180,795.3	73.7%
allocated expenditure	26,848,702	11,700,903	11,700,903.0	0.0	8,839,224.9	
interests	3,071,391	2,670,624				
contingency (i.e., Budget Head 15 - Miscellaneous)	25,000	258,582.99				
total expenditure	29,945,093	14,630,110				
aggregate outturn (PI-1)						48.9%
composition (PI-2) variance						75.5%
contingency share of budget						0.9%

Table 3

Data for year =	2020 (unaudited)					
administrative or functional head	budget GMD '000s	actual GMD '000s	adjusted budget	deviation	absolute deviation	percent
Transport, Works, & Infrastructure	4,130,388	1,574,763	2,399,314.7	-824,551.3	824,551.3	0.343661179
Basic and Secondary Education	3,589,150	2,449,030	2,084,913.2	364,116.3	364,116.3	0.174643369
Agriculture	2,524,828	630,340	1,466,655.8	-836,315.9	836,315.9	0.570219605
Health	2,204,893	1,907,439	1,280,807.7	626,631.6	626,631.6	0.489247202
Centralized Services	1,450,000	2,410,436	842,295.4	1,568,140.9	1,568,140.9	1.861747069
Petroleum and Energy	1,394,923	77,895	810,301.4	-732,406.8	732,406.8	0.903869503
Finance and Economic Affairs	1,379,150	1,030,719	801,139.4	229,580.0	229,580.0	0.286566858
Higher Edu, Research, Science, & Tech	1,096,401	258,265	636,892.3	-378,627.0	378,627.0	0.594491352
Office of The President	1,084,346	594,198	629,889.5	-35,691.6	35,691.6	0.056663256
Interior	1,083,483	(63,082)	629,387.9	-692,470.3	692,470.3	1.100228242
LG, Lands, & Regional Developmentt	937,894	169,658	544,816.3	-375,158.5	375,158.5	0.688596318
Trade, Industry, & Employment	840,321	87,691	488,136.9	-400,445.7	400,445.7	0.820355309
Defence	762,103	984,866	442,700.3	542,166.0	542,166.0	1.224679433
Foreign Affairs	697,956	106,744	405,438.1	-298,694.1	298,694.1	0.736719344
Enviroment, Climate Change, Wildlife	649,418	21,715	377,242.6	-355,527.6	355,527.6	0.942437522
Pensions and Gratuties	375,678	294,323	218,228.9	76,094.6	76,094.6	0.34869185
Embassies/Missions	307,872	738,879	178,840.7	560,037.9	560,037.9	3.131490652
Attorney General's Chambers & Ministry of Justice	304,162	183,650	176,685.7	6,964.4	6,964.4	0.039417018
National Assembly	196,450	138,655	114,116.3	24,538.2	24,538.2	0.215027532
Judiciary	170,000	161,518	98,751.9	62,766.0	62,766.0	0.635592799
Sum of the Rest	**729,120**	**1,292,394**	423,541.0	868,852.9	868,852.9	2.051401948
allocated expenditure	25,908,535.14	15,050,096.08	15,050,096.1	0.0	9,859,777.5	
interests	3,004,072.30	1,697,064.41				
contingency	40,000.00	569,248.00				
total expenditure	28,952,607.44	17,316,408.49				
aggregate outturn (PI-1)						59.8%
composition (PI-2) variance						65.5%
contingency share of budget						2.0%

Table 4

Data for year =	2021 (draft)					
administrative or functional head	budget GMD '000s	actual GMD '000s	adjusted budget	deviation	absolute deviation	percent
Transport, Works, & Infrastructure	5,451,606.07	2,763,021.84	3,205,839.1	-442,817.3	442,817.3	0.138128361
Basic & Secondary Education	4,142,558.11	2,838,473.14	2,436,048.2	402,425.0	402,425.0	0.165195821
Health	3,008,936.41	1,875,901.10	1,769,417.3	106,483.8	106,483.8	0.060180146
Petroleum & Energy	2,532,040.70	121,349.60	1,488,976.8	-1,367,627.2	1,367,627.2	0.918501352
Centralized Services	2,127,000.00	976,112.36	1,250,791.0	-274,678.7	274,678.7	0.219603953
Agriculture	1,607,974.91	334,184.39	945,576.2	-611,391.8	611,391.8	0.646581214
Finance & Economic Affairs	1,499,176.68	1,279,876.19	881,597.0	398,279.2	398,279.2	0.451770209
Higher Edu, Research, Science, & Tech	1,123,268.32	385,687.59	660,542.5	-274,854.9	274,854.9	0.416104816
Interior	1,037,282.62	1,220,427.70	609,978.3	610,449.4	610,449.4	1.000772427
Office of the President	945,523.60	770,148.56	556,019.0	214,129.6	214,129.6	0.385111941
Embassies/Missions	859,305.68	806,276.29	505,318.2	300,958.1	300,958.1	0.595581326
Defence	834,196.37	817,951.73	490,552.6	327,399.2	327,399.2	0.667408911
Enviroment, Climate Change, Wildlife	654,741.95	243,662.13	385,023.7	-141,361.5	141,361.5	0.367150258
Trade, Industry, & Employment	576,361.61	95,284.81	338,931.8	-243,647.0	243,647.0	0.718867299
LG, Lands, & Regional Developmentt	504,760.70	156,334.18	296,826.6	-140,492.4	140,492.4	0.473314764
Pensions and Gratuties	367,678.00	301,848.79	216,214.5	85,634.2	85634.24503	0.396061445
Fisheries & Water Resources	323,723.68	15,235.04	190,367.0	-175,132.0	175131.9881	0.919970175
Independent Electoral Commission	314,150.40	390,961.56	184,737.4	206,224.1	206224.1382	1.116309495
National Assembly	246,406.74	189,524.25	144,900.5	44,623.8	44623.76325	0.307961445
Judiciary	181,771.78	68,502.17	106,891.6	-38,389.5	38,389.5	0.359143774
Sum of the Rest	763,552.43	1,462,796.03	449,010.1	1,013,785.9	1,013,785.9	2.257824222
allocated expenditure	29,102,016.76	17,113,559.45	17,113,559.5	0.0	7,420,784.6	
interests	3,130,150.91	2,350,759.40				
contingency	500,000.00	1,226,014.68				
total expenditure	32,732,167.67	20,690,333.53				
aggregate outturn (PI-1)						63.2%
composition (PI-2) variance						43.4%
contingency share of budget						3.7%

Table 5 - Results Matrix

year	for PI-1.1 total exp. Outturn	for PI-2.1 composition variance	for PI-2.3 contingency share
2019 (audited)	48.9%	75.5%	
2020 (unaudited)	59.8%	65.5%	2.2%
2021 (draft)	63.2%	43.4%	

Calculations for PI-2.2

Table 1 - Fiscal years for assessment

Year 1 =	2019 (audited)
Year 2 =	2020 (unaudited)
Year 3 =	2021 (draft)

Table 2

Data for year =	2019 (audited)					
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Compensation of employees	4,150,115.76	3,934,942.53	2,053,651.0	1,881,291.6	1,881,291.6	91.6%
Use of goods and services	17,720,975.90	3,592,204.85	8,769,080.5	-5,176,875.7	5,176,875.7	59.0%
Consumption of fixed capital	1,704,004.49	714,235.16	843,212.7	-128,977.6	128,977.6	15.3%
Interest	3,071,390.61	2,670,623.62	1,519,852.6	1,150,771.0	1,150,771.0	75.7%
Subsidies	2,329,411.77	2,200,422.55	1,152,690.4	1,047,732.1	1,047,732.1	90.9%
Grants	217,163.91	189,377.13	107,461.8	81,915.3	81,915.3	76.2%
Social benefits	285,827.29	280,017.07	141,439.3	138,577.8	138,577.8	98.0%
Other expenses	2,163,563.63	2,076,187.34	1,070,621.8	1,005,565.5	1,005,565.5	93.9%
Total expenditure	31,642,453.36	15,658,010.25	15,658,010.3	0.0	10,611,706.6	
composition variance						67.8%

Table 3

Data for year =	2020 (unaudited)					
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Compensation of employees	5,596,544.17	5,469,365.02	4,649,331.8	820,033.3	820,033.3	17.6%
Use of goods and services	7,762,079.53	6,299,326.48	6,448,351.3	-149,024.8	149,024.8	2.3%
Consumption of fixed capital	3,475,805.06	2,125,123.78	2,887,526.7	-762,402.9	762,402.9	26.4%
Interest	3,004,072.30	1,697,064.41	2,495,634.5	-798,570.1	798,570.1	32.0%
Subsidies	2,572,392.97	2,976,446.81	2,137,016.7	839,430.1	839,430.1	39.3%
Grants	202,533.06	176,871.30	168,254.4	8,616.9	8,616.9	5.1%
Social benefits	382,350.44	303,412.62	317,637.8	-14,225.2	14,225.2	4.5%
Other expenses	640,600.00	588,321.59	532,178.8	56,142.8	56,142.8	10.5%
Total expenditure	23,636,377.53	19,635,932.01	19,635,932.0	0.0	3,448,446.1	
composition variance						17.6%

Table 4

Data for year =	2021 (draft)					
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Compensation of employees	6,271,902.07	6,098,623.09	5,421,408.5	677,214.6	677,214.6	12.5%
Use of goods and services	4,494,735.92	4,100,047.01	3,885,232.8	214,814.2	214,814.2	5.5%
Consumption of fixed capital	5,708,391.15	3,572,792.56	4,934,311.8	-1,361,519.2	1,361,519.2	27.6%
Interest	3,170,980.91	2,350,759.40	2,740,983.9	-390,224.5	390,224.5	14.2%
Subsidies	2,258,168.32	2,751,520.20	1,951,952.2	799,568.0	799,568.0	41.0%
Grants	198,369.54	180,809.17	171,469.9	9,339.3	9,339.3	5.4%
Social benefits	374,178.00	305,877.29	323,438.1	-17,560.8	17,560.8	5.4%
Other expenses	518,043.50	516,163.19	447,794.8	68,368.3	68,368.3	15.3%
Total expenditure	22,994,769.41	19,876,591.91	19,876,591.9	0.0	3,538,609.0	
composition variance						17.8%

Table 5 - Results Matrix

year	composition variance
2019 (audited)	67.8%
2020 (unaudited)	17.6%
2021 (draft)	17.8%

Calculations for PI-3

Table 1 - Fiscal years for assessment

Calculation Sheet for Revenue Outturn

Year 1 =	2019 Audited
Year 2 =	2020 (Unaudited)
Year 3 =	2021 (Draft)

Table 2

Data for year = **2019 Audited**

Economic head	budget (GMD '000)	actual (GMD '000)	adjusted budget	deviation	absolute deviation	percent
Tax revenues						
Taxes on income, profit and capital gains	2,277,138.00	2,472,895.00	1,341,672.9	1,131,222.1	1,131,222.1	84.3%
Taxes on payroll and workforce	52,600.00	51,395.00	30,991.5	20,403.5	20,403.5	65.8%
Taxes on property	55,900.00	103,322.00	32,935.9	70,386.1	70,386.1	213.7%
Taxes on goods and services	5,100,774.00	5,413,009.00	3,005,338.4	2,407,670.6	2,407,670.6	80.1%
Taxes on international trade and transactions	2,836,688.00	2,563,115.00	1,671,355.6	891,759.4	891,759.4	53.4%
Other taxes	88,800.00	52,540.00	52,320.3	219.7	219.7	0.4%
Social contributions						
Social security contributions	-	586.00	0.0	586.0	586.0	#DIV/0!
Other social contributions	-	-	0.0	0.0	0.0	#DIV/0!
Grants						
Grants from foreign governments	2,928,951.00	-	1,725,716.3	-1,725,716.3	1,725,716.3	100.0%
Grants from international organizations	10,463,446.00	2,698,119.00	6,164,985.1	-3,466,866.1	3,466,866.1	56.2%
Grants from other government units	-	6,301.00	0.0	6,301.0	6,301.0	#DIV/0!
Other revenue						
Property income	20,194.00	30,808.00	11,898.2	18,909.8	18,909.8	158.9%
Sales of goods and services	1,454,565.00	1,113,209.00	857,019.0	256,190.0	256,190.0	29.9%
Fines, penalties and forfeits	25,000.00	1,325.00	14,729.8	-13,404.8	13,404.8	91.0%
Transfers not elsewhere classified	-	-	0.0	0.0	0.0	#DIV/0!
Premiums, fees, and claims related to nonlife insurance and standardized guarantee schemes	-	-	0.0	0.0	0.0	#DIV/0!
Sum of rest	250,000.00	549,637.00	147,298.2	402,338.8	402,338.8	273.1%
Total revenue	25,554,056.00	15,056,261.00	15,056,261.0	0.0	10,411,974.4	
overall variance						58.9%
composition variance						69.2%

