

The Impact of Fiscal Policy on Economic Growth in The Gambia

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ABSTRACT

The Gambia is a small country in West Africa that depends on tax revenue to fund her financial obligations and needs. In 2024, The Gambia hosted the second largest world gathering the OIC summit. Over the years, The Gambia was preparing for this event, and it incurred a lot of capital spending on infrastructure and other key areas. This research assesses the impact of fiscal policy (government spending) on the economy of the Gambia from 2010 to 2020. We obtained a time series data on GDP, Government expenditure, Tax revenue, export and Inflation and use OLS estimation to ascertain the relationship between Government expenditure and tax revenue of GDP Growth of The Gambia. Our findings shows that Government expenditure and tax revenue are significant contributors to GDP Growth in The Gambia from 2010 to 2020 and they are positively correlated to GDP Growth. Our findings also showed that export and inflation were not significant in the model. There is a limitation to our research due to unavailability of data, we were only focus from 2010 to 2020 future researcher on this domain can try expanding the period to see clearer picture of the relationship of fiscal policy variables on GDP Growth.

Introduction

The role of fiscal policy in driving long-term economic growth has become a crucial focus in the field of macroeconomics, particularly since the emergence of endogenous growth models. Various scholars have emphasized different forms of fiscal measures as ways for sustained and balanced economic expansion. In the case of Gambia, the country's fiscal deficit has notably decreased, dropping to 2.6% of its Gross Domestic Product (GDP) in 2023. This improvement can be attributed to a combination of factors, including increased tax revenues and the influx of grants. Despite this, public expenditure has remained elevated, due to the government's heightened investment in road infrastructure projects. With a lower reliance on domestic borrowing, Gambia's public debt is estimated to have declined to 75.8% of its GDP in 2023, according to the World Bank's projections. This reduction in debt levels could potentially create more fiscal space for the government to allocate resources towards other developmental priorities. The country's economic growth has also accelerated, reaching a robust 5.3% in 2023, primarily driven by the performance of the agricultural and industrial sectors. This acceleration in economic activity suggests that the government's fiscal policies and infrastructure investments are contributing to the overall dynamism of the Gambian economy.

In effect, between the year 2000 and 2018, the average growth in per capita income was minimal, at less than 0.5 percent per year, significantly below the 2 percent average of countries in Sub-Saharan Africa (SSA). Consequently, Gambians' standard of living has trailed behind that of their SSA peers: per capita gross domestic product (GDP) dropped from 45.5 percent of the SSA average in 2000 to 32.1 percent in 2017 (Carrasco, Jawara, Meyer 2022). The Gambia is an import-based country, which makes it to heavily depend on tax as a source of revenue for its expenditure. According to Ministry of Finance and economics affairs of The Gambia, The government's total expenditure for the period January to September 2023 amounted to GMD 17.66 billion compared to GMD 16.10 billion during the same period last year, representing a year-on-year increase of 10%. According to the same ministry, the growth in total expenditure can be attributable to increases in Personnel Emoluments and Debt Service of 24% and 26%, respectively.

Fiscal policy is a key input to achieving the policy goals in The Gambia's National Development Plan (NDP) 2018–2021. Looking at the National Development Plan and some of the capital expenditure on infrastructure that The Gambia wants to achieve to host the OIC submit in 2024. Those are clear indications that The Gambia has incurred a lot of expenses and this expenses in one way or the other are expected to have a positive impact on the economy at large. NDP 2018–2021 aims to “deliver good governance and accountability, social cohesion, and national reconciliation and a revitalized and transformed economy for the wellbeing of all Gambians.” To move towards these objectives, the plan has identified eight priority areas: (i) building good governance; (ii) stabilizing the economy; (iii) modernizing the agricultural sector; (iv) investing in education and health services; (v) building infrastructure and restoring energy services; (vi) promoting inclusive tourism; (vii) empowering youth; and (viii) strengthening private sector development for growth and job creation. Progress towards these priorities will require sizeable investments into human and physical capital, which are expected to enhance productivity, strengthen resilience, and support inclusion (Carrasco et al., 2022).

According to the African Development Bank (AfDB, 2016), Increasing public spending on infrastructure can stimulate economic growth in several important ways. Increasing the economy's overall demand for goods and services, or aggregate demand, encourages firms to grow to satisfy the increased demand and leads to the creation of new job opportunities. Furthermore, by making it simpler and more effective for businesses to run and for workers to access markets and jobs, infrastructure upgrades like modernizing energy systems, increasing transportation networks, and boosting telecommunications capabilities can directly increase productivity.

