

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

Honourable Speaker

- 1.** I would like to submit for consideration and approval by the National Assembly, the Estimates of Revenues, Recurrent and Development Expenditures of the Republic of The Gambia for the Fiscal Year 2022.

Honourable Speaker

- 2.** The legal requirements for the presentation of the National Budget to the National Assembly are detailed out in the 1997 Constitution, and the Public Finance Act (PFM Act) of 2014.
- 3.** In Section 152 (1) of the 1997 Constitution of The Republic of The Gambia, His Excellency the President is required to instruct the Minister of Finance and Economic Affairs to prepare and submit to the National Assembly, at least 30 days before the end of each financial year, the Estimates of Revenues and Expenditures of The Gambia for the following year.

4. Furthermore, Section 21 (1) of the Public Finance Act equally requires the Minister to lay before the National Assembly, the Appropriation Bill, at least 30 days before the end of the financial year. 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.
5. Similarly, Section 152 (1A) of the Constitution requires the National Assembly within a maximum period of 14 days, after receiving the Estimates of Revenues and Expenditures, to consider and approve the Estimates.
6. In this process, the Public Finance Act further provides under Section 27 for the National Assembly to appoint, temporarily or permanently, a core of 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.

Honourable Speaker

7. The Gambia is still caught in a COVID-19 era and this may linger to next year despite major strides in the attainment of global vaccination rates.

8. It is for this reason that next year's budget is designed to not only consolidate our fiscal position but at the same time, prioritize our social and infrastructure programs.

9. In essence, the 2022 national budget will place great emphasis on building the resilience of our systems, processes and communities; on accelerating the pace of the country's economic recovery, promote economic diversification, enhance our national competitiveness, as well as ensure inclusive growth.

Honourable Speaker

10. 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. Vulnerable groups also carried the greatest burden, particularly children, older people, persons with disabilities (PWD) and those with pre-existing health conditions.

11. Notwithstanding, it is evident that as a country, we have come a long way since 2021. Thanks to decisive policy responses and exemplary national and international collaborations, we registered significant progress. This has made it easier for Gambians and

residents to cope with this unprecedented crisis. For example, our interventions in the Health sector in terms of procurement of drugs, vaccines, ambulances and the rehabilitation of health centers across the country has been vital in containing the third wave of the Virus. It also prevented further damage to our economic prospects.

Honourable Speaker

12. On the domestic economy, the 2021 fiscal year was challenging for the Gambian economy, albeit an improvement from what was experienced in 2020. The economy is expected to grow by 3.2 percent in 2021 in comparison to the -0.2 percent growth rate recorded in 2020. The improved growth rate is attributed to a rebound in economic activities, especially in the service sector, and continued resilience in construction activities.

13. Agriculture is projected to register a growth of 4.5 percent in 2021, a significant decline from the 11.7 percent recorded in the preceding year. This is due to an estimated decline in all agricultural sub-components except for livestock, which is expected to register a growth rate of 4.2 percent in 2021.

Honourable Speaker

- 14.** The Industry sector is expected to register the same growth rate of 9.9 percent in 2021, like 2020. This is attributed to the lingering impact of COVID-19 on construction including the OIC infrastructure related projects.
- 15.** In a nutshell, the mining and quarrying; electricity; water and construction sub-sectors are all projected to register a decline from 2020 to 2021. Manufacturing is the only sub-sector projected to record an improved growth rate from -21.2 percent in 2020 to -1.7 percent in 2021.
- 16.** The Service sector, which continues to be the main contributor to GDP, is estimated to register a growth from -7.2 percent in 2020 to 0.2 percent in 2021.
- 17.** The growth in this sector is mainly driven by modest performances in most of its sub-components such as wholesale and retail trade. Other sub- components include information and communication; financial and insurance activities; professional and technical activities. With education, these earlier mentioned subcomponents are all projected to grow by less than 10 percent between the two periods.

Honourable Speaker

18. On the monetary sector, headline inflation has risen to 8.2 percent in July 2021 from 4.8 percent in July 2020. The acceleration in headline inflation is primarily attributed to the rise in constituent variables.