Table 3

Data for year = **2020 (Unaudited)**

Economic head	budget (GMD '000)	actual (GMD '000)	adjusted budget	deviation	absolute deviation	percent
Tax revenues						
Taxes on income, profit and capital gains	2,673,575.00	2,704,892.65	2,313,978.0	390,914.7	390,914.7	16.9%
Taxes on payroll and workforce	61,682.00	42,730.53	53,385.7	-10,655.2	10,655.2	20.0%
Taxes on property	80,448.00	104,441.93	69,627.7	34,814.2	34,814.2	50.0%
Taxes on goods and services	5,607,594.00	5,702,043.26	4,853,370.1	848,673.1	848,673.1	17.5%
Taxes on international trade and transactions	3,088,745.00	2,342,246.83	2,673,307.4	-331,060.6	331,060.6	12.4%
Other taxes	89,114.00	52,568.89	77,128.1	-24,559.2	24,559.2	31.8%
Social contributions						
Social security contributions	-	172.36	0.0	172.4	172.4	#DIV/0!
Other social contributions	-	-	0.0	0.0	0.0	#DIV/0!
Grants						
Grants from foreign governments	2,080,127.00	-	1,800,349.0	-1,800,349.0	1,800,349.0	100.0%
Grants from international organizations	8,755,907.00	4,457,294.34	7,578,233.6	-3,120,939.3	3,120,939.3	41.2%
Grants from other government units	-	36,672.37	0.0	36,672.4	36,672.4	#DIV/0!
Other revenue						
Property income	20,000.00	25,085.72	17,310.0	7,775.7	7,775.7	44.9%
Sales of goods and services	2,015,424.00	2,758,123.65	1,744,348.6	1,013,775.1	1,013,775.1	58.1%
Fines, penalties and forfeits	20,000.00	1,509.48	17,310.0	-15,800.5	15,800.5	91.3%
Transfers not elsewhere classified	-	-	0.0	0.0	0.0	#DIV/0!
and standardized guarantee schemes	-	-	0.0	0.0	0.0	#DIV/0!
Sum of rest	50,000.00	3,013,841.29	43,275.0	2,970,566.3	2,970,566.3	6864.4%
Total revenue	24,542,616.00	21,241,623.30	21,241,623.3	0.0	10,606,727.7	
overall variance						86.5%
composition variance						49.9%

Table 4

Data for year = **2021 (Draft)**

Economic head	budget (GMD '000)	actual (GMD '000)	adjusted budget	deviation	absolute deviation	percent
Tax revenues						
Taxes on income, profit and capital gains	12,209,515.00	3,052,850.13	5,557,668.0	-2,504,817.9	2,504,817.9	45.1%
Taxes on payroll and workforce	48,040.00	73,809.35	21,867.4	51,941.9	51,941.9	237.5%
Taxes on property	99,656.00	164,812.04	45,362.6	119,449.5	119,449.5	263.3%
Taxes on goods and services	5,971,660.00	5,863,027.19	2,718,249.2	3,144,778.0	3,144,778.0	115.7%
Taxes on international trade and transactions	3,382,731.00	2,481,036.25	1,539,790.6	941,245.7	941,245.7	61.1%
Other taxes	68,406.00	51,292.00	31,137.8	20,154.2	20,154.2	64.7%
Social contributions						
Social security contributions	-	891.34	0.0	891.3	891.3	#DIV/0!
Other social contributions	-	-	0.0	0.0	0.0	#DIV/0!
Grants						
Grants from foreign governments	2,497,512.00	-	1,136,846.4	-1,136,846.4	1,136,846.4	100.0%
Grants from international organizations	9,517,256.00	796,147.84	4,332,174.5	-3,536,026.6	3,536,026.6	81.6%
Grants from other government units	-	66,838.78	0.0	66,838.8	66,838.8	#DIV/0!
Other revenue						
Property income	1,790,000.14	48,475.06	814,792.9	-766,317.9	766,317.9	94.1%
Sales of goods and services	1,536,232.00	3,804,877.31	699,279.8	3,105,597.5	3,105,597.5	444.1%
Fines, penalties and forfeits	13,692.00	1,386.01	6,232.5	-4,846.5	4,846.5	77.8%
Transfers not elsewhere classified	-	-	0.0	0.0	0.0	#DIV/0!
and standardized guarantee schemes	-	-	0.0	0.0	0.0	#DIV/0!
Sum of rest	-	497,958.30	0.0	497,958.3	497,958.3	#DIV/0!
Total revenue	37,134,700.14	16,903,401.60	16,903,401.6	0.0	15,897,710.5	
overall variance						45.5%
composition variance						94.1%

Table 5 - Results Matrix

year	total revenue deviation	composition variance
2019 Audited	58.9%	69.2%
2020 (Unaudited)	86.5%	49.9%
2021 (Draft)	45.5%	94.1%

Annex 5b: Calculations for PI-1, PI-2, and PI-3 (2011 Framework)

Table 1 - Fiscal years for assessment

Year 1 =	2019
Year 2 =	2020
Year 3 =	2021

Table 2

Data for year =	2019					
administrative or functional head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Basic and Secondary Education	1989270.867	2255152	2,130,083.5	125,068.5	125,068.5	5.9%
Health	1037567.127	1171652	1,111,012.4	60,639.6	60,639.6	5.5%
Interior	979805	1097233	1,049,161.5	48,071.5	48,071.5	4.6%
Centralized Services	1320000	1080430	1,413,437.6	-333,007.6	333,007.6	23.6%
Finance & Economic Affairs	800215.837	973317	856,859.9	116,457.1	116,457.1	13.6%
Defence	698058	939513	747,470.8	192,042.2	192,042.2	25.7%
Embassies/Missions	1040142	824790	1,113,769.5	-288,979.5	288,979.5	25.9%
Office of The President	640126.3	675447	685,438.3	-9,991.3	9,991.3	1.5%
Agriculture	237914.295	379979	254,755.3	125,223.7	125,223.7	49.2%
Tertiary & Higher Education	243339.6	294402	260,564.6	33,837.4	33,837.4	13.0%
Attorney General's Chambers & Min	343663	291887	367,989.5	-76,102.5	76,102.5	20.7%
Pensions and Gratuties	375678	265495	402,270.8	-136,775.8	136,775.8	34.0%
Enviroment, Climate Change,W/Res	89195.982	218579	95,509.8	123,069.2	123,069.2	128.9%
Works, Construction, & Infrastructu	81264.784	192613	87,017.2	105,595.8	105,595.8	121.4%
Foreign Affairs	79741	150148	85,385.5	64,762.5	64,762.5	75.8%
Judiciary	114592	137982	122,703.5	15,278.5	15,278.5	12.5%
LG, Lands, & Regional Development	170382	128396	182,442.7	-54,046.7	54,046.7	29.6%
National Assembly	139273	120054	149,131.6	-29,077.6	29,077.6	19.5%
Youth & Sports	97026	113209	103,894.1	9,314.9	9,314.9	9.0%
Trade, Industry, & Employment	133562	92770	143,016.3	-50,246.3	50,246.3	35.1%
21 (= sum of rest)	316579.113	297855	338,988.5	-41,133.5	41,133.5	12.1%
allocated expenditure	10927395.91	11700903	11,700,903.0	0.0	2,038,721.6	
contingency	25,000	258,582.99				
total expenditure	10952395.91	11959485.99				
overall (PI-1) variance						9.2%
composition (PI-2) variance						17.4%
contingency share of budget						2.4%

Table 3

Data for year =	2020					
administrative or functional head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Basic and Secondary Education	2537684.22	2449029.52	3,210,861.2	-761,831.7	761,831.7	0.23726709
Centralized Services	1180000	2410436.32	1,493,021.2	917,415.2	917,415.2	0.61446897
Health	1410933.086	1907439.26	1,785,214.4	122,224.9	122,224.9	0.06846511
Transport, Works, & Infrastructure	74655.487	1574763.4	94,459.5	1,480,303.9	1,480,303.9	15.6713061
Finance and Economic Affairs	963497.004	1030719.34	1,219,085.9	-188,366.6	188,366.6	0.15451462
Defence	747902.55	984866.28	946,300.3	38,566.0	38,566.0	0.04075451
Embassies/Missions	307871.78	738878.57	389,541.6	349,337.0	349,337.0	0.89678993
Gambia Revenue Authority	0	723449.27	0.0	723,449.3	723,449.3	#DIV/0!
Agriculture	241858.516	630339.92	306,016.8	324,323.1	324,323.1	1.05982097
Office of The President	661663.474	594197.93	837,184.4	-242,986.4	242,986.4	0.29024245
Pensions and Gratuties	375678	294323.48	475,334.9	-181,011.4	181,011.4	0.3808082
Higher Edu, Research, Science, & Te	225116.07	258265.35	284,833.1	-26,567.7	26,567.7	0.09327479
Attorney General's Chambers & Min	297400.1	183650.17	376,292.1	-192,641.9	192,641.9	0.5119478
LG, Lands, & Regional Development	145048.72	169657.8	183,526.1	-13,868.3	13,868.3	0.07556586
Judiciary	126000	161517.85	159,424.3	2,093.6	2,093.6	0.01313199
National Assembly	196449.73	138654.5	248,562.4	-109,907.9	109,907.9	0.44217422
Tourism and Culture	35957.45	132055.89	45,496.0	86,559.9	86,559.9	1.90258495
Foreign Affairs	600956.1	106744	760,373.0	-653,629.0	653,629.0	0.85961627
Trade, Industry, & Employment	100134.174	87691.2	126,697.0	-39,005.8	39,005.8	0.30786671
Petroleum and Energy	56578.706	77894.68	71,587.5	6,307.2	6,307.2	0.08810507
21 (= sum of rest)	**1481710.232**	**234003.5**	1,874,766.7	-1,640,763.2	1,640,763.2	0.8751826
allocated expenditure	11767095.4	14888578.23	14,888,578.2	0.0	8,101,160.0	
contingency	-	569,248.00				
total expenditure	11767095.4	15457826.23				
overall (PI-1) variance						31.4%
composition (PI-2) variance						54.4%
contingency share of budget						4.8%

Table 4

Data for year =	2021		
administrative or functional head	**budget**	**actual**	adjusted budget
Basic & Secondary Education	2,743,391.28	2,838,473.14	3,598,855.8
Transport, Works, & Infrastructure	72,735.19	2,763,021.84	95,416.0
Health	1,472,655.78	1,875,901.10	1,931,870.2
Finance & Economic Affairs	970,422.49	1,279,876.19	1,273,026.8
Interior	1,012,975.62	1,220,427.70	1,328,849.1
Centralized Services	1,967,000.00	976,112.36	2,580,364.4
Defence	733,041.35	817,951.73	961,623.7
Embassies/Missions	859,305.68	806,276.29	1,127,260.7
Gambia Revenue Authority	0.00	787,141.49	0.0
Office of the President	576,251.82	770,148.56	755,942.9
Independent Electoral Commission	314,150.40	390,961.56	412,111.1
Higher Edu, Research, Science, & Tech	225,009.67	385,687.59	295,173.8
Agriculture	202,403.33	334,184.39	265,518.2
Pensions and Gratuties	367,678.00	301,848.79	482,330.1
Enviroment, Climate Change, Wildlife	85,616.80	243,662.13	112,314.5
National Assembly	231,406.74	189,524.25	303,565.7
LG, Lands, & Regional Development	167,493.00	156,334.18	219,721.9
Petroleum & Energy	181,905.62	121,349.60	238,628.8
Attorney General's Chambers & Ministry of Justice	145,544.39	121,074.24	190,929.1
Youth & Sports	99,679.52	117,213.45	130,762.3
21 (= sum of rest)	616,921.37	61638887.0%	809,294.3
allocated expenditure	13045588.05	17,113,559.5	17,113,559.5
contingency	500,000.00	1,226,014.68	
total expenditure	13,545,588.05	18339574.13	
overall (PI-1) variance			
composition (PI-2) variance			
contingency share of budget			

Table 5 - Results Matrix

year	for PI-1 total exp. deviation	for PI-2 (i) composition variance	for PI- continger
2019	9.2%	17.4%	
2020	31.4%	54.4%	5.4
2021	35.4%	44.0%	

Score for indicator PI-1:	**D**
Score for indicator PI-2 (i)	**D**
Score for indicator PI-2 (ii)	
Overall Score for indicator PI-2	D

Assessment of PI-3 Aggregate revenue out-turn compared to original approved budget.

	Approved Revenue Budget (incl. from external revenue)	External Revenue Budget	Approved Revenue Budget (excl. external revenue)	Actual Domestic Revenue	Deviation
2019	25,554,056.00	14,545,314.55	11,008,741.45	15,056,261.00	136.8%
2020	24,542,616.00	12,184,332.81	12,358,283.19	21,241,623.30	171.9%
2021	37,134,700.14	13,027,265.70	24,107,434.44	16,903,401.60	70.1%

Appendix 1: Gender Responsive PFM Assessment Report 2022

PEFA

Republic of The Gambia

PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) GENDER RESPONSIVE PUBLIC FINANCIAL MANAGEMENT ASSESSMENT REPORT 2022

Draft

April 2023

Financed by

BANQUE AFRICAINE DE DEVELOPPEMENT
AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND
FONDS AFRICAIN DE DEVELOPPEMENT

AFRICAN DEVELOPMENT BANK

The Public Finance Management Directorate (PFMD) of the Ministry of Finance and Economic Affairs (MoFEA

Gambia

Supplementary Framework for Assessing Gender Responsive Public Financial Management (PEFA GENDER) Assessment

April 2024

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK'**.