The crucial role infrastructure investment plays in promoting economic growth and reducing poverty in the Gambia has been underlined by the African Development Bank Group. It is well acknowledged that focusing strategic investments on the nation's physical infrastructure and digital networks is crucial to promoting trade, increasing productivity, and giving marginalized populations access to economic opportunities. This kind of government-driven infrastructure development, by removing substantial barriers and improving the country's essential operating systems, could spark broad-based, sustainable growth and progress in the Gambia. Through promoting trade and commerce, increasing industrial output, and opening new opportunities for socioeconomic mobility, especially for underprivileged groups, targeted infrastructure spending can spark economic change. It is believed that an approach to infrastructure-led development that is this kind of vital

accelerator will enable the Gambia reach its full economic potential and bring in a period of inclusive prosperity for the entire nation.

The effectiveness and design of tax policies can have a significant impact on investment choices and the overall economic growth projection of a country. Lowering corporate tax rates or implementing targeted tax incentives for specific industries can serve as powerful motivators for private enterprises to invest in new projects, expand their operations, and nurture entrepreneurial activities. This, in turn, can stimulate economic growth and development by fostering innovation, job creation, and increased productivity. However, it is crucial that policymakers carefully consider the broader implications of their tax policies to ensure a balanced approach. While tax incentives may promote investment and business activities, the government must also ensure that the tax system generates sufficient revenue to fund essential public services, infrastructure, and social welfare programs. Additionally, the design of the tax framework should strive to maintain equity and fairness, avoiding disproportionate burdens on certain segments of the population or industries. The efficiency and structure of taxation policies play a pivotal role in shaping the investment climate and overall economic growth potential of a nation. Striking the right balance between encouraging private investment and maintaining adequate and equitable revenue streams is a key challenge for policymakers (IMF, 2020)

A nation's capacity to maintain long-term economic stability and prosperity is reliant on its ability to apply prudent debt management techniques and a strict budget. Raising the financial burden of debt servicing and discouraging private sector investment are two ways that excessive public debt can negatively affect economic performance. Therefore, maintaining debt sustainability and preventing the creation of major fiscal imbalances which could otherwise jeopardize a nation's overall economic well-being should be the core goals of fiscal policy (IMF 2019). IMF further states that, prudent debt management entails keeping a close eye on and managing the amount of public debt to make sure it stays within manageable bounds. This necessitates a dedication to fiscal diligence, which entails making difficult choices about public expenditure and revenue-raising initiatives. Through the maintenance of a balanced budget and the mitigation of borrowing, governments can establish a conducive atmosphere for the continuation of economic expansion and advancement. It takes fiscal restraint to support a strong, stable economy. A disciplined approach to fiscal policy by governments can lower the likelihood of economic crises, including defaults on debt or devaluations of national currencies. Consequently, this can foster investor confidence and promote private sector investment, both of which are essential for promoting sustained economic growth and development.

Prudent debt management and fiscal discipline can improve a country's credit rating, which facilitates and lowers the cost of borrowing money for the government when needed. This can be especially crucial in uncertain or turbulent economic times, when a nation's capacity to weather the storm and preserve its economic resilience can be impacted by its ability to obtain credit. A thorough and methodical approach to debt management and fiscal policy is necessary to guarantee the long-term success and stability of a country's economy. Governments may foster an atmosphere that is conducive to long-term economic growth and development and, eventually, improve the welfare of their constituents by putting prudent debt management techniques into practice and upholding a commitment to fiscal discipline.

External financial support, in the form of grants, low-interest loans, and development aid programs, can serve as a valuable supplement to a country's own budgetary efforts. This

assistance can help fund critical priority areas such as building essential infrastructure, improving education systems, and enhancing healthcare services. However, the ability of such aid to effectively drive economic growth is contingent on a variety of factors. These include how the aid is allocated and targeted, the recipient country's capacity to efficiently absorb and utilize the influx of resources, and the overall coherence and alignment of the aid with the recipient government's broader policy agenda and development strategy (AfDB, 2016). The 1930s Great Depression was a confirmation of the reality of the failure of the market economy which led to the evolution of Keynesian economics. Keynes submitted that the lingering unemployment and economic depression were a result of failure on the part of the government to control the economy through appropriate economic policies (Iyoha, M. A., Oyefusi, S. A., & Oriakhi, D. E. (2003)... - Google Scholar, n.d.). Consequently, Keynes proposed the concept of government intervention in the economy using macroeconomic policies such as fiscal and monetary policies. Fiscal policy deals with government deliberate actions in spending money and levying taxes with a view to influencing macro-economic variables in a desired direction. This includes sustainable economic growth, high employment creation and low inflation (Microsoft Corporation, 2004).

