



# REPUBLIC OF THE GAMBIA



THE BRUSSELS

PROGRAMME OF

ACTION

MID TERM REVIEW OF PROGRESS

*Report to the  
UN Office for the High Representative  
for Least Developed Countries,  
Landlocked Developing Countries, and  
Small Island Developing States*

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DEPARTMENT OF STATE FOR FINANCE AND ECONOMIC AFFAIRS

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## **I. INTRODUCTION**

In May 2001, the Third United Nations Conference on the Least Developed Countries, held in Brussels, adopted a Programme of Action for the Least Developed Countries (Brussels Programme of Action – BPOA) which aims to significantly improve the human conditions of millions of people living in abject poverty in many of the least developed countries (LDCs) during the decade 2001-2010. The BPOA provides a framework for a strong global partnership to accelerate sustained economic growth and sustainable development in LDCs, to end marginalisation by eradicating poverty, inequality and deprivation in these countries, and to enable them to integrate beneficially into the global economy. It builds on the outcomes of recent major UN Conferences and Summits in the specific context of LDCs and adopted ways and means of their application to address the particular problems facing those countries.

The overarching goal of the Programme of Action is to make substantial progress towards halving the proportion of people living in extreme poverty and suffering from hunger by 2015 and promote the sustainable development of the LDCs. The success of the POA is premised on effective partnerships through the articulation of policies and measures by the LDCs on one hand, and financial and technical support by their development partners on the other.

The Government of The Gambia (GOTG) is pleased to present to the UN Office for the High Representative for least developed countries, landlocked developing countries, and small island developing states, the mid term review of progress in the implementation of the BPOA. This report, also draws from previous MDG reports produced by The Gambia, the first (2003) looking at progress at the national level, and the latest localized report (2005), looking at progress at the local level.

## **II. MACROECONOMIC FRAMEWORK**

Real GDP growth is expected to reach 5 per cent by end-2005. In the course of 2006, real GDP growth rate has been estimated at 4.5 per cent. The Agricultural Industry is expected to grow by 8.27 percent, resulting mainly from increase in crop production.

The current year inflation is estimated at around 4 per cent, compared to the corresponding figures of 17.6 and 8.0 per cent as at end 2003 and 2004 respectively. Inflation has fallen from 8 percent at the end of 2004 to 1.1 percent as of end-September 2005.

The Dalasi appreciated against all the major currencies in the first nine months of 2005. Compared to end-December 2004, the Dalasi appreciated against the Pound Sterling, Euro and Dollar by 7.1 per cent, 5.5 per cent and 6.1 per cent respectively. The exchange rate has stabilized, and has appreciated against major international currencies.

Successful disinflation and stable exchange rate has allowed the Central Bank of The Gambia, to steadily lower its policy rediscount rate from 34 per cent in September 2004 to 19 per cent in December 2005.

There is modest build-up in gross official reserves. Gross official reserves rose to D2.6 billion, representing 4.5 months of import cover, while foreign liabilities decreased to D0.6 billion, or 21.0 percent.

On the fiscal front, interest payments (domestic and foreign) as a percentage of total recurrent expenditures increased from 23.7 percent in 2001 to 28.1 percent in 2002 to 36.4 percent in 2003. In 2003, the external debt service to GDP ratio remained broadly constant at around 5 percent. Domestic debt interest payments steadily increased from 3.4 percent of GDP in 2001 to 4.2 percent in 2003, and were projected to increase to 9.2 percent in 2004. In 2004, servicing of interest on contracted debt consumed 40.3 per cent of the recurrent budget and the interest element of debt servicing represents a major concern for budget allocations and public resource management. As a share of GDP, government domestic debt rose from 27 percent at the end of 2003 to 32 percent at the end of 2004. It is worth noting that the high debt servicing has serious implications for poverty alleviation because it reduces the sustainability of current poverty alleviation programmes.

### **III. CURRENT ECONOMIC DEVELOPMENTS**

The Gambia's economic performance in the recent past fell below expectation and, consequently impaired efforts to attain poverty reduction strategy targets. Government had difficulty in sustaining economic targets during the programme supported by the Poverty Reduction and Growth Facility (PRGF) and building institutional capacity of the key PRSP sectors (Agricultural, Education and Health). Although the country had reached the decision point in February 2000, but could not yet reach HIPC completion point due to non-attainment of structural benchmarks and quantitative targets agreed with the IMF.