PEFA Secretariat
April 19, 2024

Abbreviations and Acronyms

See main PEFA Report

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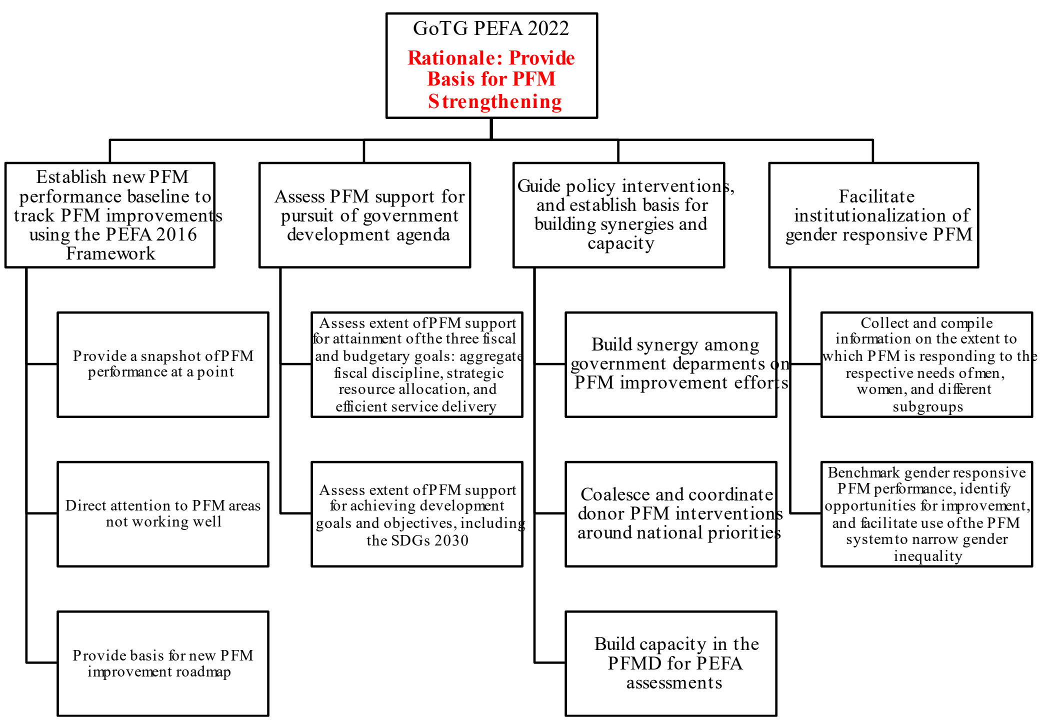
1. Introduction

1.1. Purpose

This PEFA assessment of gender responsive public financial management (GRPFM) is the second part of a two-part PEFA assessment exercise commissioned by the Ministry of Finance and Economic Affairs (MoFEA) of the Government of the Republic of the Gambia (GoTG) in September 2022. The first and main part of the exercises comprises the assessment of the public financial management (PFM) system and preparation of a PFM performance report (PFM-PR) using the updated 2016 PEFA framework. The second aspect is this exercise, which is an assessment of the gender responsiveness of the public financial management system using the Supplementary Framework for Assessing Gender Responsive Public Financial Management (GRPFM) 2020. The Africa Development Bank (AfDB) is sponsoring both assessments under The Gambia's Inclusive Growth Promotion Institutional Support Project (IGPISP), which the Bank supports, coordinated by the Project Coordinating Unit (PCU) of MoFEA.

The objectives of the GOTG PEFA 2022 exercise are to provide a basis for further strengthening the PFM system and "help guide policy interventions to improve PFM systems, establish synergies amongst partners' support for these interventions, and build capacity for the PFMD Staff."[1] These are in addition to the traditional objectives of PEFA assessments, which include these three, i.e., to provide a snapshot of PFM performance at a point; assess extent of PFM support for attainment of the three fiscal and budgetary goals of aggregate fiscal discipline, strategic resource allocation, and efficient service delivery; and assess the extent of PFM support for achieving development goals and objectives, including the SDGs 2030

Figure 1.1: Aims of the GoTG PEFA & Gender Responsive PEFA Assessments 2022



The objective of the PEFA GRPFM feeds into these overarching goals. Specifically, this Gender Responsive PEFA assessment seeks to is collect information to help the government assess the extent to which the PFM system is promoting and contributing to gender equality and addressing different needs of men and women and their various subgroups. The PEFA GRPFM assessment will provide a benchmark of performance in this regard, identify

[1] See the CN and ToRs for the GoTG 2022 PEFA

opportunities to make the PFM more gender-responsive, and facilitate use of public financial management to narrow gender inequality gaps. The exercise applies the PEFA Supplementary Framework for Assessing Gender Responsive Public Financial Management (GRPFM), which is a set of supplementary indicators that builds on the PEFA framework to collect information on the degree to which a country's public financial management system addresses the government's goals with regard to acknowledging different needs of men and women, and different subgroups of these categories and promoting gender equality"[1]. The PEFA GRPFM Framework is a set of nine indicators of a total of 12 dimensions. *Figure 1.1* in the main PEFA report (reproduced above) graphically illustrates the objectives of the main PEFA assessment and how the Gender-Responsive PEFA assessment fits into it.

This PEFA assessment was at the instance of the Ministry of Finance and Economic Affairs (MoFEA), represented by its Public Finance Management Directorate (PFMD). The PFMD was, therefore, the main government counterpart in this exercise, and it managed, facilitated, and coordinated the entire process on behalf of the ministry and the government. The directorate interfaced with the expert assessors outfield, and hosted them infield, including by providing them an office and internet access; organized sensitization sessions (including a training workshop) with government agencies and development partners (DPs); liaised with them for the collection of documentary evidence, and arranged face to face meetings between them and the experts during the field work. The directorate also participated in more than 40 PEFA meetings held infield, i.e., with government departments, and DPs, and civil society groups.

Development partners collaborated and supported MoFEA to organize this exercise. The main development partner for this exercise is the African Development Bank (AfDB), which bankrolled it through its *Inclusive Growth Promotion Institutional Support Project (IGPISP)* implemented through MoFEA PCU. Other development partners with in-country offices in the Gambia also supported the exercise by participating in reviewing the concept note (CN)/terms of reference (ToRs), granting access to other appraisal reports, and granting meetings. These include the European Union (EU), The World Bank (WB), and the International Monetary Fund (IMF).

The external assessors analyzed the data and evidence sourced from government departments and development partners; the gathering of which the PFMD facilitated and coordinated. The assessors also drafted the report and submitted it to the government through the PFMD for critical quality assurance review. The government and its development partners reviewed the review the drafts and provided comments for incorporation into the report. The government submitted the revised draft report to the PEFA Secretariat for the final PEFACheck review protocol.

The scope of this gender PEFA assessment is the same as the main PEFA assessment. This means that the assessment applies to the national central government of The Gambia, including its budgetary and extrabudgetary units, to the exclusion of local governments and public corporations, except as otherwise defined as applicable in the assessment framework. The assessment does not apply to social security funds because of its classification as a public corporation by the government and limitations of nonavailability of information on it, as described in the main PEFA assessment. The assessment excludes the Central Bank of the Gambia (CBG), which is a financial public corporation, according to GFS 2014 classification. The effective (cutoff) date of this PEFA assessment is November 30, 2022.

1.2. Background

The evidence of a gender PFM responsiveness questionnaire administered on the government suggests that not much has occurred in integrating gender considerations into public financial management. There are constitutional and other statutory mentions of and references to gender equality, but not much work done on producing gender equality strategy, action plans, and specific gender responsive PFM initiatives.

Legal and policy framework

Legislative references anchoring gender equality include these provisions of the 1997 Constitution

[1] The PEFA Secretariat, PEFA Supplementary Framework for Assessing Gender Responsive Public Financial Management, PEFA Open House, October 20, 2020, www.pefa.org

- Women shall be accorded full and equal dignity of the person with men, *s. 28(1)*
- Women shall have the right to equal treatment with men, including equal opportunities in political, economic, and social activities, *s. 28(2)*
- Political objectives - In the composition of the Government, women shall be fairly represented, *s. 214(4)*
- Economic Objectives -The State shall endeavour to ensure equal opportunity and full participation for women in the economic development of the country; *s. 215(5)*.
- The Constitution provides the protection of children and prohibits discrimination against any person on account of race, religion, or social status.

The Women's Act 2010 also has provisions affecting women's rights and participation in social, political, economic, and administrative activities. The Act prohibits discrimination against women in education (ss, 26 – 28), the right to health *(ss. 29 – 32)* and prohibits various forms of discrimination against women in employments *(ss. 16 – 25)*. The protected workplace rights for women and protection against discrimination specifically mentioned in the Act include the following

- Prohibition against discrimination in employment, *s.16*
- Right to choice of employment and profession, *s.17*
- Right to equal remuneration, *s.18*
- Right to available social security benefits, particularly in cases of retirement, unemployment, sickness, invalidity, old age and other incapacity to work, and paid leave, *s.1*
- Right to six-week paid maternity leave, with no loss of employment, seniority, or similar benefits *(s.20(1))*, and complimentary paternity leave of 10 working days to men, *(s.20(2))*
- Right of protection of health and safety at workplace, *s.21*
- Prohibition of discrimination against women in marriage and maternity, *s.22*
- Right to employer-provided support services to enable women combine family obligations with work responsibilities and participation in public life, to the limit of the employer's resources, *s.23*
- Special employer protection to women during pregnancy in types of work assigned to avoid harm, *s.24*

The Gender and Women Empowerment Policy 2010-2020 reiterates the government's recognition of "gender equality and women empowerment as a key factor for the attainment of social and economic development"[1]. "The overall goal of this policy is to mainstream gender in all national and sectoral policies, programmes, plans and budgets to achieve gender, equity, equality and women empowerment in the development process"[2]. The policy prioritized eight of the 12 "critical areas of concern defined in the 1995 Beijing Platform for Action as very relevant to the situation of the Gambia". These are

1) Capacity Building for Gender Mainstreaming
2) Poverty Reduction, Economic Empowerment & Livelihoods Development
3) Gender and Education
4) Gender and Health and HIV/AIDS
5) Gender Human Rights
6) Gender and Governance
7) Gender and the Environment
8) Women's Empowerment

Notwithstanding these legal and policy provisions, there is little evidence of integrating gender into public financial management to facilitate the realization of these objectives. Indeed, there does not appear to be full understanding on the part of policymakers of the facilitating role of PFM in the pursuit of the government's gender equality goals.

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[1] There is also another document titled, The Gambia National Gender Policy 2010- 2020, which provides as follows, "The overall goal of this policy is to achieve gender equity and women empowerment as an integral part of the national development process through enhancing participation of women and men, girls and boys for sustainable and equitable development and poverty reduction". While both documents cover the same grounds, the former document appears more complete, better structured, well proofed, and edited. The latter document still has gaps, which suggests that it is probably an earlier draft, and not the final policy document. Both documents are available and freely downloadable on the Internet.

[2] See the Gender and Women Empowerment Policy 2010-2020, *p. 5*

Consequently, the government's policy agenda in achieving gender equality has tended to bypass gender responsiveness PFM, as this post on MoFEA website shows.

> **"Empowering the Gambian Woman to realize her full potential**
>
> "While significant steps have been taken for the empowerment of women through several legislative acts, as well as vigorous efforts to ensure gender parity in primary education, the welfare of the Gambian women continues to lag significantly behind that of men. Government is therefore determined to promote gender equity, equality and empowerment of women and girls for sustained socio-economic development. Key measures under this theme will include gender mainstreaming; capacity development of women entrepreneurs; establishment of a fund to improve access to finance; legislative reforms and advocacy for enhanced representation and participation in decision making; gender-based violence reduction programmes; and abolishing harmful traditional practices, such as female genital mutilation (FGM) and early marriage." https://mofea.gm/empowering-woman

Institutional structures

The Gambia has a National Gender Machinery (NGM) comprising of several institutions, and with the mandate of spearheading the formulation, coordination of the implementation, monitoring, and evaluation of the gender policy. The NGM's role also includes assisting with the training of staff of the gender units on gender analysis, gender budgeting, advocacy, and gender mainstreaming strategies. The role of the NGM is that of coordination and training; individual stakeholders still retain responsibility for the implementation of the component of the gender policy relevant to their institutional mandates.

The composition of the NGM is as follows,

- The Ministry of Ministry of Gender, Children, and Social Welfare
- The Directorate of Gender Equality and Women's Empowerment
- The National Council for Gender and Women empowerment
- The Gender Focal Persons Network (GFPs)
- Cabinet Gender Subcommittee
- National Assembly Select Committee on Women and Children,
- The Women's Federation and
- The Women's Bill and gender Policy implementation committees

There is little evidence that the NGM successfully mainstreamed gender responsiveness into public financial management during the lifespan of the gender policy, i.e., 2010 – 2020.