In their study, (Babalola et al., n.d.) explored the influence of fiscal policy on the economic growth trajectory of Nigeria. The researchers utilized annual data spanning the period from 1977 to 2009 to conduct their investigation. To assess the stationarity of the data series, they employed the Augmented Dickey-Fuller technique to test for the presence of unit roots. Subsequently, they applied the Engle-Granger Approach to perform a cointegration test, which revealed the existence of a long-term relationship between the variables under examination. The researchers estimated error-correction models to account for the short-term dynamics of the relationship between fiscal policy and economic growth. The findings of the study indicate that productive government expenditure had a positive and significant impact on the economic growth of Nigeria during the period covered by the analysis. The cointegration test further confirmed the presence of a long-run equilibrium relationship between these two variables.

The primary objective of this research is to examine the way fiscal policy interventions, which includes government expenditure and taxation influenced the economic growth of The Gambia during the period under study. This comprehensive investigation will examine the historical implementation of fiscal policies in The Gambia, analyzing their impact on pivotal economic metrics such as GDP growth, and potentially offering recommendations to policymakers on how to refine fiscal policy to foster sustainable economic expansion in The Gambia. The study aims to provide a thorough understanding of the relationship between fiscal policy measures and their implications for the economic development of The Gambia. By examining the historical context and analyzing the empirical data, the research will shed light on the efficacy of past fiscal interventions and their influence on key economic indicators. This knowledge can then be leveraged to formulate policy recommendations that can guide policymakers in optimizing fiscal policy to drive sustainable economic growth in The Gambia, contributing to the country's long-term prosperity and economic stability. The research question for this topic is: What is the causal relationship between fiscal policy measures (government spending, taxation) and economic growth in The Gambia from the year 2010 to the year 2020, and what specific fiscal policy interventions are most effective in promoting sustainable economic growth in The Gambia?

Method

The This study will use quantitative research approach to analyze the positive or negative impact of some focus variables on economic growth in The Gambia. The variables those will be used in this study are: Economic Growth (GDP), Government spending, Inflation rate, Export, and Tax revenue. The dependent variable for this study will be Economic Growth (GDP), the remaining variables (Government spending, Inflation rate, Export, and Tax revenue) will be considered as the independent variables. Yearly Time Series data will be collected on all these variables from the website of the Central Bank of The Gambia (CBG), International Monetary Fund (IMF) and the World Bank. The targeted time frame for the time series data is from 2010 to 2020 preferably a quarterly data which covered a period of 11 years and with a quarterly data, the total observation will be 44 observations for each variable. The period is shortened for this duration due to incomplete data when it comes to The Gambia from many data sources. The proposed research study aims to conduct a comprehensive analysis to assess the effectiveness of fiscal policy interventions in stimulating economic growth in The Gambia. The analysis will utilize various econometric techniques, including stationarity tests to examine the time series properties of the data, normal distribution test to check if the residuals are normally distributed, and ordinary least squares (OLS) regression analysis to model the underlying dynamics and quantify the impact of fiscal policy on economic growth in The Gambia.

