

## World Bank Approves Additional \$20 Million Grant to Help Bridge Unexpected Financing Gap



The World Bank's Board of Executive Directors on 7<sup>th</sup> December 2022 approved Supplemental Financing for The Gambia Second Fiscal Management, Energy and Telecom Reform Development Policy Financing. The \$20 million grant will support the government's efforts to improve debt and public investment management; strengthen financial viability and service delivery in the energy and telecommunications sectors, and enhance the transparency and governance framework of state-owned enterprises (SOEs).

The additional Financing responds to the spillover effects of the war in Ukraine on The Gambia's economy compounding an already challenging situation due to the COVID-19 pandemic. The conflict disrupted agricultural supply chains and food trade, impacting food, feed, fertilizer, and fuel prices and driving inflation up to double digits for the first time in three decades.

According to the World Bank Country Economist and Task Team Leader of the Project, Wilfried Kouame, the war in Ukraine has led to a slowdown in economic activities in The Gambia and as a result, impacted the country's economic growth. This, he added has reduced domestic revenues; at the same time, the country has to meet pressing basic social and productive sector needs exacerbated by rising inflation.

The grant will support efforts to improve the country's economic resilience and recovery by mitigating revenue losses, boosting forex reserves, cushioning the impact of rising prices of essential products on the most vulnerable, and ensuring that the government's reform program remains on track.

In her statement, Feyi Boroffice, World Bank Resident Representative said the Government of The Gambia has adopted several measures to mitigate the spillover effects of the war in Ukraine on the population, including foregoing part of the revenues from petroleum products, partially offsetting the rising costs of fertilizers and food products through subsidies and a continuation of the removal of taxes on bread and rice. These measures, while reducing the impact of the crisis on the people, have generated significant financial costs and the additional support is part of a coordinated effort to fill the resulting financing gap, she added.

**Source:** The World Bank Country Office