Coordination mechanisms for integrating gender considerations in PFM

The process is as described above.

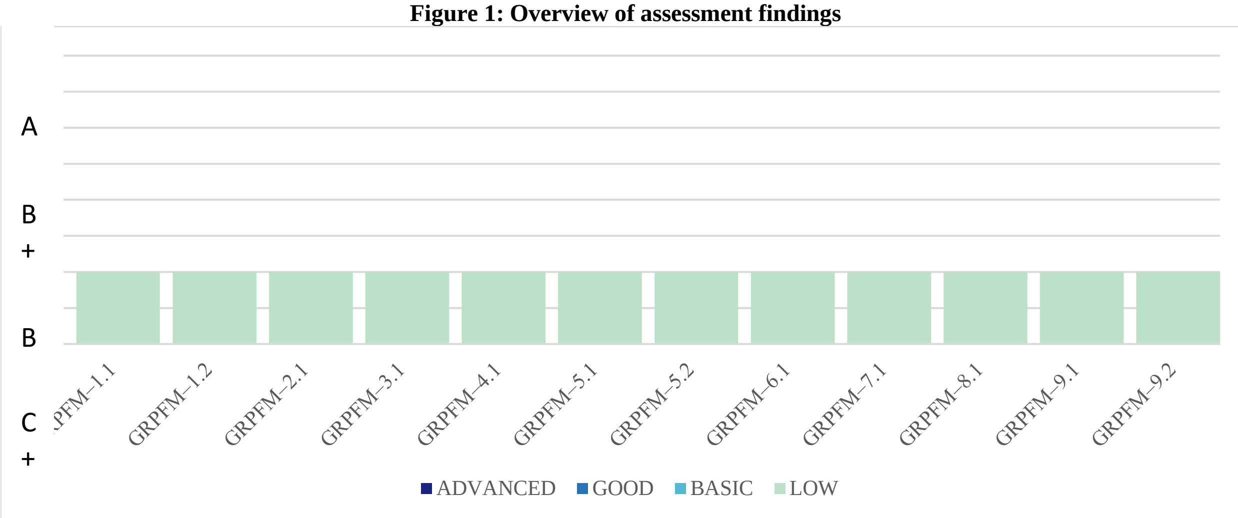
Capacity of relevant stakeholders to perform gender responsive PFM

There is little evidence of the capacity of line ministries to conduct the assessment of gender impacts and to collect and use sex-disaggregated data. No documentary evidence gathered for this PEFA exercise contained analysis of gender impacts.

2. Overview of Assessment Findings

As Figure 1 below shows, the state of gender responsiveness of public financial management in the Gambia is currently low. In no dimension did performance measure up to the basic international performance level. This signifies the low level of assimilation of gender equality consciousness into the policymaking process.

Figure 1: Overview of assessment findings



Legend

SCORE	LEVEL OF GRPFM PRACTICE
A	Gender impact analysis is mainstreamed in the relevant PFM institution, processes, or system.
B	Gender impact analysis is partially mainstreamed in the relevant PFM institution, processes, or system.
C	Initial efforts have taken place to mainstream gender impact analysis in the relevant PFM institution, process, or system.
D	Gender considerations are not included in the relevant PFM institution, processes, or system, or performance is less than required for a C score.

3. Detailed Assessment of Gender Responsive Public Financial Management

This section presents a detailed assessment of gender responsive public financial management according to the framework indicators. Where relevant, the indicator analysis has included information on any relevant activities undertaken by the government or other relevant stakeholders related to the subject of the analysis but not necessarily assessed by the indicator or reflected in the indicator score.

GRPFM-1 Gender Impact Analysis of Budget Policy Proposals

This indicator assesses the extent to which the government evaluates the gender impacts of proposed changes in government expenditure and revenue policy. It recognizes that budget policies can impact differently on service delivery to men, women, and other subgroups; consequently, it conducts *ex-ante* assessments of the social impacts of new policy proposals. The coverage of the indicator is the central government, i.e., both budgetary and extrabudgetary agencies. The indicator has two dimensions and uses the M1 (weakest link) method for aggregating dimension scores. Score Box 1.1 presents the dimensions and their scores.

Score Box 3.1: GRPFM–1 Gender Impact Analysis of Budget Policy Proposals

Indicators/Dimensions	Assessment Of Performance	2022 score
GRPFM–1 Gender impact analysis of budget policy proposals (M1)	**The government does not yet analyze the impact of proposed changes in expenditure and revenue policies.**	**D**
GRPFM–1.1 Gender impact analysis of expenditure policy proposals	There is no analysis of the impact of proposed changes in expenditure policy, including an assessment of gender impacts	D
GRPFM–1.2 Gender impact analysis of revenue policy proposals	There is no analysis of impact of proposed changes in revenue policy, including an assessment of gender impacts	D

Key Question and Rationale for the Indicator

The key question that this indicator seeks to answer is, if the government analyzes proposed changes in expenditure and revenue policies, whether such analysis includes information on gender impacts. Government policies often impact on citizens who enjoy their benefits and bear their brunt. Governments, therefore, conduct *a priori* analysis of fiscal policies to understand their potential impacts on citizens. Evolving good PFM practice is increasingly including a gender dimension to such policy analysis to appreciate how new or additional expenditure and revenue proposals will affect service delivery to men, women, and other subgroups. The outcome helps to strengthen the design of government programs by, for instance, avoiding their adverse gender impacts and reinforcing their positive dimensions.

Performance under this Indicator

The GoTG does not prepare estimates of the fiscal impact of proposed changes in revenue and expenditure policies, including the gender dimension of such changes, as the GoTG PEFA 2022 report shows. PI-15.1 of that report found that the government made some major revenue and expenditure policy changes with fiscal implications affecting FY2021, i.e., "the last fiscal year" for the purposes of this assessment. These changes include

- The reordering of budget priorities "forced" by the COVID-19 pandemic, involving the suspension of the implementation of the National Development Plan (NDP) 2018 – 2021 agenda and extending its lifespan to FY2022. The measures imposed to curb the spread of the pandemic "diminished revenues and income, increased expenditures on already pressured social sectors like health and education and reduced or halted economic activities in many productive sectors.[427]" However, there is no evidence of analysis and documentation of the fiscal impact of the potential changes in revenue and expenditure policy occasioned by refocusing spending on combatting the impacts of COVID-19 during the FY2020 and FY2021 budgeting seasons.
- The G20 Debt Service Suspension Initiative (DSSI), which offered relief to eligible low-income countries, including The Gambia, on official bilateral debt-service payments (principal and interest) due between May and December 2020. The initiative suspended the payments covered, "with a one-year grace period followed by a repayment period of three

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[427] 2022 explanatory notes, *p. 3*

years, and a neutral net present value structure"[428]. The DSSI "provided a relief of D287.24million (USD 5.5 million) in debt service payments for the 2020 fiscal year" and "will yield a savings of D4.7 billion (USD 90.9 million) in debt service deferral over the next five years (2020 –2024)"[429]. However, there is no evidence of medium-term analysis of the fiscal impact of this policy change that this occasioned.

GRPFM-1.1 Gender impact analysis of expenditure policy proposals

Table GRPFM-1.1 summarizes some of the expenditure policy changes in FY2021. The Table shows that there was no *ex-ante* "fiscal impact analysis" of these changes; neither was there an *ex-ante* analysis of their potential impacts on men, women, and vulnerable groups during the year.

Table GRPFM-1.1 Gender impact analysis of expenditure policy proposals

Key changes in expenditure policy in FY2021	The amount allocated to expenditure policy change in Dalasi	As a % of key changes in expenditure policy	Gender impact analysis included (Y/N)
(i) Reordering of budget priorities "forced" by the COVID-19 pandemic, involving the suspension of the implementation of the National Development Plan (NDP) 2018 – 2021 agenda and extending its lifespan to FY2022	Not available	Not available	N
(ii) Programme for Accelerated Community Development (PACD) and sustainable infrastructural development, implemented through local councils	Not available	Not available	N
(iii) "Primarily financing of road projects through the GLF, instead of through DPs, unlike in previous periods"	Not available	Not available	N
Total/Coverage	Not available	Not available	**N**

Data source: *Prepared y the consultants from various official fiscal documents*

Of course, Table GRPFM-1.1 does not seek to prove that there were no government projects and activities dedicated to women and other vulnerable groups. Indeed, fiscal policy documents highlight several of those. For instance, the FY2021 budget speech highlights the following activities for women and other groups different government departments.

Agriculture & Natural Resources

- Introduction of modern drip line irrigation systems in 21 women vegetable gardens to mitigate the effects of climate change
- Commissioning of a smokehouse for women fishing processors at the Tanji Community Fishing Centre through the Enhanced Integrated Framework-Sustainability Support Project (EIFSSP)
- Support for women in horticultural value chain processing by procuring essential equipment to improve the quality and packaging of their products, to increase their access to domestic and international markets
- Award of 16 of the 34 tenders for the Food Support Programme of Government to women-owned companies to support women entrepreneurship
- Support for 82 women-owned businesses under the "SheTrades Project" to enhance their economic participation in the horticulture and textile garment value chain
- Linking local women onion farmers to importers under the "SheTrades Project" to importers to purchase their produce during the State of Public Emergency, an initiative through which importers committed to buying all locally produced onions during the onion season, thus addressing the challenges of market access for women farmers
- Establishment of a mini-grant scheme for companies under the "SheTrades Project" to address challenges relating to access to finance for women-owned businesses, expand their businesses, and address their capacity needs

Women's Affairs

- Commencement of implementation of the Women Enterprise Fund (WEF), stalled due to the lockdown, with the training of women and disbursement of funds to women groups; the WEF objective is to strengthen capacities of women-owned businesses to increase their income and provide livelihood skills for more than 10,000 women and girls by 2021

[428] See the 2021 2021 explanatory notes, *p. 6*
[429] Ibid.

- Expected continuation in 2021 of interventions under the Department of Social Welfare that enabled 40 vulnerable families and 20 elderly people to benefit cash transfers
- Plans to establish in 2021 more shelters for children and victims of violence across the country, construct and refurbish value addition facilities for women at the fish landing sites, provide more cash transfers to vulnerable families, and provide loans to more women groups to create or expand their businesses
- Plans to establish a Disability Fund in 2021 following the approval of the Bill by the National Assembly, along with the Children Trust Fund and the Funds for the Victims of Domestic Violence.

Youth & Sports

- Government's commitment to addressing the challenges faced by the Youth Council which includes inadequate water-sanitation, hygiene and health services, and rising irregular migration which poses the risk of human trafficking and gender-based violence.

Nonetheless, these projects and activities dedicated to women and women's group do not amount to "impact analysis of budget expenditure policies", which is the object of this indicator. This evidence and analysis show that this level of performance does not meet the requirements for a higher score. Consequently, the score for GRPFM-1.1 Gender impact analysis of expenditure policy proposals is **D**.

GRPFM-1.2 Gender impact analysis of revenue policy proposals

Similarly, Table GRPFM-1.2 presents some of the revenue policy changes in FY2021. There was also no *ex-ante* "fiscal impact analysis", including their impact on men, women, and other vulnerable groups during the year. This performance does not meet the requirements for a higher score; consequently, the score for GRPFM-1.2 Gender impact analysis of revenue policy proposals is also **D**.

Table GRPFM-1.2 Gender impact analysis of revenue policy proposals

Key changes in revenue policy in FY2021	The amount collected due to revenue policy change in Dalasi	As a % of key changes in revenue policy	Gender impact analysis included (Y/N)
The G20 Debt Service Suspension Initiative (DSSI)	Not available	Not available	N
Total/Coverage	Not available	Not available	**N**

Data source: Prepared y the consultants from various official fiscal documents

GRPFM-2 Gender Responsive Public Investment Management

This dimension assesses the robustness of economic appraisal methods for 'major public investment' (se PI-11.1 n the main PEFA Report) and the extent to which it includes analysis of the impacts on gender. Robust economic analysis or feasibility or prefeasibility studies incorporate economic, financial, social, and other analyses. The social dimension of the appraisal should include an analysis of the impacts on gender, at a minimum; otherwise, it could undertake the gender impact analysis as a stand-alone activity. An external body to the sponsoring entity reviews the analysis for objectivity. Publication of the results of the analysis of major investment projects for transparency is desirable.

This indicator has only one dimension, and it recognizes that different groups of men and women benefit differently from investment projects. This underscores the need for the inclusion of a gender perspective in the economic analysis of major investment projects. *Score Box 3.2* presents the outcome of this assessment.