The research will primarily utilize secondary data sourced from the Central Bank of The Gambia (CBG), IMF and World Bank which serves as a reliable and authoritative source of macroeconomic and financial information for the Gambia. The computational analysis will be carried out using the EViews 12 (Student Version), a powerful and widely-used statistical package that provides a robust platform for conducting advanced econometric modeling and drawing meaningful insights from the data. By employing this rigorous analytical approach, the study aims to contribute to the understanding of the role and effectiveness of fiscal policy in driving economic growth in The Gambia. The findings of this research can inform policymakers, economists, and other stakeholders in the development of evidence-based fiscal policies and strategies to promote sustainable economic development in the country. Among the test that will be conducted will be the t-test to ascertain the significance level of the regression coefficients (Gujarati). The F-test will also be conducted through the EViews software to know the overall significance of the model (a test of goodness of fit of the model) which will explain the proportion of variation in the dependent variable Economic Growth (GDP) that will be explained by the independent variables (Government spending, Inflation rate, Export, and Tax revenue). The data use in this study is secondary time series data. Data is collected on GDP Growth, Government Expenditure and net lending, Tax Revenue, Export, and Inflation from the year 2010 to 2020. The data collected in from two sources. Nominal GDP Growth, Government Expenditure and net lending, Tax Revenue were obtained from the website of Central Bank of The Gambia. Export of Goods and Services and Inflation were obtained from data bank of IMF and World Bank. GDP Growth, Export of Goods and Services, Inflation were annual data while Government Expenditure and Tax Revenue data was collected as quarterly data.

The data was not uniform for example all to be annually, quarterly, or monthly. To ensure that the data is uniform, the targeted time span is quarterly therefore GDP Growth, Export of Goods and Services and Inflation were converted to quarterly data using the statistics software called EViews. The time span of the data from 2010 to 2020 gives us an only

observation which looks small for a time series data for the variables that were in annual time span. Conversion of these variables increase the total observations from eleven (11) observations to a total observation of forty-four (44). The data is finally arranged on quarterly data running from 2010 Q1 to 2020 Q4 a total of 44 observations.

This down below is the model specification :

Mathematical Model: $GDP\ GROWTH = GOVERNMENT\ EXPENDITURE + TAX\ REVENUE + EXPORT + INFLATION$

Econometrics Model: $LOGGDP = \beta_0 + \beta_1 LOGGOVEXP + \beta_2 LOGTAX + \beta_3 LOGEXPORT + \beta_4 INFLATION + \epsilon$

The econometrics model above shows Log (GDP) as the dependent variable and the rest of the variables Log (Government Expenditure), Log (Tax Revenue), Log (Export) and Inflation as the independent variables. The variables GDP, Tax Revenue, Government Expenditure, and Export were all in nominal value. Inflation is the only variable in percentage (%). We converted the variables that were not in log to log (percentage) using EViews software. This is done to make the interpretation of the variables easy.

Results And Discussion

Explanatory Results (Descriptive Statistics)

Table 1. Summary of the descriptive statistics table.

ITEM	EXPORT	GDP GROWTH	GOV EXPEN	TAX
Mean	10734.07	64723.01	3175.82	1605.62
Median	9394.24	60759.39	2584.06	1640.09
Maximum	18309.37	102447.7	6797.20	2902.69
Minimum	5697.76	41531.72	1017.07	752.94
Std. Dev.	3650.34	19209.17	1564.93	588.23
Observations	44	44	44	44

Source : Data processed by author, 2025

Table 1 is the summary of the descriptive statistics. The table shows the mean, median, maximum, minimum, standard deviation, and the total observations of Export, GDP Growth, Government Expenditure and Tax Revenue. Note, the values in figure 1.1 are the actual values of the variables and not descriptive statistics of the Log of the variables. The mean of GDP is 64.7 billion Gambian Dalasis, the mean of Government Expenditure is 3.2 billion Gambian Dalasis, the mean of Tax Revenue is 1.6 billion Gambian Dalasis and the mean of Export is 10.7 billion Gambian Dalasis. From the data, it indicated that each variable has 44 observations. The full descriptive statistics table can be found in the Appendix.

Dependent Variable: LOGGDP
 Method: Least Squares
 Date: 07/04/24 Time: 16:12
 Sample: 2010Q1 2020Q4
 Included observations: 44

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.057177	0.331776	18.25685	0.0000
LOGGOVEXP	0.268053	0.052984	5.059118	0.0000
LOGTAX	0.409427	0.066466	6.159921	0.0000
LOGEXPORT	-0.009410	0.042512	-0.221356	0.8260
INFLATION	-0.009845	0.006427	-1.531784	0.1336
R-squared	0.954783	Mean dependent var		11.03576
Adjusted R-squared	0.950145	S.D. dependent var		0.292194
S.E. of regression	0.065242	Akaike info criterion		-2.514795
Sum squared resid	0.166002	Schwarz criterion		-2.312046
Log likelihood	60.32549	Hannan-Quinn criter.		-2.439606
F-statistic	205.8766	Durbin-Watson stat		1.476852
Prob(F-statistic)	0.000000			

