THE GAMBIA

The Gambia’s economic freedom score is 58.8, making its economy the 104th freest in the 2021 Index. Its overall score has increased by 2.5 points, primarily because of an improvement in fiscal health. The Gambia is ranked 12th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Notwithstanding an improvement this year, the Gambian economy has been mostly unfree since the beginning of its Index scoring in 1997. The government has pursued policies to restrain spending and borrowing and to manage state-owned enterprises more efficiently. To expand economic freedom significantly, however, the government will need to focus intensively on measures to strengthen the rule of law.

IMPACT OF COVID-19: As of December 1, 2020, 123 deaths had been attributed to the pandemic in The Gambia, and the economy was forecast to contract by 1.8 percent for the year.

ECONOMIC FREEDOM SCORE

58.8 ▲ UP 2.5 POINTS

REGIONAL AVERAGE
(SUB-SAHARAN AFRICA REGION) 55.7
WORLD AVERAGE 61.6

HISTORICAL INDEX SCORE CHANGE (SINCE 1997): +5.9

RECENT FREEDOM TREND

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
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<tbody>
<tr>
<td>2017</td>
<td>53.4</td>
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<tr>
<td>2018</td>
<td>52.3</td>
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<tr>
<td>2019</td>
<td>52.4</td>
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<tr>
<td>2020</td>
<td>56.3</td>
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<tr>
<td>2021</td>
<td>58.8</td>
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BACKGROUND: The Gambia gained independence from the United Kingdom in 1965. Dictator Yahya Jammeh took power in 1994, and after Adama Barrow defeated him in the 2016 presidential election, he refused to step down until regional countries intervened militarily to force him from office. Political tensions rose after Barrow decided to serve his full term until 2021, breaking a pledge to leave after serving for three years. The new government is courting Chinese investment and has signed a duty-free trade agreement with China. The Gambia is surrounded geographically by Senegal, and revenue depends heavily on exports of peanuts, leaving the economy vulnerable to price fluctuations and market shocks.

QUICK FACTS

- POPULATION: 2.3 million
- GDP (PPP): $6.4 billion
- UNEMPLOYMENT: 9.1%
- INFLATION (CPI): 7.1%
- FDI INFLOW: $32.3 million
- PUBLIC DEBT: 76.6% of GDP

2019 data unless otherwise noted. Data compiled as of September 2020.
Despite laws that protect property rights and interests, enforcement is weak. Multiple overlapping land tenure systems are complex and contentious, causing inadequate enforcement of titles. Although the judiciary has suffered from executive interference, the Barrow administration has taken some steps to restore judicial independence. The judicial system recognizes both customary and Sharia (Islamic) law. Anticorruption laws are ineffective.

The top individual income tax rate is 35 percent, and the top corporate tax rate is 31 percent. Other taxes include capital gains and sales taxes. The overall tax burden equals 11.1 percent of total domestic income. Government spending has amounted to 23.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.6 percent of GDP. Public debt is equivalent to 76.6 percent of GDP.

Starting a business has been made simpler and less expensive. The labor market is not well developed, and the International Labor Organization has voiced concerns about child sex trafficking. The government administers price controls on staple foods and essential non-food items while also subsidizing the highly indebted and state-owned water and electricity services.

The Gambia has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.7 percent, and one formal nontariff measure is in effect. Other nontariff barriers deter trade flows. Foreign and domestic investors are generally treated equally under the law. Credit to the private sector has increased, but the overall banking and financial system remains underdeveloped. There is no stock exchange.