Score Box 3.2: GRPFM-2 Gender Responsive Public Investment Management

Indicators/Dimensions	Assessment of Performance	2022 score
GRPFM–2 Gender responsive public investment management (M1)	**The government does not have extant national guidelines for economic appraisal, selection, costing, and monitoring of public investment projects, including its gender dimensions.**	**D**
GRPFM–2.1 Gender responsive public investment management	The government does not have extant national guidelines for economic appraisal, selection, costing, and monitoring of public investment projects, including its gender dimensions.	D

Key Question and Rationale for the Indicator

The key question that this indicator seeks to answer is whether the government analyzes the impacts of major public investment projects on gender as part of the economic analysis of investment proposals. This question is vital because men, women, and other subgroups benefit differently from investment projects, making it necessary to include a gender perspective in the economic analysis of major investment projects. For example, girls may not benefit as well as boys to a policy to construct new and/or modernize existing basic schools nationwide to expand school access and enrollment unless it addresses the special hygiene and other needs of girls and other groups. Failure to consider the gender dimensions of the project at the planning stage may defeat attainment of the gender balance goals of government.

The concern of this indicator is with "major investment projects". The definition of major investment is the same as in PI-11 of the main PEFA report, i.e., the "total investment cost of the project amounts to 1 percent or more of total annual budget expenditure" and the "project is among the largest 10 projects (by total investment cost) for each of the 5 largest central government units, measured by the units' investment project expenditure". A review of the FY2022 approved budget estimates, prepared in FY2011 identifies eight investment projects that meet this definition *(Table 3.1)*. External development partners are financing all these projects (see the implications below).

Table 3.1: List of major investment project

#	Project description	Ministry in charge	Project cost (2022 Estimates Exp) – GM Dalasi	% 2022 Estimates
1	Kuwait 0575 - Secondary Education Management	Basic & Secondary Education	846,000,000	2.4%
2	ADB 0717 - Climate Smart Rural WASH Development Project [CRSWASHDEP]	Fisheries & Water Resources	765,000,000	2.2%
3	SFD 0753 - OIC Water Project	Petroleum & Energy	747,232,500	2.1%
4	EU 0679 - Investment Support for Sustainable Energy Project	Petroleum & Energy	747,132,634	2.1%
5	IDA 0662 - Gambia Electric Restoration & Modernization Project	Petroleum & Energy	515,865,000	1.5%
6	SFD 0747 - OIC Urban Roads	Transport, Works, & Infrastructure	500,080,732	1.4%
7	SFD 0754 - OIC Electricity Project	Petroleum & Energy	392,985,600	1.1%
8	GF 0552 - Malaria Control Services	Health	372,629,050	1.1%

Source: Approved Budget Estimates for FY2022

Performance under this Indicator

The government has not yet put in place robust public investments' appraisal processes that cover the financial, economic, and technical aspects of public investment (see PI-11 of the main PEFA report). The current approach to project appraisal is fragmentary, with MDAs responsible for appraising their GLF-funded projects and donors using their respective approaches to appraise their individual projects. There are no centralized national guidelines to help project sponsors in the project appraisal and selection process. There is no independent third-party involvement in reviewing project appraisals, and the Ministry of Finance does not formally and routinely review appraised projects for affordability and their fiscal and contingent liabilities (FACLs) potentials prior to admitting them into the budget. Besides, the government does not publish appraisal reports on major investments for public information. The assessors could not obtain copies of any investment project appraisal report for review; however, the 2019 IMF PIMA report explains that the quality of analysis differ among them, with the World Bank and AfDB sponsored projects having a high standard of appraisal, and the MDA-appraised projects of GLF sponsored projects being of relatively[430]

However, there is no evidence of the inclusion of gender aspects in project appraisals, either by government entities or donor partners. Some of these "donor processes require a robust appraisal of projects"[431], e.g., the World Bank

[430] See IMF PIMA Technical Report, *pp. 27 - 28*
[431] Ibid.

and the African Development Bank (AfDB); however, these projects constitute under one-third of donor-funded projects in the Gambia, according to the 2019 IMF PIMA report[432]. Donor-driven appraisals may be useful inputs to government decision making, where they exist; however, "they do not systematically capture the investment decision from the government's perspective", according to the PIMA report under reference.

Table GRPFM–2.1 Gender responsive public investment management						
Five largest major investment projects (>1% of BCG expenditure)	**Total investment cost of project in Dalasi**	**As a % of top 5 major projects approved**	**Economic analysis includes analysis of the impacts on gender**			
			Completed (Y/N)?	**Consistent with national guidelines (Y/N)**	**Published (Y/N)**	**Reviewing entity**
Kuwait 0575 - Secondary Education Management	846,000,000	23.4%		No national guidelines	N	None
ADB 0717 - Climate Smart Rural WASH Development Project [CRSWASHDEP]	765,000,000	21.1%		No national guidelines	N	None
SFD 0753 - OIC Water Project	747,232,500	20.6%		No national guidelines	N	None
EU 0679 - Investment Support for Sustainable Energy Project	747,132,634	20.6%		No national guidelines	N	None
IDA 0662 - Gambia Electric Restoration & Modernization Project	515,865,000	14.2%		No national guidelines	N	None
Total/Coverage	**3,621,230,134**	**100.0%**	**%**	**%**	**%**	**%**
Data source: *Source: Approved Budget Estimates for FY2022, prepared by the consultants*						

Table GRPFM-2.1 summarizes performance in this dimension. There are no extant national guidelines for economic appraisal, selection, costing, and monitoring of public investment projects, including its gender dimensions. This level of performance is below the requirements for a higher score. Therefore, the applicable score is **D**.

GRPFM-3 Gender Responsive Budget Circular

This indicator measures the gender responsiveness of government's budget circular(s). Typically, the gender responsive budget circular requires budget entities to justify the effects or planned results of proposed new spending initiatives and reductions in expenditures on men and women or on the quest for gender equality. The gender responsive budget circular can also require budgetary units to include sex-disaggregated data for actual or expected results. The indicator has one dimension, *GRPFM-3 Gender Responsive Budget Circular*, and the outcome of the assessment is as set out in *Score Box 3.3*.

Score Box 3.3: GRPFM-3 Gender Responsive Budget Circular		
Indicators/Dimensions	**Assessment of Performance**	**2022 score**
GRPFM–3 Gender responsive budget circular (M1)	**The M & E Results Framework included in the BCC includes a requirement "result (impact and outcome)"; however, it does require sex disaggregation. The BCC does not require justification for or planned results on the effects of proposed new spending initiatives and proposed reductions in expenditures on men and women or on gender equality**	**D**
GRPFM–3.1 Gender responsive budget circular	The M & E Results Framework included in the BCC includes a requirement "result (impact and outcome)"; however, it does require sex disaggregation. The BCC does not require justification for or planned results on the effects of proposed new spending initiatives and proposed reductions in expenditures on men and women or on gender equality	D

Key Question and Rationale for the Indicator

The key question which this indicator seeks to answer is whether budget call circulars (BCCs) require budgetary units to include information on the gender-related impacts of their spending proposals. The BCC will be gender responsive if it requires budget entities to justify the effects or planned results of new spending initiatives or

[432] Ibid.

expenditure reductions on men and women or gender equality, and/or to include sex-disaggregated data for actual or expected results.

Performance under this Indicator

The Ministry of Finance and Economic Affairs (MoFEA) issues a budget call circular each year to guide MDAs in preparing the budget. The BCC covers many grounds, including the following six broad headings (i) macroeconomic and fiscal framework, (ii) budget preparation guidelines, (iii) budgetary principles, (iv) key dates in the budget preparation process, (v) submission of cash plans, procurement plans, and project profiling, and (vi) budget implementation, including budget execution guidelines and virement of funds. Several of these headings have subheadings breaking down the issues in greater detail. In addition, the call circulars include an "Appendices" section containing the following templates and similar matters

- Proposed GLF expenditure ceilings by MDAs
- Budget implementation framework (i.e., the Monitoring and Evaluation Results Framework)
- MDA focal points
- Template for preparation of strategic budgets
- Sample template for capturing cash plans
- Budget calendar for the year
- Bilateral Schedule with MDAs

The budget implementation framework (i.e., the Monitoring and Evaluation Results Framework) template includes a column for reporting of "result (impact and outcome)", but it does require sex disaggregation of actual or expected results. In addition, the BCC does not require budget agencies to include all or any of the following

- Justification for the effects of proposed new spending initiatives and proposed reductions in expenditures on men and women or on gender equality
- Planned results of proposed new spending initiatives and proposed reductions in expenditures on men and women or on gender equality

GRPFM–3.1 Gender responsive budget circular			
Circular for budget year	**Requirement to provide justification or planned results for the effects on men and women or on gender equality (Y/N)**		**Requirement to include sex-disaggregated data in budget proposals (Y/N)**
	New spending initiatives (Y/N)	**Reductions in expenditure (Y/N)**	
FY2023 issued in July 2022	N	N	N
Data source: *FY2023 issued by MoFEA on July 29, 2022*			

In summary, the budget call circular does not have a gender dimension. This means that the BCC does not require budget agencies to include all or any of the following

- Justification for the effects of proposed new spending initiatives and proposed reductions in expenditures on men and women or on gender equality
- Planned results of proposed new spending initiatives and proposed reductions in expenditures on men and women or on gender equality
- Sex-disaggregated data for actual or expected results

The foregoing performance does not meet the requirements for a higher score. Consequently, the applicable score is **D**.

GRPFM-4 Gender Responsive Budget Proposal Documentation

This indicator assesses the extent to which budget documentation includes additional information on gender priorities and budget measures aimed at strengthening gender equality. PI-5 in the main PEFA report assessed budget documentation, which refers to the executive's budget proposal and supporting documents, as submitted to the legislature for scrutiny and approval. *GRPFM-4* assesses whether budget documentation includes the following *additional* information to those covered in PI-5. i.e., (i) an overview of government priorities for improving gender equality, (ii) details of budget measures aimed at promoting gender equality, and (iii) assessment of the impacts of budget policies on gender equality. The indicator has only one dimension and the assessment outcome is as presented in *Score Box 3.4* below.

Score Box 3.4: GRPFM-4 Gender Responsive Budget Proposal Documentation		
Indicators/Dimensions	**Assessment of Performance**	**2022 score**
GRPFM-4 Gender responsive budget proposal documentation (M1)	**Current budget documentation does not have a gender dimension**	**D**
GRPFM-4.1 Gender responsive budget proposal documentation	Current budget documentation practices do not include an overview of government priorities for improving gender equality, details of budget measures aimed at promoting gender equality, and assessment of the impacts of budget policies on gender equality.	D

Key Question and Rationale for the Indicator

The key question for indicator is whether the government includes information on gender priorities and budget measures aimed at strengthening gender equality in its budget documentation submitted to the legislature for review and approval. The executive budget proposal and the accompanying documentation to the legislature sets out expenditure and revenue plans for the budget year, and possibly the two following fiscal years. Gender responsive budget documentation includes additional documentation responding to specific gender equality needs. Such gender responsive budget documentation enables the legislature to achieve several legislative goals. First, it enables the review of executive plans to implement gender responsive policies and programs and identification of resources intended for reaching strategic gender impact goals. It also helps to evaluate systems put in place to measure the results of those policies.

Budget proposal documentation will be gender responsive if it includes the following additional information

- An overview of government's policy priorities for improving gender equality, presented in a specific section of the budget documentation
- Budget measures aimed at promoting gender equality, including specific revenue and expenditure initiatives aimed at promoting gender equality
- Assessment of the impacts of budget policies on gender equality, including an overview of the findings of *ex-ante* impact assessments and a description of the envisaged outcomes and impacts of policies targeting a specific gender or gender equality.

Governments, sometimes, present the foregoing information in alternative ways. Examples include the publication of a gender statement demonstrating the government's gender budget and gender equality programs and the presentation of a budget paper by a ministry or the entire government on how its policies, programs, and related budgets fulfill the government's gender equality objectives.

Performance under this Indicator

Current budget documentation in The Gambia is not gender responsive, in the sense that it does not comply any of the foregoing. The coverage of current budget documentation is as presented in PI-5 of the main PEFA Assessment Report. Currently, budget documentation encompasses following six elements

- Forecast of the fiscal deficit or surplus or accrual operating result
- Previous year's budget outturn, presented in the same format as the budget proposal
- Current fiscal year's budget presented in the same format as the budget proposal
- Aggregated budget data for both revenue and expenditure
- Deficit financing, describing its anticipated composition
- Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or changes to expenditure programs

Table GRPFM–4.1 Gender responsive budget proposal documentation

Budget proposal for budget year	An overview of government policy priorities for improving gender equality (Y/N)	Details of budget measures aimed at promoting gender equality (Y/N)	Assessment of the impacts of budget policies on gender equality (Y/N)
FY 2022	N	N	N
Data source: *Analyzed from information provided by MoFEA and the National Assembly*			

In summary, budget documentation does not currently include additional information with gender dimension. Specifically, budget documentation does not include an overview of government priorities for improving gender equality, details of budget measures aimed at promoting gender equality, and assessment of the impacts of budget policies on gender equality. There is also no evidence of the production or publication of gender budget statement to demonstrate the government's gender budget and gender equality programs; neither does the government or any of its ministries present a paper showing how government policies, programs, and related budgets fulfill the government's gender equality objectives.

The foregoing performance does not meet the requirements for a higher score. Consequently, the applicable score is **D**.