Figure 1. Regression analysis

Source : Data processed by author, 2025

Figure 1. shows the regression analysis of the variables or data. The aim of the regression is to check the effects of the independent variables on the dependent variable. Also, check if the Government Expenditure and Tax Revenue are significant in the model. As stated under the model specification, all the variables in nominal values were change to Log form for clear and easy interpretation. From the figure 1.2 LOGGDP is the dependent variable and LOG (GOVEXP, TAX, EXPORT, and INFLATION) are the independent variables. Looking at the probability of the T test of the independent, LOGGOVEXP and LOGTAX are below 0.05 which indicate those two variables are significant variables in the Model. While LOGEXPORT and INFLATION are more than 0.8260 and 0.1336 which are more than the significance limit level of 5% (0.05). This implies that Export and Inflation are not significant variables in the model. The R-squared which indicates the amount of variation in the dependent variable explain by the independent variables is 0.95 which means 95% of the variable of the variation in GDP Growth is explain by the independent variables, which is a satisfactory level if a satisfactory level of R-squared. Both the R-squared and the Adjusted R-squared are almost equal at 95%. The significance level of the independent variables (Government Expenditure, Tax Revenue) answered the hypothesis of this research in the beginning. The assumption was Fiscal Policy (Government Expenditure and Tax Revenue) are significant to GDP Growth in The Gambia, and this is proved by the regression result.

Estimation Equation:

$$\text{LOGGDP} = \beta_0 + \beta_1\text{LOGGOVEXP} + \beta_2\text{LOGTAX} + \beta_3\text{LOGEXPORT} + \beta_4\text{INFLATION} + \varepsilon$$

Substituted Coefficients:

$$\text{LOGGDP} = 6.05717677806 + 0.268053129186*\text{LOGGOVEXP} + 0.40942673035*\text{LOGTAX} - 0.00941027293434*\text{LOGEXPORT} - 0.00984477801618*\text{INFLATION}$$

Figure 2. Analysis of The Coefficients

Source : Data processed by author, 2025

Figure 2 shows the estimation equation of the model and the parameters (coefficient) of each variable. The parameters of the variables show how and how much an independent variable contribute to a dependent variable. Government expenditure and Tax revenue are positively related to GDP Growth while Export and Inflation are negatively related to GDP.

0.268053129186*LOGGOVEXP: One (1) percent increase in Government Expenditure will increase GDP Growth by 0.268 (27%).

0.40942673035*LOGTAX: One (1) percent increase in Tax Revenue will increase GDP Growth by 0.409 (41%)

-0.00941027293434*LOGEXPORT: The regression indicated that Export is not significant in the model because its probability is more than 0.05 and the coefficient also shows that One (1) percent increase in Export will decrease GDP Growth by 0.009 because export is negatively related to GDP Growth. This makes a little bit of sense because The Gambia has an import-based economy. Gambia’s export capacity is almost weak because there is not much that The Gambia is exporting to the world, and it depends a lot on other countries for most of its basic commodity needs.

- 0.00984477801618*INFLATION: Like Export, Inflation is also negatively related to GDP Growth, which is not a surprise. The coefficient of Inflation indicates that a one (1) percent increase in inflation will decrease GDP Growth by 0.009 though the model probability of significance shows that Inflation is not a significant variable.