Although the economy has faced certain difficulties in recent years, Government has taken firm measures to tackle these difficulties, and has already made significant progress in improving the economy. Nevertheless, some major difficulties continue to impede our progress in making significant inroads in addressing poverty. The burden of public debt and the huge interest costs on the domestic debt are major constraints that pose threat to The Gambia's poverty reduction efforts. Until our debt burden is substantially reduced through debt relief, the country's public finances will remain very fragile, and present a threat to the future growth and stability of the economy.

A six-month Staff Monitored Program (SMP) has been negotiated in October 2005 with the IMF. It is hoped that the first half of 2006 will successfully conclude the SMP, paving the way for a new PRGF for the period 2006-2008. Indeed, one of the immediate objectives of Government is to successfully conclude a first review of the PRGF during end-2006, paving the way for The Gambia to reach HIPC Completion Point.

### **IV. SOCIO-ECONOMIC DEVELOPMENT FRAMEWORK**

The current national development strategy of The Gambia is a continuation of the first Strategy for Poverty Alleviation (SPA II). This is The Gambia's first PRSP and it was implemented for a three-year period (2003-2005). In support of SPA II, the sixth Roundtable Conference for The Gambia was convened in Geneva in September 2002, at which, a total of USD \$118 million was pledged by the development partners, on the condition that The Gambia observes and vigorously pursue economic reform initiatives. However, very little aid was received in support of The Gambia's poverty reduction initiatives thus leading to very little impact on the fight against poverty.

The Gambia Government in collaboration with UNDP has prepared a Medium Term Plan (MTP), which seeks to operationalise Vision 2020, the development blueprint of The Gambia. Similarly, under the same partnership, the UNDP and The Gambia Government are jointly preparing a UN Development Assistance Framework (UNDAF) for The Gambia for the period 2007-2011.

## **V. THE GAMBIA POVERTY REDUCTION STRATEGY IMPLEMENTATION**

The end of 2005 marks the completion of The Gambia's first Poverty Reduction Strategy Paper (PRSP) implementation cycle of 3 years (2003-2005). The implementation process has been hindered by a number of setbacks that has made the overall PRSP process less successful. The most serious setback was the suspension of the PRGF program by the IMF in 2003, and because of the program suspension, The Gambia could not reach HIPC completion point as planned in June 2003, as reaching completion point is conditional on satisfactory implementation of a PRGF program.

The second setback, which was a direct result of the PRGF suspension, was that the \$118 million pledged by Donors during the 2002 sixth Round Table Conference on The Gambia, was not disbursed. Thus, implementation of PRSP programmes was undertaken with a lower than anticipated budgetary resource allocation. Although macroeconomic stability has been restored in 2004 and 2005, the single biggest threat to Government's poverty reduction effort is the heavy debt burden, which consumes a significant portion of the budget resources, thereby, further reducing the budget funding for the PRSP programmes. As The Gambia comes to the end of the first PRSP implementation period, the annual reviews have concluded that less than one third of the PRSP programmes have been implemented.

The low implementation rate of PRSP programmes is not only due to shortfalls in budget resources, but the reviews have also highlighted the low capacity existing in all the sectors to formulate and execute programmes.

However, Government's medium-term strategy encompasses much more than reaching HIPC Completion Point. The preparation of the second PRSP, covering the period 2006-2008, as the second cycle for the implementation of the PRSP within the medium term framework of three years each up to the year 2015 began in earnest in 2005, and has now reached the final stages.

In order to establish an effective monitoring and evaluation system for the PRSP, a Baseline Service Delivery Survey was conducted, and the report will soon be finalized. The purpose of this survey is to ascertain the quality of services rendered by selected institutions in order to properly evaluate required support for service delivery during the second PRSP implementation. The survey results will also serve as baseline data for monitoring the improvements in service delivery for these institutions.

The second PRSP (SPA III) is currently being formulated, and will be implemented over a three-year period (2006 to 2008). As preparations are at an advanced stage, PRSP II is retaining the first four 'pillars' of the previous PRSP while mainstreaming the fifth pillar. This is due to the fact that only 25 per cent of the objectives outlined in SPA II were believed to have been attained. The second PRSP will be oriented towards attainment of the MDGs, while focusing on emerging issues noted during the implementation of its predecessor.

## VI. THE GAMBIA'S PROGRESS ON THE IMPLEMENTATION OF COMMITMENTS ON THE BPOA

This review covers progress made by the Government of The Gambia in fulfilling its commitments to the Millennium Declaration, the Johannesburg Plan of Implementation (JPI) as well as the integrated and coordinated implementation of the outcomes and commitments of the major United Nations Conferences and summits in the economic, social and related fields. In these reviews, the focus of attention has been on the fulfilment of the internationally agreed development goals and the global partnership required for their achievement.