GRPFM-5 Sex-Disaggregated Performance Information for Service Delivery

This indicator measures the extent of inclusion of sex-disaggregated information on performance for service delivery programs in ex-ante executive budget proposals or supporting documentation and ex-post in-year or end-year reports. Integrating sex-disaggregated data in the budgeting system plays two key roles. First, it facilitates discussions regarding the impacts of services on men and women, and different subgroups of these categories, and on gender equality. Second, it helps policy makers to assess and develop appropriate, evidence-based responses and policies. The indicator comprises two dimensions, viz, 'GRPFM-5.1 Gender-responsive performance plans for service delivery' and 'GRPFM-5.2 Sex-disaggregated performance achieved for service delivery'. The applicable averaging method for aggregating the scores of the dimensions is M2 (averaging) method. *Score Box 3.5* summarizes the outcomes of the two dimensions.

Score Box 3.5: GRPFM-5 Sex-Disaggregated Performance Information for Service Delivery

Indicators/Dimensions	Assessment of Performance	2022 score
GRPFM-5 Sex-disaggregated performance information for service delivery (M2)	**The government does not publish annual sex-disaggregated information on the planned or actual outputs for service delivery ministries.**	**D**
GRPFM-5.1 Gender-responsive performance plans for service delivery	The government does not publish annual sex-disaggregated information on the planned outputs for service delivery ministries; neither is there a framework of performance indicators on the outputs or outcomes of service delivery ministries.	D
GRPFM-5.2 Sex-disaggregated performance achieved for service delivery	The government does not publish annual sex-disaggregated information on the actual outputs for service delivery ministries.	D

Key Question and Rationale for the Indicator

The key question that this indicator seeks to answer is whether ex-ante fiscal documents (executive budget proposal or supporting documentation (and ex-post fiscal reports (in-year or end-year reports) include sex-disaggregated information on performance for service delivery programs? The assessment anchors on PI-8 in the main PEFA report, especially PI-8.1 and PI-8.2. As that report indicates, including information on service delivery (SD) performance information within budgetary documentation is a good practice that strengthens transparency in the use f resources and the executive's accountability for planned and achieved outputs and outcomes of programs and services. Governments are increasingly extending such SD performance information requirements to include sex-disaggregated data on the impacts of their programs and services on men and women, and different subgroups, and on gender equality. This facilitates decision-making to assess and develop appropriate, evidence-based responses and policies.

The definitions in PI-8 of the main PEFA report also apply here. Consequently

- Service delivery (SD) refers to fully or partially government funded programs or services provided to the public or targeted groups. Examples include education and training, health care, social and community support, policing, road construction and maintenance, agricultural support, water and sanitation, etc. Service delivery excludes commercial services provided through public corporations or state-owned companies. SD also excludes policy functions, internal administration, purely regulatory functions, defence, and national security.
- Performance information refers to output and outcome indicators and planned results against them.
  - Output is the planned or actual quantity of products or services from a service program or function
  - Outcome is the measurable effect, consequence, or impact of the service (or program or function) and its outputs
  - Activities are the specific tasks or functions of a service delivery or program

Government fiscal reports can include gender equality performance information in the program objectives, activities, outputs, and outcomes. Consistent with PI-8 also, governments may provide such gender responsive information through a variety of modes, including

- In performance plans
  - In annual budget documents, etc.
  - As a supplementary document or documents
  - As separate publication by respective line ministries
- In performance reports (in a format and at a level (program or unit) comparable to the plans previously adopted within the annual or medium-term budget)
  - In the executive's budget proposal
  - As an annual report or other public document
  - Or another public document

Performance under this Indicator

GRPFM-5.1 Gender-responsive performance plans for service delivery

The government does not publish annual sex-disaggregated information on the planned outputs for service delivery ministries; neither is there a framework of performance indicators on the outputs or outcomes of service delivery ministries (see Table GRPFM-5 below). The supporting evidence or this is as follows

- Responses to questionnaires administered on the government indicated that seven key service delivery ministries do not publish annual sex-disaggregated information on the planned outputs and outcomes of their services. The SD ministries are (i) Basic & Secondary Education (MoBSE), (ii) 2. Health, (iii) Agriculture, (iv) Fisheries & Water Resources, (v) Higher Education, Science, Technology, & Research, (vi) Petroleum & Energy, and (vii) Transport, Works, & Infrastructure.
- The next fiscal year (FY2023) executive budget proposals and complementary documents submitted to the legislature did not include information on planned outputs, outcomes, and activities on key service delivery programs and their KPIs, and their gender dimensions. The auditor general noted as follows in the FY2019 audit report (the most recent audit report),

  > "I reviewed the 2019 budget estimate and noted that classes of outputs and performance criteria to be met in providing those outputs are not included in the budget estimate in contravention of the Public Finance Act … I could not also verify whether inputs (budgeted resources) provided to Ministries, Departments and Agencies are linked to program objectives or towards the implementation of government objectives"[433].

- Evidence of copies of the 2022 and 2023 program-based budgets produced by the ministries of Basic Education, Health, and Public Service and submitted by ministries to the Directorate of Budget suggests that service delivery units include output indicators on some services, but not also outcome indicators or sex-disaggregated information.

This level of performance does not meet the requirements for a higher score. Consequently, the applicable score is **"D"**.

GRPFM-5.2 Sex-disaggregated performance achieved for service delivery

The government does not publish annual sex-disaggregated information on the actual outputs for service delivery ministries (see Table GRPFM-5 below). The supporting evidence or this is as follows.

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[433] 2019 Audit Report, *p. 27 of 393*

- Responses to questionnaires administered on the government indicated that seven key service delivery ministries do not publish annual sex-disaggregated information on the actual outputs and outcomes of their services. The SD ministries are (i) Basic & Secondary Education (MoBSE), (ii) 2. Health and Social Welfare, (iii) Agriculture, (iv) Fisheries & Water Resources, (v) Higher Education, Science, Technology, & Research, (vi) Petroleum & Energy, and (vii) Transport, Works, & Infrastructure.
- Executive budget proposals do not include performance information on achieved outputs and outcomes, neither is there any evidence of alternative publication of such information. Oral testimonies by civil society groups corroborated by development partners suggest that the government does not generate or publish such information. Direct evidence collected from cooperating ministries confirms that there is no systematic collection, processing, and publication of performance information on actual service delivery to the public, including on gender dimensions.

This level of performance does not meet the requirements for a higher score. Therefore, the score is **"D"**.

Table GRPFM-5 Sex-disaggregated performance information for service delivery

Name of service delivery ministry	Percentage of service delivery ministries	GRPFM–5.1 Gender-responsive performance plans for service delivery		GRPFM–5.2 Sex-disaggregated performance achieved for service delivery	
		Sex-disaggregated data on planned outputs (Y/N)	Sex-disaggregated data on planned outcomes (Y/N)	Sex-disaggregated data on actual outputs produced (Y/N)	Sex-disaggregated data on actual outcomes achieved (Y/N)
1. Basic & Secondary Education	36.6%	N	N	N	N
2. Health & Social Welfare	27.2%	N	N	N	N
3. Transport, Works, & Infrastructure	26.5%	N	N	N	N
4. Agriculture	4.7%	N	N	N	N
Total	**95.1%**				

Data source: *prepared by the consultants.*

GRPFM-6 Tracking Budget Expenditure for Gender Equality

This indicator measures capacity to track expenditure for gender equality throughout the budget cycle, i.e., budget formulation, execution, and reporting. Tracking expenditure according to the budget proposal enhances governance and promotes accountability by ensuring the use of resources for intended purposes. This indicator has one dimension, i.e., *GRPFM-6 Tracking Budget Expenditure for Gender Equality*. *Score Box 3.6* sums up the outcome of the assessment.

Score Box 3.6: GRPFM-6 Tracking Budget Expenditure for Gender Equality

Indicators/Dimensions	Assessment of Performance	2022 score
GRPFM–6 Tracking budget expenditure for gender equality (M1)	The Gambia does not yet track budget expenditure for gender equality.	**D**
GRPFM–6.1 Tracking budget expenditure for gender equality	The Gambia does not yet track budget expenditure for gender equality.	D

Key Question and Rationale for the Indicator

The key question to which this indicator seeks answer is whether the government can track gender equality-related expenditure. Two key PFM steps are necessary to achieve significant impacts on different gender groups. The first is the deliberate budgeting and disbursement of public spending for activities intended to achieve those impacts. The second is the tracking of the disbursement to prevent or minimize major diversions or adjustment to allocations not authorized by the legislature. The ability to track expenditure as approved by the legislature is, therefore, critical in enhancing governance and accountability, and providing the assurance of the use of resources for intended purposes. This indicator examines the mechanism in place for tracking that allocated and spent resources are reaching the targeted genders or their subgroups and providing them with meaningful benefits.

Gender-responsive expenditure tracking should cover both explicitly gender-focused budget policies and policies of a general nature but with gender bias. Examples of the former include expenditure allocated to the national gender machinery, such as the Ministry of Gender, or expenditure allocated to addressing gender-based violence. Examples of the latter include an agriculture input subsidy project that specifically seeks to promote women access to and inputs and a general small business finance scheme that also specifically seeks to advance women participation. GRPFM-1 above highlights instances of this type of expenditure in the ministries of Agriculture and Natural Resources, Women's Affairs (Gender), and Youth and Sports.

Therefore, gender-responsive budget expenditure tracking should identify and track three types of expenditure. These are expenditures aimed at reducing gender inequalities, expenditures that are gender sensitive, and expenditures that are gender neutral. The following is a brief explanation of each.

- Expenditures aimed at reducing gender inequalities – these are specific gender-related equal opportunity programs, e.g., public expenditure programs focusing on the following
  - Paid maternal leave
  - Subsidized childcare to allow women to work
  - Preventing or responding to gender-based violence
  - Educating and mobilizing men and boys to become advocates against gender-based violence in their community
  - Improving girls' access to and performance in education, with the main objective of empowering women and girls and reducing inequalities between boys and girls, and men and women
- Gender sensitive expenditures – these are public services expenditures targeted specifically at or used mostly by a specific gender. The Gambia approved budgets have several of such initiatives, including those identified under the Ministry of Agriculture in GRPFM-1 above
  - Introduction of modern drip line irrigation systems in 21 women vegetable gardens to mitigate the effects of climate change
  - Support for women in horticultural value chain processing by procuring essential equipment to improve the quality and packaging of their products
  - Linking local women onion farmers to importers under the "SheTrades Project" to importers to purchase their produce
  - Establishment of a mini-grant scheme for companies under the "SheTrades Project" to address challenges relating to access to finance for women-owned businesses
- Gender-neutral expenditures – these are public services operating without a specific focus on gender or gender equality. One local example is the "Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers" mentioned in PI-8.4 of the main PEFA report. It is more difficult to track the gender responsiveness of gender-neutral expenditures than it is to track gender sensitive expenditures and expenditures aimed at reducing gender inequalities. Tracking the gender dimensions of gender-neutral expenditures requires extensive knowledge of the programs and their outputs, outcomes, and impacts. It also requires deep knowledge about gender equality and policies that can support its achievement.

A robust and gender-responsive budget classification system can enhance tracking of budget expenditure throughout the budget cycle – budget formulation, execution, and reporting. Integrating the classification into the chart of accounts ensures that annual budget proposals will represent gender-relevant spending under different classifications modes - administrative, economic, functional, program. It also ensures facilitates the representation of the expenditure in-year and yearend budget reports, and thereby facilitates tracking and monitoring. Encoding the expenditure at the budget line item or program code level enables the "tagging" of those budget lines or programs to give an overall understanding of expenditure targeting gender equality and facilitates their monitoring by the Ministry of Finance. Such "tagging" of expenditure may happen through *ex-ante* during budget execution against specific budget line items or program appropriations which the budget or planning process associated with targeted gender outcomes. It may also happen through *ex-post* mapping of budget line item or program expenditure to specific gender outcomes

Performance under this Indicator

The evidence shows that The Gambia does not yet track budget expenditure for gender equality. First, the chart of accounts does not classify expenditures associated with targeted gender outcomes and, therefore, does not facilitate expenditure tracking for gender equality outcomes. In addition, neither MoFEA nor any other agency does *ex-ante* tracking of expenditures against specific budget line items or program appropriations associated with targeted gender outcomes during the budget or planning process during budget execution. Finally, neither MoFEA nor any other government agency maps relevant budget line items or program expenditure to specific gender outcomes *ex-post*.

The current level of performance is as reported in the assessment of PI-4 in the main PEFA assessment report. In summary, the performance is as follows.

> *"The COA has well-developed and elaborate administrative and economic categories for both revenue and expenditure.* The administrative category comprises segments 1 to 3, while the economic categories comprise segments 6 – 8. Budget formulation, execution, and reporting across the budgetary central government follow these two categories. These activities take place on the IFMIS, to which the government has successfully migrated budgetary CG entities. Thus, presentation of the budget follows a format reflecting these two classifications. Both in-year budget reports produced by the Budget Directorate of MoFEA, and yearend financial statements prepared by the AGD also reflect these two categories. The program and functional categories have not attained the same level of evolution and development as the administrative and economic. Budget presentation includes some information stated in the formats of these two categories, however, they are at the generic level, without much breakdown. None of budget formulation, execution, and reporting currently follows these categories to the same level and detail." See PI-4 Budget Classification in the Main PEFA Report.