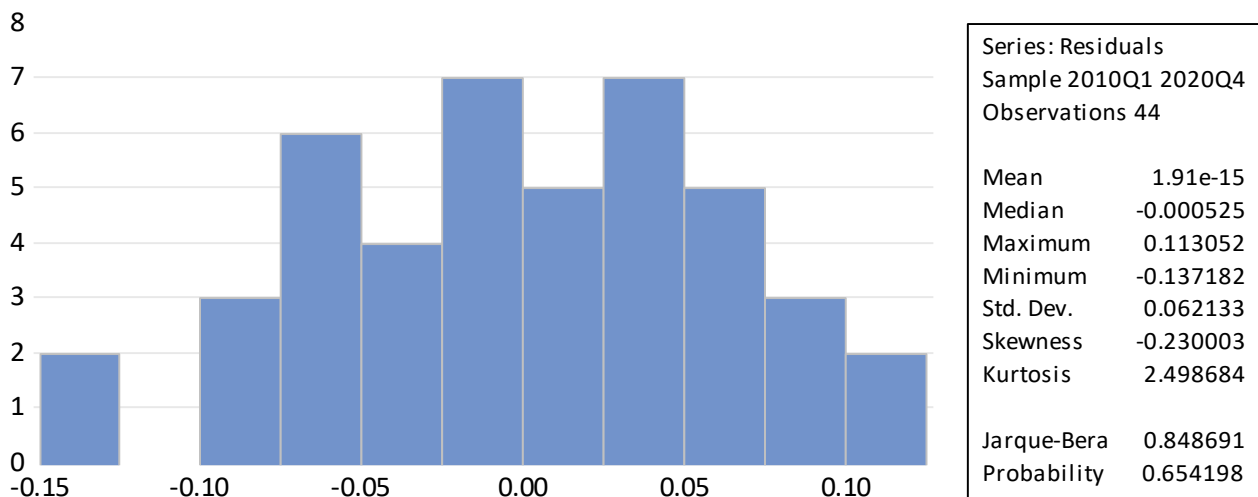


Figure 3. Normality Test
Source : Data processed by author, 2025

Figure 3 shows a histogram, which is the test of Residuals for normality. According to the Jarque-Bera probability, the residuals are normally distributed because the Jarque-Bera probability is more than 0.05. The Kurtosis in figure 1.4 also shows that the residual is normally distributed because the Kurtosis is less than 3.0.