### COMMITMENT I

#### *Fostering a people centred policy framework*

The Government of The Gambia, in collaboration with DFID, has mainstreamed gender and poverty issues in major development policy decisions of Government through capacity building and advocacy. There is strong partnership between Government and non-State actors in uplifting the status of the socially excluded and the disadvantaged.

Government has undertaken a number of reform initiatives in various areas ranging from public expenditure management, governance, local government reform and decentralisation, etc

In promoting the efficiency of markets within an effective institutional, regulatory, supervisory and legal setting, Government has set up Public Utilities Regulatory Authority (PURA) for consumer protection and fair play among competitors.

Non-state actors (civic societies, NGOs, women groups, etc) are actively involved in policy formulation process of government by playing advocacy roles in influencing Government policy decision.

### COMMITMENT II

#### *Good Governance at National and International Levels*

Currently, in The Gambia, several economic reform initiatives are being taken with the support and collaboration of her development partners such as the International Bank for Reconstruction and Development (IBRD), International Monetary Fund (IMF), United Nations Development Programme (UNDP), African Development Bank (ADB), European Commission (EC) and others.

In the area of public expenditure management, The World Bank, through the Capacity Building for Economic Management Project (CBEMP), has assisted in the development of a new procurement system. This replaces the erstwhile Minor and Major Tender Boards. The Gambia Public Procurement Authority is a permanent and professional structure with procurement decisions decentralized. This comes along with new procurement code and regulations all geared towards efficient public fund utilization.

For public financial management, CBEMP is financing the introduction of a more efficient public resource management system. For this purpose, an integrated financial management system (IFMIS) is being developed to improve the operations of Treasury.

In the area of budget preparation and execution the development of a medium term expenditure

framework is well on course. The medium term expenditure framework (MTEF) seek to bring together the fragmented recurrent and development budget into one. It also aims to depart from incremental line item budgeting and move towards Programme base budgeting.

Currently the government is operating on a cash budget system. A National Emergency Fiscal Committee (NEFCOM) is put in place to control commitment and judiciously allocate the available cash. This is a temporary, measure. NEFCOM would be replaced by a more permanent system. As a measure to tackle Government arrears on commitment basis, Government has, in 2006, introduced a commitment control system on a pilot basis, with the view to extending the system to all Government Departments later in the year. The Department of State for Finance and Economic Affairs (DOSFEA) is quite conscious of its fiduciary responsibility in the management and use of public finances. As such, the Department of State for Finance and Economic Affairs will continue to strengthen control measures on expenditures, and, at the same time, reinforce revenue collection administration.

A new government budget management and accountability Act 2004, has been passed, and the Financial Instructions is being fine-tuned to bring it in line with international best practices.

In the area of corruption and abuse of public office, a commission of enquiry and an anti-corruption watchdog has been set up to probe into the assets and properties of top public officials and grafting in public institutions.

### COMMITMENT III

#### *Building human and institutional capacities*

Substantial budgetary allocations have been provided for social infrastructure and basic social services. Key social sectors like Health and Education command the greatest priority of Government.

There is greater public participation (in the form of national participatory poverty assessment) in the design and implementation of poverty reduction strategy.

Under the local Government reform and decentralisation program of Government, the necessary legal framework i.e. local Government reform and decentralisation Act and local Government Finance and Audit Act have been passed. These Acts seek to devolve the provision of public services from the centre to the periphery and to empower local governments in readiness for the decentralisation.

### COMMITMENT IV

#### *Building productive capacities to make Globalisation work*

Government has included in its poverty reduction strategy paper, strategies that are geared towards addressing supply-side constraints of the economy. In doing so, government adopted a multi dimensional approach in tackling this issue across all sectors.

#### **A. Physical Infrastructure**

This is an area that poses a very big challenge for the Government. In the energy sector, demand for electricity far outweighs available capacity, while at the same time existing supply remains erratic, thereby negatively impacting on economic growth. The high cost of electricity generation, through use of diesel-powered generators, is a major concern. This notwithstanding, the rural

electrification project is scheduled to be commission in 2006 and 46 rural towns and villages will have access to power for the first time or have their existing service improved tremendously.

There is some improvement in the roads sector. The second half of the north bank trunk road is under construction and is expected to be completed by the end of 2006. Work on Serrekunda-Mandinaba stretch, a major road linking the urban area (Western part of the country) to the southern part is progressing satisfactorily.