This level of performance does not meet the requirements for a higher score. Therefore, the score is **"D"**.

GRPFM-7 Gender Responsive Reporting

This indicator assesses the extent to which published annual reports include information on gender-related expenditure and the impact of budget policies on gender equality. More and more governments are beginning to produce reports on the implementation of their budget policies that include information on gender-related expenditure and revenue. Practices in this regard differ among countries. Nonetheless, gender responsive reporting should include, at least, the following four elements, namely, (i) a report on gender equality outcomes, (ii) data on gender-related expenditure, (iii) assessment of the implementation of budget policies and their impacts on gender equality, and (iv) sex-disaggregated data on budgetary central government employment. The indicator has one dimension, i.e., *GRPFM-7.1 Gender responsive reporting*; *Score Box 3.7* presents the summary assessment.

Score Box 3.7: GRPFM-7 Gender Responsive Reporting

Indicators/Dimensions	Assessment of Performance	2022 score
GRPFM-7 Gender responsive reporting (M1)	**Published annual reports are not yet gender responsive.**	**D**
GRPFM-7.1 Gender responsive reporting	The published annual financial statements do not include any of the following four elements, (i) a report on gender equality outcomes, (ii) data on gender-related expenditure, (iii) assessment of the implementation of budget policies and their impacts on gender equality, and (iv) sex-disaggregated data on budgetary central government employment	D

Key Question and Rationale for the Indicator

The key question that this indicator addresses is whether the government's published annual reports include information on gender-related expenditure and the impact of budget policies on gender equality? The indicator assesses any type of report prepared by the government outlining the implementation of budget policies, including budget reports, performance reports, or other reports prepared by individual entities or a coordinating body. 'Published reports' imply public access to such reports. As with PI-9, public access means availability without restriction, within a reasonable time frame, without a requirement to register, and free of charge.

Country practices differ in the format of producing gender responsive annual reports; however, there are four elements that such reporting should include. These are

- A report on gender equality outcomes, including an overview of overall progress in gender equality and progress in specific sectors, e.g., education, health, employment, poverty, and crime.
- Data on gender-related expenditure, including key figures on resources allocated for budget policies targeting gender equality.

- Assessment of the implementation of budget policies and their impacts on gender equality, including an overview of findings of ex-post impact assessments and the extent of achieving the intended outcomes and impacts of specific gender or gender equality policies.
- Sex-disaggregated data on budgetary central government employment, which allows for the measurement of the key gender equality metric of the distribution of employment in budgetary central government units between women and men. Further breakdown of sex-disaggregated employment data by types of position, e.g., administrative, technical, operational, managerial positions, etc., would be helpful. Such data facilitates discussions on equal employment opportunities and consideration of any types of corrective measures needed.

Performance under this Indicator

Published annual reports are not yet gender responsive. The current level of performance in annual reporting is as assessed under PI-29 of the main PEFA report. The published annual financial statements prepared by the accountant general and audited by the auditor general do not include any of the following four elements, (i) a report on gender equality outcomes, (ii) data on gender-related expenditure, (iii) assessment of the implementation of budget policies and their impacts on gender equality, and (iv) sex-disaggregated data on budgetary central government employment. Official responses to questionnaires administered to the government corroborate this finding.

Table GRPFM-7.1 shows the level of performance under this indicator. This level of performance does not meet the requirements for a higher score. Therefore, the score is **"D"**.

Table GRPFM-7.1 Gender responsive reporting				
Annual report includes the following information:				
Report(s) for budget year	**Report on gender equality outcomes (Y/N)**	**Data on gender-related expenditure (Y/N)**	**Assessment of the implementation of budget policies and their impacts on gender equality (Y/N)**	**Sex-disaggregated data on budgetary central government employment (Y/N)**
FY 2021 audited consolidated annual financial statements	N	N	N	N
Data source: *FY 2021 audited annual financial statements, as reviewed by the consultants, and augmented with official responses to questionnaires administered on the subject*				

GRPFM-8 Evaluation of Gender Impacts of Service Delivery

This indicator measures the extent of inclusion of an assessment of gender impacts in independent evaluations of the efficiency and effectiveness of public services. Independent, *ex-post* assessments of the impact of public services portend benefits for gender and gender equality. They provide vital feedback on both the intended and unintended consequences of the initial design of services for actual service delivery to men and women and different categories of these subgroups. The indicator has only one dimension, i.e., GRPFM-8 Evaluation of Gender Impacts of Service Delivery. *Score Box 3.8* summarizes the assessment outcome.

Score Box 3.8: GRPFM-8 Evaluation of Gender Impacts of Service Delivery		
Indicators/ Dimensions	**Assessment of Performance**	**2022 score**
GRPFM-8 Evaluation of gender impacts of service delivery (M1)	**The government does not assess the gender implications of service delivery.**	
GRPFM-8.1 Evaluation of gender impacts of service delivery	None of the independent evaluations of the efficiency and effectiveness of service delivery conducted within the last three years include an assessment of gender impacts.	D

Key Question and Rationale for the Indicator

The key question to which this indicator seeks answer is whether evaluations of efficiency and effectiveness of service delivery include an assessment of gender impacts. The rationale is that men and women in different socioeconomic positions should have equitable access to the full range of public services provided by the government and such services should meet gender specific needs. *Ex-post* impact evaluations of public services on gender and gender equality provide valuable feedback to the initial design of services and useful information on unintended consequences for the provision of services for men and women and different categories of these subgroups.

Such evaluations can take various forms, including these four, namely, (i) program evaluation, assessment, and analysis, (ii) performance audits, (iii) public expenditure reviews, and (iv) ex post impact assessments. The evaluations may be end-of-program/project assessments or mid-term reviews to obtain feedback and results to refine or redesign the program or service. The evaluations may cover all or some aspects of service delivery or they may be cross-functional and incorporate service delivery functions.

Systems can undertake gender-sensitive evaluations as a separate activity, although it is usually more beneficial to assess gender impacts within the context of regular evaluations. The benefits include

- Opportunity to build on sex-disaggregated data to assess results and long-term outcomes for men and women
- Handiness of information on the efficiency of programs or services regarding equal access and equality, i.e.,
    - The level of efficiency in the use of, means, and resources to achieve improved benefits for women and men
    - The equitability of the allocation and receipt of costs and benefits
- Availability of information on the effectiveness of programs or services, i.e., by providing information on
    - The effectiveness of programs or services in achieving gender equality
    - The contribution of the programs or services to achieving planned outputs and outcomes and benefits to a specific gender target group according against planned expectations
- Enabling review of both expected and unexpected impacts of programs or services on wider policies, processes, and programs that enhance gender equality and women's rights, e.g., the impact of programs or services on increasing/reducing the number
    - Girl students inspired to study STEM (Science, Technology, Engineering, and Mathematics)
    - Women entrepreneurs biding for and wining government procurements
    - Cases of gender-based violence, etc.

As with PI-8.4 in the PEFA 2016 Framework, such evaluations must be independent, to count. Independence means a study undertaken by a body separate from, and not subordinate to, the body that delivers the service (see PI-8.4 in the main PEFA report). A body that is a part of the same unit as the one that delivers the service would qualify if it had a separate reporting line to the chief executive officer or a senior management committee. An example is a department with specific responsibilities for independent evaluation or review across the unit, including an internal audit department. External evaluations performed by, for example, development partners (often through consultants engaged by them) can also be useful to this indicator if carried out in agreement with government authorities.

Performance audit evaluations by supreme audit institutions (SAIs) also pass the test of independence. SAIs mandates include providing independent external oversight over, and to report on the economy, efficiency, and effectiveness of, government efforts to provide services to the populace, which would include nationally agreed targets related to gender equality, including GRPFM. SAIs audit entities, projects, programs, and activities and assess progress toward outcome-based targets such as the Sustainable Development Goals (SDGs). SAIs can thus include gender equality as a cross-cutting theme in their performance audits.

Note, however, that this indicator does not require gender performance audits to assess government policies, as ex-post impact assessments would. The indicator only requires gender impact assessments to evaluate the implementation of government policies.

Performance under this Indicator

None of the independent evaluations of the efficiency and effectiveness of service delivery conducted within the last three years include an assessment of gender impacts. Performance under this indicator is at the level described in PI-8.4 of the main PEFA Assessment Report. In summary,

> *The National Audit Office has undertaken about five performance audit exercises on the activities service delivery units between 2019 and 2022 ….* The service delivery units covered by these audits are MoBSE, MoH, MoA, and the Ministry of Fisheries and Water Resources. Not all the audit exercises directly evaluated service delivery to citizens; at least, two of them assessed the processes of delivering those services and other issues.

For instance, the Performance Audit Report: Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE) and Performance Audit Report - Emergency Obstetric Care in Public Health Facilities evaluated the efficiency and effectiveness of "monitoring mechanisms" for ensuring quality service delivery. The audit that most directly evaluated service delivery to citizens is the "Performance Audit on the Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers". The budget for this input represented only 9 percent of the total agriculture budget for FY2020, which itself was 2.29 of the approved aggregate estimates for the country in the year .... In effect, the audited service delivery activity represented only 0.22 percent of the approved budget for FY2020. See PI-8.4 of the main PEFA report for details

Table GRPFM-8.1 summarizes the level of performance under this indicator. This level of performance does not meet the requirements for a higher score. Therefore, the score is **"D"**.

Table GRPFM-8.1 Evaluation of gender impacts of service delivery

Name of service delivery ministry	Percentage of service delivery ministries	Program or service evaluated	Date of evaluation	Type of evaluation	Report author	Report publicly available (Y/N)	Gender impacts assessed (Y/N)
Basic & Secondary Education (MoBSE)	36.6%	Performance Audit Report: Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE)	12/1/2019	Efficiency and effectiveness of monitoring mechanisms in place for the provision of quality education to The Gambian children	National Audit Office	Y	N
Health & Social Welfare	27.2%	Performance Audit Report - Emergency Obstetric Care in Public Health Facilities	1/20/2021	Adequacy of measures by the Ministry of Health and Social Welfare to ensure quality emergency obstetric care in the country with the view to reducing the maternal mortality ratio to 140 deaths per 100,000 live births by 2030 as in line with the UN SDG 3	National Audit Office	Y	N
		Follow-up Audit on the Storage and Distribution of Drugs by Central Medical Stores (CMS) - 2021	5/5/2021	Follow up on previous findings, recommendations, and impact of the corrective actions taken	National Audit Office	Y	N
Agriculture	4.7%	Performance Audit Report: Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers	2/24/2022	Extent to which the MoA ensures timely accessibility and availability of quality farm inputs (seeds & fertilizers) to groundnut farmers to increase groundnut production and	National Audit Office	Y	N

Table GRPFM-8.1 Evaluation of gender impacts of service delivery							
Name of service delivery ministry	**Percentage of service delivery ministries**	**Program or service evaluated**	**Date of evaluation**	**Type of evaluation**	**Report author**	**Report publicly available (Y/N)**	**Gender impacts assessed (Y/N)**
				productivity in the Gambia			
Fisheries & Water Resources	0.7%	Performance Audit Report: Management of Community Fisheries Centres (CFCs)	7/9/2019	Efficiency and effectiveness of measures put in place by the Ministry of Fisheries and Water Resources to manage the operations of the Community Fisheries Centers (CFCs)	National Audit Office	Y	N
Total	**69.20%**						
***Data source**: prepared by the consultants*							

GRPFM–9 Legislative Scrutiny of Gender Impacts of the Budget

This indicator measures the extent to which the legislature's budget and audit scrutiny includes a review of the government's policies to understand whether policies equally benefit men and women by ensuring the allocation of sufficient funds. The inclusion of gender impacts in the legislature's review of budget proposals promotes the participation of men and women in the policy-making process, grants them a voice, and ensures a reflection of their priorities in government programs and services. The indicator comprises two dimensions - *GRPFM-9.1 Gender-responsive legislative scrutiny of budgets* and *GRPFM-9.2 Gender responsive legislative scrutiny of audit reports*. The aggregation method for the scores is the M2 (averaging) method.

Indicators/Dimensions	Assessment of Performance	2022 score
GRPFM-9 Legislative scrutiny of gender impacts of the budget (M2)	**The National Assembly's scrutiny of the budget does not include gender impacts**	**D**
GRPFM-9.1 Gender-responsive legislative scrutiny of budgets	The National Assembly's review of budgets includes the use of specialized review committees and interaction with MDAs and other budget entities. However, the process does not employ established negotiation procedures, technical support, public consultation, and expert advice of gender advocacy groups.	D
GRPFM-9.2 Gender responsive legislative scrutiny of audit reports	The National Assembly's scrutiny of audit reports cannot include a review of the gender impacts of service delivery programs, since the audit reports themselves do not include a gender dimension.	D

Key Question and Rationale for the Indicator

The key question that this indicator seeks to answer is whether the legislature examines the gender impacts of the budget as part of its budget and audit scrutiny. The rationale is that the legislature grants the executive the spending power that it exercises through passage of the annual budget law. It is vital, therefore, that the legislature performs due diligence over this delegated authority through ex-ante scrutiny of government policies prior to granting the power and ex-post scrutiny of implementation outcomes. Besides, the inclusion of gender impacts in the legislature's review of budget proposals promotes the participation of men and women in the policy-making process, gives them voices, and helps to ensure a reflection of their priorities in government programs and services.