19. Meanwhile, the Dalasi has experienced modest pressure against major trading currencies between the end of May 2020 to the end of May 2021. During this period, the Dalasi depreciated against all the major trading currencies except the US Dollar. It depreciated against the Euro, Pound Sterling and CFA by 9.7 percent, 13.9 percent, and 11.7 percent respectively. However, it appreciated against the US Dollar by 1.2 percent.

Honourable Speaker

20. On the fiscal front, revenue and grants for the first eight months of the 2021 fiscal year declined from D13.1 billion in 2020 to D10.6 billion. The 19 percent decline is mostly attributed to a reduction in non-tax revenue.

21. Total expenditure decreased by 7 percent from D14.3 billion in the first eight months of 2020 to D13.3 billion in the corresponding period of 2021. The decline is attributed to a reduction in capital expenditure by 15 percent, which was large

enough to offset the increase in other expenditure sub-components.

- 22.** The fiscal deficit excluding the grants decreased by 23.6 percent from D5.5 billion in the first eight months of 2020 to D4.2 billion in the corresponding period in 2021.

Honourable Speaker

- 23.** The draft 2022 Budget Estimate has been prepared as a solid foundation for COVID-19 recovery anchored on the vision for a green, resilient and peopled centred National Development Plan (NDP). The emphasis of the recovery plan is to support post-pandemic progress as well as attainment of the Sustainable Development Goals (SDGs). It will also factor our detailed macroeconomic forecasts and specific strategic priorities and policy goals.

- 24.** The 2022 Budget will prioritize social protection measures for vulnerable groups and ensure inclusive growth in the economy. This is in line with the recently launched Programme for Accelerated Community Development (PACD), which is again featured in this 2022 budget. The PACD is highly significant for our national development and contributes to reducing disparities in development between Rural and Urban Gambia.

25. The other notable proposal is the Health Insurance Scheme. The scheme will 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.

Honourable Speaker

26. Infrastructure development, roads in particular, will also feature meaningfully in the 2022 budget. Government will continue the implementation of several key road projects such as the Nuimi - Hakalang road, the Sabach Sanjal road, the Saloum - Nianija road, Sankandi road, and the Banjul Rehabilitation Project (BRP) just to name a few.

Honourable Speaker

Revenues & Grants

27. Total Revenue and Grants in 2022 is projected to reach D29.87 billion, which represents a growth of 16 per cent compared to 2021 figure of D25.76 billion. The increment is mainly attributed to Project Grants, Tax and Non-Tax revenue.

28. Project Grants is envisaged to reach D9.7 billion in 2022, compared to D8.8 billion in 2021. Meanwhile, total Tax Revenue is projected to reach D13.9 billion in 2022 which is a 14 percent increase compared to D12.2 billion in 2021. Non-Tax Revenue in 2022 is projected to increase by 139 percent which is D3.67 billion compared to D1.53 billion in 2021.

29. The 2021 budget will factor Budget Support amounting to **D2.6 billion** from our development partners, compared to D3.2 billion in 2021. The Budget Support is expected from the IMF, European Union, the African Development Bank, and the World Bank.

Honourable Speaker

Expenditures & Financing

30. Total Expenditure and Net-lending is projected to increase from D31.75 billion in 2021 to D32.15 billion in 2022, representing a growth of 1 percent. The bulk of this is related to Capital expenditure. Personnel Emolument (PE) expenditures are projected to also increase from D4.8 billion in 2021 to D5.1 billion in 2022. The increase in PE is a result of planned recruitment of additional teachers by the Ministry of Basic and Secondary Education, payment of allowances to election officers, increased allowances for

nurses and midwives under the Ministry of Health, as well as factoring yearly increments based on promotions.

31. Other Current (Non-Interest Expenditure) Expenditure will be substantially curtailed by 41 per cent, from D19.1 billion in 2021 to D11.3 billion in 2022. The reduction mainly emanates from a reorientation and shift in priorities towards Capital development.

32. Nonetheless, we have factored D1 billion under the Ministry of Health to cover Covid-19 related expenses such as vaccination logistics, medical supplies and the operationalization of treatment centres.