#### **B. Technology**

In 2002, Government has set up a Department of State for Communication, Information and Technology for promotion and development of technology. GAMTEL is currently expanding its capacity for Internet connectivity. Teledensity for The Gambia has improved.

#### **C. Enterprise Development**

Village savings and credit associations (VISACAS) have been set up in many parts of rural Gambia. This helps small enterprises to get credit at lower rates of interest. Indigenous business advisory services are also in place for provision of similar services in addition to other support services. Gambia Chamber of Commerce and Industry (GCCCI), an umbrella organisation for the private sector also extends business development services to its members.

In the area of micro finance schemes, SDF is carrying out wholesale microcredit delivery through Micro Finance Institutions (MFIs) to the poor and vulnerable clientele across the country for the revolving funds of Poverty Reduction Project I (PRP-I), Community Skills Improvement Project (CSIP), Enhancement of Sustainable Livelihoods (ESL) funds from UNDP, Peri-urban Smallholder Improvement Project (PSIP) and Gambia Artisanal Fisheries Development Project (GAFDP). The SDF so far disbursed a total of about D35 million through 37 intermediary MFIs as conduit agencies for the SDF credit programs.

#### **D. Agriculture and Agro-Industries**

There has been an increase in agricultural output for the past two years. This is mainly attributable to good rains. There has been a difficulty in the marketing of groundnuts, the main cash crop of the country. On the environment front, The Gambia has produced its first national communication and is in the process of preparing a second national communication.

### **COMMITMENT V**

#### *Enhancing the role of Trade in Development*

Government has put in place, investment friendly policies and the right policy environment, to attract foreign direct investment. The Gambia offers liberal and free market economy without ownership restriction or foreign exchange control. The Gambia guarantees free repatriation of capital and profits. Furthermore, lucrative investment packages in the form of duty and sales tax concessions, special investment certificates, etc are given to eligible investors in The Gambia. There is adequate constitutional guarantee and safeguards against nationalisation and expropriation of investments. The Gambia is a signatory to the ECOWAS common external tariff (CET), a member of WTO, and eligible for AGOA and millennium challenge account.

### **COMMITMENT VI**

#### *Reducing Vulnerability and protecting the Environment*

The Gambia has completed its first National Communication and is in the process of preparing

the Second National Communication. The first National Communication has received international recognition for its appropriate approaches to addressing national environmental issues. Significant donor funding is required to complement government's efforts in implementing national action plan in combating environmental degradation.

## COMMITMENT VII

### *Mobilising Financial Resources*

Government adopts a two-tier approach to mobilising financial resources i.e. domestic and donor resource mobilisation. Domestic approach include among other things, progressive and sustainable tax system premised on prudent fiscal policies. Government has passed into law, legislation entitled "government budget management and accountability Act" 2004. This Act seeks to improve public finance management. Government has strengthened tax administration by setting up Revenue Authority, replacing the former Income Tax and Customs Department. Government has also introduced, in 2006, commitment control system to curtail fiscal deficit and avoid build-up of arrears.

The Gambia, in collaboration with its development partners held a donor round table conference in Geneva, Switzerland in September 2002. At this conference, donors pledged to support The Gambia implement its PRSP. Unfortunately, these pledges have not been transformed into binding commitments, thus leaving the Gambia financially constrained to finance its PRSP activities. However, the country continues to collaborate with multilateral development finance institutions and other bilateral donors in the fight against poverty.

## VII. MILLENNIUM DEVELOPMENT GOALS

### **Goal 1. Half the Proportion of People in Extreme Poverty and Hunger**

For The Gambia, in 1998, 59 per cent of the population was living below the poverty line. It is extremely difficult that this would be lowered to 38 per cent in 2005, and to 27 per cent in 2015. Although, the 2003 Household Survey Report is not yet finalised, preliminary indications are that poverty has risen since 1998. Admittedly, The Gambia is somewhat off track in achieving this goal. For this goal to be achieved, The Gambia needs an annual reduction of 2 per cent in overall poverty, and 1.1 per cent in the proportion of food poor between 2000 and 2015. Nonetheless, the Government remains determined in the fight against poverty, and will direct appropriate policies, programmes and resources to achieving the goal of Poverty Reduction by 2015. But, Government alone cannot successfully achieve this, without substantial donor assistance to the Country.