The general principles underlying such scrutiny include the following

- Use of budget parliamentary committees to facilitate analysis of the impact of the proposed budget policies on gender (in this case), as enunciated in PI-18 in the main PEFA report; such budget parliamentary committees may be dedicated gender policy committees, devoted to the issue, or they may be committees with a combined portfolio.

- Public hearings and presentations by gender advocacy groups, at the request of the legislature or legislative committee, to provide technical support or requirements for gender impact assessments of budget policies
- Examination of external audit reports and the questioning of responsible parties about the findings of the reports by a legislative committee or commission; this indicator covers all types of audits, unlike "PI-31 Legislative Scrutiny of Audit reports" of the 2016 Framework that focuses only on financial audits.

Performance under this Indicator

GRPFM-9.1 Gender-responsive legislative scrutiny of budgets

The legislature's budget scrutiny currently does not include a review of the gender impacts of service delivery programs. The current level of performance under this dimension is as described in PI-18.1 and PI-18.2. In summary, the performance is as follows.

- The National Assembly (NA) reviews fiscal policies and details of expenditure and revenue estimate for the coming year.
- The Revised National Assembly Standing Orders 2019, as amended, governs procedures for legislative review of the budget. However, the SOs do not require a gender-based analysis by parliamentary committees when scrutinizing budget estimates, audit reports, or undertaking their oversight functions
- International organizational arrangements for budget scrutiny include the use of specialized review committees and interaction with MDAs and other budget entities.
- The committees include a select committee on Gender, Children, and Social Welfare; however, this committee does not conduct gender-based analysis; neither the Standing Orders nor extant enactment require it.
- The rules do not establish negotiation procedures, neither do they include budget support and public consultation on the gender impacts of budget estimates.
- The scrutiny process does not include public consultation on gender, technical support, expert advice of gender advocacy groups, etc.

Thus, the National Assembly reviews fiscal policies and details of expenditure and revenue estimate for the coming year. The National Assembly Standing Orders 2019, as amended, governs procedures for legislative review of the budget. The procedures include the use of specialized review committees and interaction with MDAs and other budget entities. However, the process does not employ established negotiation procedures, technical support, public consultation, and expert advice of gender advocacy groups.

Table GRPFM-9.1 summarizes the level of performance under this indicator. This level of performance does not meet the requirements for a higher score. Therefore, the score is **"D"**.

GRPFM–9.1 Gender-responsive legislative scrutiny of budgets			
Budget proposal for budget year	**Review of the gender impacts of service delivery programs (Y/N)**	**Public consultation (Y/N)**	**Internal organizational arrangements employed for scrutiny (Y/N)**
FY2021	N	N	Y
Data source: *prepared by the consultants from information obtained from the National Assembly and National Assembly documents*			

GRPFM-9.2 Gender responsive legislative scrutiny of audit reports

The National Assembly's scrutiny of audit reports cannot include a review of the gender impacts of service delivery programs, since the audit reports themselves do not include a gender dimension. Similarly, the National Assembly the recommendations issued by the legislature to the Minister of Finance (see below) cannot include corrective or remedial actions that executive should implement. In addition, the follow-up by the legislature on the implementation of the actions cannot not involve gender dimensions (see below).

The National Assembly indicated that the Finance and Public Accounts Committee (FPAC) of the Fifth Legislative Session of the National Assembly completed review of 2016, 2017, and 2018 audited financial statements and audit reports, but the National Assembly could not approve the report before its closure. The Sixth Legislative Session that commenced in April 2022 and would last until 2027, approved the recommendation of the consolidated report and transmitted it to the Minister of Finance for implementation. The legislature gave the minister up to October 31, 2022, to report on progress, including on the recovery of D20 million in outstanding imprest.

However, the assessors could not obtain documentary evidence on this. The assessors could also not obtain copies of the FPAC's report or the resolution of the of the National Assembly on the consolidated report on the review of 2016, 2017, and 2018 audited financial statements and audit reports.

GRPFM-9.2 Gender responsive legislative scrutiny of audit reports			
Budget year	**Review of gender audit reports (Y/N) [Specify reports if relevant]**	**Legislature issues recommendations (Y/N)**	**Recommendations followed-up (Y/N)**
2016	No; the report does not have a gender dimension.	No; the report does not have a gender dimension.	No; the report does not have a gender dimension.
2017	No; the report does not have a gender dimension	No; the report does not have a gender dimension	No; the report does not have a gender dimension
2018	No; the report does not have a gender dimension	No; the report does not have a gender dimension	No; the report does not have a gender dimension
Data source: *prepared by the consultants from information obtained from the National Assembly and National Assembly documents*			

Table GRPFM-9.2 summarizes the level of performance under this indicator. This level of performance does not meet the requirements for a higher score. Therefore, the score is **"D"**.

GRPFM Annex 1: Summary of Indicators

PEFA GRPFM INDICATOR		SCORING METHOD	DIMENSION RATINGS		OVERALL RATING
			1	2	
GRPFM-1	Gender impact analysis of budget policy proposals	M1	D	D	**D**
GRPFM-2	Gender responsive public investment management	M1	D		**D**
GRPFM-3	Gender responsive budget circular	M1	D		**D**
GRPFM-4	Gender responsive budget proposal documentation	M1	D		**D**
GRPFM-5	Sex-disaggregated performance information	M2	D	D	**D**
GRPFM-6	Tracking budget expenditure for gender equality	M1	D		**D**
GRPFM-7	Gender responsive reporting	M1	D	D	**D**
GRPFM-8	Evaluation of gender impacts of service delivery	M1	D		**D**
GRPFM-9	Legislative scrutiny of gender impacts of the budget	M2	D	D	**D**

GRPFM Annex 2: Sources of Information

List of sources of information used to extract evidence for scoring indicators

Indicators	Evidence
GRPFM–1 Gender impact analysis of budget policy proposals	**Institutions/agencies** • MoFEA - Directorates of Economic Policy and Research Directorate (EPRD), Revenue & Tax Policy (DRTP)); MoFEA website (www.mofea.gm) • The National Assembly (NA) • Development Partners – International Monetary Fund, World Bank **Documents** • The 1997 Constitution • Public Finance Act (PFA) 2014 • Medium-Term Economic Fiscal Framework (MTEFF) 2023 – 2026 (draft) • Medium-Term Economic Fiscal Framework (MTEFF) 2020 – 2024 • FY2021 and FY2022 budget documentations ○ Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Year presented to the National Assembly for approval ○ Statement by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the FY, i.e., the explanatory note ○ Budget speech to the National Assembly upon the presentation of the Appropriation Bill for the year, i.e., after approval of the budget estimates
GRPFM–2 Gender responsive public investment management	**Institutions/agencies** • MoFEA - Directorates of Budget (DoB), Loans and Debt Management (DLDM), Public & Private Partnership (DPPP), Aid Coordination (DAC); Accountant General's Department (AGD); MoFEA website (www.mofea.gm) • Development Partners – International Monetary Fund, World Bank **Documents** • National Development Plan (NDP) 2018 – 2021 • Approved Budget Estimates for FY2022

	• Excel Spreadsheet Analysis of List of Projects Supported the Directorate of Aid Coordination (DAC) • Draft 2021 Consolidated Financial Statements • 2019 IMF PIMA Report on The Gambia
GRPFM–3 Gender responsive budget circular	**Institutions/agencies** • MoFEA - Directorate of Budget (DoB); MoFEA website (www.mofea.gm) • The National Assembly (NA) **Documents** • Public Finance Act (PFA) 2014 • Financial Regulations (FR) 2016 • Accounting Procedures Manual (APM), 2017 • FY2023 budget call circular (BCC) issued on July 29, 2022 • FY2023 budget call circular (BCC) issued on June 15, 2021
GRPFM–4 Gender responsive budget proposal documentation	**Institutions/agencies** • MoFEA – Directorates of Budget (DoB), Economic Policy & Research (DEPR), Revenue & Tax Policy (DRTP), Loans and Debt Management (DLDM), MoFEA website (www.mofea.gm) • National Assembly **Documents** • *Estimates of Revenues, Recurrent, and Development Expenditures for the Fiscal Years 2021 & 2022* submitted by MoFEA to the National Assembly (NA) November 2021 and November 2022, respectively, for review • Respective Statements by the Minister of Finance and Economic Affairs on the Laying of Estimates of Revenues, Recurrent and Development Expenditures for the FYs 2021 & 2022, i.e., the "Explanatory Note" • Respective budget speeches of the Minister for FYs 2021 and 2022 presented to the National Assembly Medium-term fiscal forecasting in the Gambia (MTEFF) entered a lull after the FY2020 – 2023 edition prepared in FY2019
GRPFM–5 Sex-disaggregated performance information for service delivery	**Institutions/agencies -** Ministries of Finance & Economic Affairs (MoFEA), Basic & Secondary Education (MoBSE), and Health & Social Welfare (MoH); and National Audit Office (NAO) **Documents** • The Constitution of the Gambia 1997 • Public Finance Act (PFA) 2014 • FY2021 Approved Budget Estimates • FY2023 Executive Budget Proposal • Strategic plans of Ministry of Women, Children, and Social Welfare: Strategic Plan 2021-2025 and Ministry of Transport, Works, and Infrastructure: Sector Strategic Plan 2022-2026 • Agriculture (MoA) - Agriculture and Natural Resources (ANR) Policy (2017 – 2026) and Supplementary Agriculture and Natural Resource (ANR) Policy, Updated Draft, December 2017 • Basic and Secondary Education and Higher Education, Research, Science, and Technology – Education Sector Policy 2016 – 2030 • Higher Education, Research, Science, and Technology (MoHERST): Programme Based Budgeting Framework for 2022-2024

	• Health: Medium Term Expenditure Framework - Program Based Budgeting for 2021-2023
	• Women, Children, and Social Welfare - Program Based Budgeting Framework for 2022-2024
	• Basic and Secondary Education (MoBSE) - Program Based Budgeting Framework for 2022-2024; the ministry also supplied several performance evaluation and audit reports on their programmes – the only ministry to do so
	• Public Service - Program Based Budgeting Framework for 2023-2025
	• National Audit Office (NAO):
	    ○ Performance Audit Report: Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE)
	    ○ Performance Audit Report - Emergency Obstetric Care in Public Health Facilities
	    ○ Follow-up Audit on the Storage and Distribution of Drugs by Central Medical Stores (CMS) - 2021
	    ○ Performance Audit Report: Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers
	    ○ Performance Audit Report: Management of Community Fisheries Centres (CFCs)

GRPFM–6 Tracking budget expenditure for gender equality	**Institutions/agencies -** MoFEA Accountant General's Department (AGD), Directorate of Budget (DoB) **Document** • Chart of accounts (CoA) • Accounting Procedures Manual (APM) 2017 • Financial Regulations 2016
GRPFM–7 Gender responsive reporting	• IPSAS Standard for Cash Basis Accounting • BCG approved Budget 2019; 2020; 2021 and 2022 • The Standard Chart of Accounts (SCOA) • Certificates issued by the Accountant General for submission of the Consolidated BCG Annual Financial Statements for audIt purposes - 2019; 2020; 2021 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto, and the unaudited draft 2020, 2021 consolidated BCG AFS

GRPFM–8 Evaluation of gender impacts of service delivery	**Institutions/agencies -** Ministries of Finance & Economic Affairs (MoFEA) and National Audit Office (NAO)
	Documents
	• The Constitution of the Gambia 1997
	• Public Finance Act (PFA) 2014
	• National Audit Office (NAO):
	    ○ Performance Audit Report: Monitoring of the Education System by the Ministry of Basic & Secondary Education (MoBSE)
	    ○ Performance Audit Report - Emergency Obstetric Care in Public Health Facilities
	    ○ Follow-up Audit on the Storage and Distribution of Drugs by Central Medical Stores (CMS) - 2021
	    ○ Performance Audit Report: Provision of Farm Inputs (Seed & Fertilizer) to Groundnut Farmers

	Performance Audit Report: Management of Community Fisheries Centres (CFCs)
GRPFM–9 Legislative scrutiny of gender impacts of the budget	• The Revised Standing Orders of the National Assembly, 2019 • The previous Standing Order No 77 (PAC) • The National Assembly Service Bill 2021 • The Constitution of The Gambia, 1997 • Certificates issued by the Accountant General for submission of the Consolidated BCG Annual Financial Statements for audit purposes - 2019; 2020; 2021 • Audited consolidated annual financial statements BCG for 2019 & the NAO Management Letter, Audit report thereto

GRPFM Annex 3: List of persons interviewed

See Annex 3B: List of people interviewed of the Main PEFA Report

(See Annex 3B above)