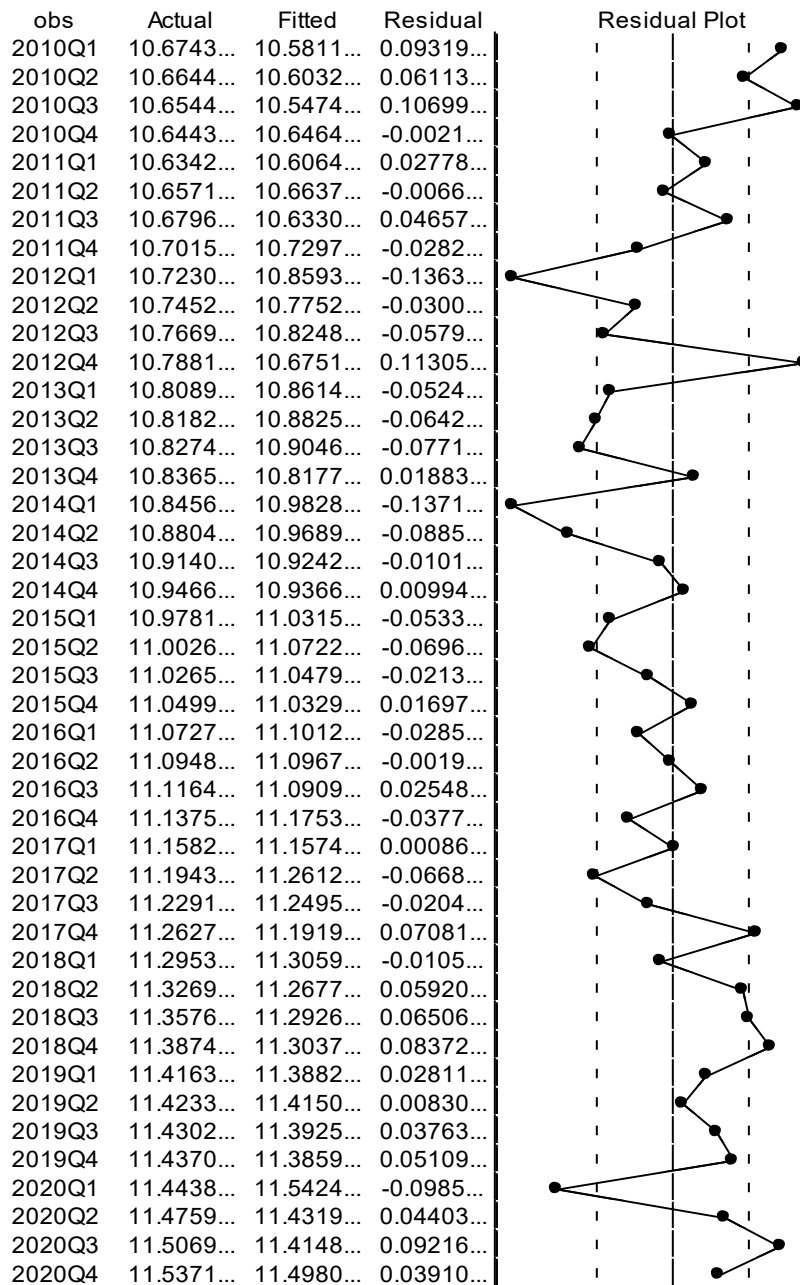


Figure 4. Residual Plot

Source : Data processed by author, 2025

Figure 4 shows the graph of the residual plot from 2010 Q1 to 2020 Q4. The residual graph has a limit of zero (0) or close to zero (0) but in a few durations, the line of the residual is out of range. The two highest moments in which the residual is high is in 2012 Q1 and 2014 Q1. In 2012 Q1 and 2014 Q1, the residual went far from the normality line by -0.136 and 0.137, respectively.

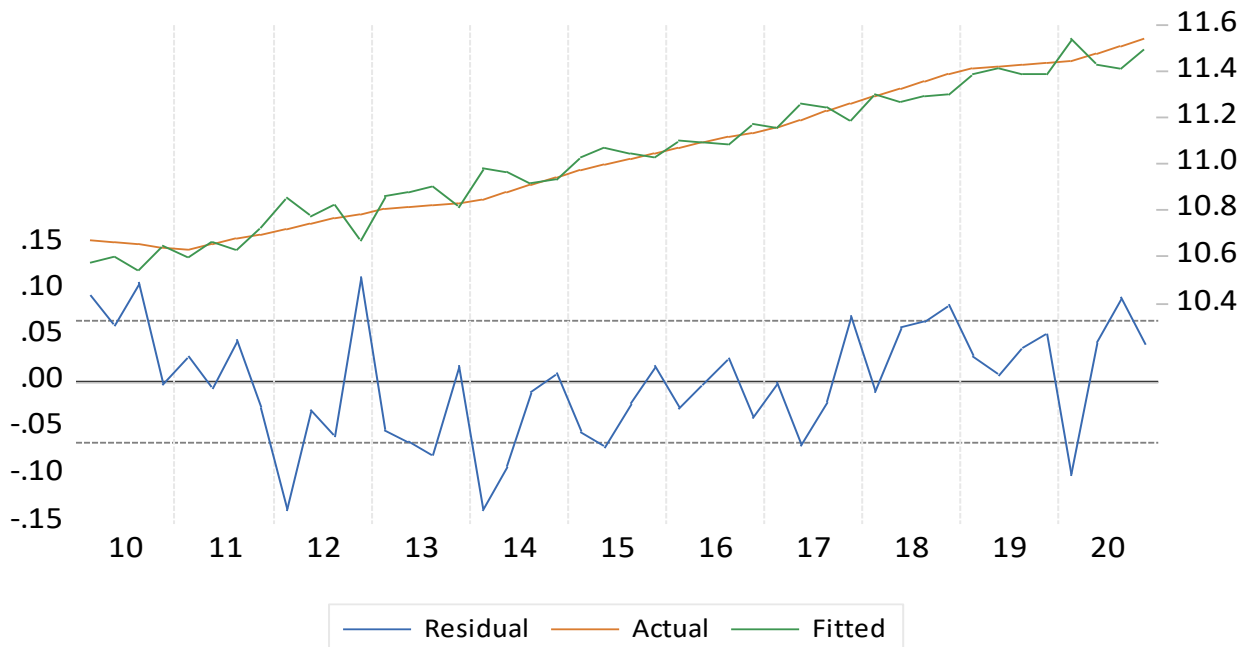


Figure 5. Actual Fitted Residual Graph

Source : Data processed by author, 2025

In Figure 5, the red line represents the graph of the actual (Y), and the green line represents our regression line (estimated Y). Our estimated Y from 2010 to 2020 closely predicted the actual value of Y. The estimated or fitted graph is far from the actual graph in 2012 Q1, Q4, 2014 Q1, and 2020 Q1. From the same figure 1.6, the blue line represents the residual graph from 2010 Q1 to 2020 Q2 and the line is far from zero (0) at the points where the fitted line (estimated y) is far from the actual (actual Y).