Honourable Speaker

33. As we are all aware, The Gambia is poised to host the OIC Heads of State and Governments Summit in 2022. This will require substantial amount of resources to upgrade vital roads, energy and water infrastructure across the country. As a result, Capital expenditure is expected to register a growth of 159 percent to D12.16 billion in 2022, from D4.69 billion in 2021

34. Meanwhile, Debt Interest payment is projected to reach D3.45 billion and will consume around 20 per cent of Government domestic revenues (Tax and Non-Tax only) in 2022. Overall, Debt service (interest payments plus amortization) is projected to be

D5.74 billion in 2022 from D5.99 billion in 2021, thereby registering a decline of 4%.

35. In terms of financing the deficit, Domestic Borrowing is projected to decline from D3.31 billion in 2021 to D2.46 billion in 2022.

36. Capital Revenue in 2022 is projected at D1 billion compared to D1.79 billion in 2021.

37. Foreign Borrowing to finance development projects in 2022 will decline to D1.905 billion compared to the D4.22 billion borrowed in 2021.

Honourable Speaker

Conclusion

38. In conclusion, the 2022 Budget being presented to this august Assembly symbolizes our collective commitment as a nation to three critical development pathways.

39. First, Government in this budget signals renewed committed to ongoing reforms. This is aimed at not only greater fiscal discipline, and transparency, but development results. We aim to also strengthen program effectiveness, while doing as much as

possible with minimum resources. Therefore, we are not content with simply putting the pieces back together but rather the Republic of The Gambia under the stewardship of His Excellency President Adama Barrow will Build Forward Better.

- 40.** Second, in this budget, Government reaffirms its commitment to innovative development financing which will be additionally joined at the hip with investments in both the social and economic sectors. The objective of these measures is to catalyse greater private sector participation in our development agenda and ensure structural transformation. We also aim to consolidate the culture of investments rather than one of consumption in public financial management through the 2022 budget.
- 41.** As we focus on graduating into a stronger economy and more equitable growth, Government wishes to signal consistency in our policy posture and commitment to the fundamentals of our macroeconomic aspirations. Thus, this budget will lay strong foundation for a green, resilient and inclusive recovery that addresses the triple challenges of the COVID 19 pandemic, debt distress and climate change. Indeed, our priorities in the 2022 budget signals in no uncertain terms this Government's commitment to leave no one behind and provide social safety nets for the vulnerable in our society.

Honourable Speaker

42. As I complete this presentation to this honourable assembly, it is worthy to reflect on the fact that this Budget signals the plans of H.E President Barrow for accelerated recovery from the devastating impact of the COVID-19 pandemic. Through this budget we will emerge stronger by pressing on with economic transformation, strengthening our social cohesiveness and building a sustainable future that assures prosperity and equal opportunity for all.

Honourable Speaker

I thank you for your kind attention.

Honourable Mambury Njie
Minister for Finance and Economic Affairs

Annex

Table 1

Details of Revenue & Grants (000s)		
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Revenue Head	2022	2021
Total Revenue & Grants	29,873,219	25,760,515
Tax	13,917,914	12,209,515
Non-Tax	3,667,694	1,536,232
Project Grants	9,669,312	8,804,768
Budget Support	2,618,300	3,210,000

Table 2

Expenditure and Net Lending (000s)		
Expenditure Head	2022	2021
Total Expenditure and Net Lending	32,155,482	31,756,318
External Interest	556,209	606,889
Domestic Interest	2,901,405	2,479,412
Personnel	5,131,850	4,866,723
Other Current	11,285,882	19,101,134
Capital	12,160,136	4,693,160
Net Lending	120,000	9,000

Table 3

Details of Financing(000s)		
Expenditure Head	2022	2021
Financing	2,282,263	5,995,803
Domestic Borrowing	2,462,327	3,313,489
Foreign Borrowing	1,905,895	4,222,498
Foreign Amortization	-1,629,733	-1,681,458
Arrears & Guarantees	-751,000	-417,000
Capital Revenue	1,015,000	1,790,000
Domestic Amortization	-720,226	-1,231,726