### **Goal 2. Achieve Universal Primary Education**

This goal seeks to ensure both male and female school children complete Basic Primary Education. The Gross Enrolment Ratio (GER) in The Gambia in 2000 stood at 60 percent, which is slightly below the 66 per cent target. The improvement in the GER, particularly, of female children, is attributable to expansion in access to basic primary education i.e. bringing schools closer to the people, and incentive packages for girls' education. Expenditure on basic education has increased by 11 percent per annum in real terms. It is estimated that the GER would improve to a level of 78 and 100 percent in 2005 and 2015 respectively. With the current trend, The Gambia is well on course to meeting the target of universal primary education by 2015.

### **Goal 3. Empower Women and Promote Equality between Women and Men**

This goal tries to eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels by 2015. Although considerable progress has been made towards increasing girls' enrolment between 1990 and 2000, the current rate of increase will not lead to gender parity in both primary and secondary education by 2015. With accelerated enrolment programme, there is great likelihood that the goal will be achieved by 2015.

### **Goal 4. Reduce under-Five Mortality by two-Thirds**

Infant and child mortality levels in The Gambia are estimated at 85 and 135 per 1000 respectively in 1993. The infant mortality rate has significantly declined from levels estimated at 167 deaths per 1000 in 1983. The decline in under-five mortality has only been marginal. However, there are promising signs that mortality will be reduced through the current drive to expand immunisation coverage, especially through the Expanded Programme on Immunisation (EPI).

### **Goal 5. Reduce Maternal Mortality by Three-Quarters**

The maternal mortality in The Gambia currently stands at 730 deaths per 100,000 live births. This is projected to drop to 577 in 2005 and further down to 262 in 2015. The Gambia is on track to reduce maternal mortality, consistent with the International Conference on Population and Development (ICPD) goal. Recognising the importance of reducing maternal mortality, the Department of State for Health and Social Welfare, through the Participatory Health, Population and Nutrition Project, and the National Aids Secretariat in 2004, constructed reproductive health clinics in major Health Facilities countrywide.

### **Goal 6. Reverse the Spread of Diseases, especially HIV/AIDS and Malaria**

The prevalence rate in The Gambia for HIV-1 has almost doubled from 0.7 per cent in 1995 to 1.2 percent in 2001. One of the main strategies used to contain and reduce the spread of HIV/AIDS infections is through the promotion of accurate knowledge of how HIV/AIDS is transmitted, and how to prevent transmission. Moreover, Malaria accounts for nearly 25 percent of deaths in children aged 1 to 4 years. The Gambia Roll Back Malaria Initiative is currently being implemented. An innovative and cost effective technique, such as impregnated bed net, has made significant inroads in cutting down malaria cases. Despite the efforts being made by Government, substantial additional donor resources are needed in order to meet this target.

### **Goal 7. Ensure Environmental Sustainability**

The proportion of land area covered by forest stood at 40.7 percent and 41.5 percent in 1990 and 2000 respectively. Land area protected to maintain biological diversity is 3.7 percent against the target of 5 percent in 2015. Access to improved water supply has increased rapidly over the past two decades, and national coverage is estimated to be 84 percent of the total population. This indicates that the Gambia has already reached the target ahead of schedule.

### **Goal 8. Develop a Global Partnership for Development**

The Gambia spends over forty percent of its annual domestic revenue on servicing its debt. Since

2000, The Gambia has been enjoying interim debt relief up to the year 2004, but has not yet reached HIPC completion point in order to benefit from Paris Club Debt Relief. Increased International Donor support will enhance The Gambia's ability to achieve the Millennium Development Goals. The Department of State for Finance and Economic Affairs has set-up an Aid Coordination Unit to enhance the monitoring and tracking of aid flows into the country.

## **VIII. CONCLUSION**

In Africa today, for a large percentage of our population, achievement of the Millennium Development Goals has yet to become a reality. The Gambia has made substantial progress in many goals and targets, despite problems and setbacks in others. As indicated in the introduction, we have already produced two MDG reports, the first of which looked at progress from a national perspective, and while the second reviewed progress at the local level.

The second MDG report involved extensive consultation with local authorities and communities with a view toward gauging awareness about the MDGs, and identifying what constraints local authorities have in reporting on progress toward the MDGs at the local level. This exercise, we believe, serves the valuable purposes of increasing ownership of the MDGs and, for a resource-poor country like ours, maximizing the effectiveness of resource use.

Our overall view is that progress has been made at the national level in confronting environmental and development challenges and achieving a fair degree of sustainability, yet there are continuing and lingering challenges that call for an increase in our efforts. The Gambia has made, in the last decade, tremendous strides in translating our political commitments into action particularly in combating poverty in order to secure prosperity for all our citizens.