Serial correlation is often a problem in static and finite distributed lag regression models (Wooldridge et al., 2016). Serial correlation is used in statistics to describe the relationship between observations of the same variable over specific periods. If a variable's serial correlation is measured as zero, there is no correlation, and each of the observations is independent of one another (CAROLINE BANTON, n.d.).

F - Statistics	1.322620	Prob. F (2,37)	0.2787
Obs R – squared	2.935802	Prob. Chi – square	0.2304

(2)

Figure 6. Serial Correlation LM Test

Source : Data processed by author, 2025

The null hypothesis of the Serial correlation test is:

Ho: There is no serial correlation

H1: There is serial correlation

The probability Chi-Square is 0.2304 which is more than 5% level of significance which means we fail to reject the null hypothesis (No serial correlation) therefore, the residuals are not auto-correlated.

Homoskedasticity Test

According to the Wooldridge test book, homoscedasticity is defined as the error (u) of a model has the same variance given any value of the explanatory variable (Wooldridge et al., 2016).

F – Statistics	0.745401	Prob. F (4,39)	0.5670
Obs R – Squared	3.124955	Prob. Chi – square (4)	0.5371
Scaled explained SS	1.839704	Pro. Chi – Square (4)	0.7652

Figure 7. Homoskedasticity Test

Source : Data processed by author, 2025

The homoscedasticity of the model depends on the Prob Chi-squared of the Observed R-squared. If the Prob Chi-squared of the Observed R-squared is more than 5% level of significance than the model is homoskedastic otherwise the model is heteroskedastic.

The null hypothesis of the homoskedasticity test is:

Ho: There is homoskedasticity

H1: There is no homoskedasticity

In figure 7, The probability of the Chi-squared of the Obs *R-squared is 0.5371, which is more than a 5% level of significance. Therefore, we fail to reject the null hypothesis which says there is homoskedasticity. The residuals of the model are homoskedastic.

Multicollinearity is the occurrence of high intercorrelations among two or more independent variables in a multiple regression model. Multicollinearity can lead to skewed or misleading results when a researcher or analyst attempts to determine how well each independent variable can be used most effectively to predict or understand the dependent variable in a statistical model (HAYES, 2024).

Multicollinearity Test:

Variable	Centered VIF
LOGGOVEXP	7.646762
LOGTAX	6.440921
LOGEXPORT	1.850762
I NFLATION	1.107171

Figure 8. Multivollinearity Test

Source : Data processed by author, 2025

Figure 8 shows the Variance inflation factors of the independent variables. The Centered Variance Inflation Factors indicates if there is multicollinearity among the independent variables or not. If the Centered Variance Inflation Factors of a variable is more than 10 then that shows that there exists a collinearity between or among the independent variables. In figure 1.9 all the Centered Variance Inflation Factors of the variable Log Government expenditure, Log Tax Revenue, Log Export, and Inflation are below 10 which is an indication of no Multicollinearity among the independent variables.

Conclusion

Economic Growth is a concern of every country. Countries want to utilize all opportunities within their disposal to grow year in year out. This research will serve as an evident or fact which can use to prove that fiscal policy has impact on GDP Growth in The

Gambia and the impact as reflected that regressed that is that GDP Growth has a positive correlation with Government Expenditure and Tax Revenue as indicated by the Ordinary Least Square (OLS) estimates of this research. This research can help policy makers of the Gambia in designing future policies regarding the economic growth of The Gambia. The research data only covers a period of a decade and the results are positive. Due to the unavailability of data, the research would have shown a rider perspective with regards to impact of Government Expenditure and Tax Revenue on Economic Growth in The Gambia. This research will help to pave the way for future researches to be conducted in this subject matter to cover bigger time duration and do more testes to see the long-term contribution of fiscal policy on economic growth in The Gambia. Research in this stream is important as it is about Economic Development. Gambia being a developing country, fiscal policy is among the key factors to realized economic growth in The Gambia. Over the years, there has been a lot of government expenditures by the government of The Gambia, it is important to know if such expenditures by the government is having any impact on the economy and if there is an impact what impact is it having and how much is the magnitude of the impact. Looking at the impact is the contribution of this research. Research is a guidance for good policies to be taken. There are some recommendation that are consist of some points which are Enhance Public Investment Efficiency, Fiscal Discipline and Sustainability, Tax Policy Reforms, Spending Prioritization, Strengthening Institutions, Monitoring and Evaluation.

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