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**Statement by the Staff Representative on the Gambia
Executive Board Meeting 00/121
December 11, 2000**

1. Since the issuance of the staff report (EBS/00/241) on November 11, some new developments have occurred which are summarized below in addition to a statement on The Gambia's need for additional donor financial assistance. These developments do not alter the thrust of the staff appraisal.
2. The budget speech was read to parliament on December 6 and outlined a budget for 2001 that, on a preliminary basis, is in line with the program described in the staff report. The speech focuses on poverty reduction with particular emphasis on the importance of good governance. It also mentions the agreement to settle the Alimenta (a private groundnut marketing company) property dispute and the concern about domestic debt and its related servicing, which is estimated to account for about 20 percent of recurrent expenditure and about 18 percent of domestic revenue in 2000.
3. The end-November expected payment of the first installment to Alimenta, in settlement of the government's seizure of the company's assets, has been delayed because of technical delays in reaching understandings with the European Union (EU) that would trigger the release of financial assistance. However, the budget speech provided details of the agreement to settle with Alimenta and the key elements of the government reform policy in the groundnut marketing that addresses concerns by the European Union in the sector. Specifically, the speech mentioned that marketing arrangements in 2000/01 are on a transitional basis. The government will assume ownership of the former Alimenta assets including the processing plants (following the settlement) and will ensure access to these facilities by all operators working within the Agri-Business Service Plan Association (ASPA) membership, made up of farmers and buyers. Moreover, in line with the divestiture program, these assets will be divested starting in 2001. This policy statement together with the other understandings with the EU are likely to facilitate the first payment to Alimenta before the end of 2000.
4. The budget speech also announced the inauguration of a new Supreme Court building and the introduction of the office of the Ombudsman; developments that will significantly expand access to legal services in The Gambia.
5. In December, the African Development Fund has announced the approval of a US\$1.04 million grant to finance the Tourism Development Masterplan Study in The Gambia. The Masterplan will guide the government to formulate and adopt appropriate policies and procedures, institute the necessary reforms, and legislation for the sustained development of the sector. The goal of the tourism sector is to contribute towards poverty

reduction through increased earnings, employment, and productivity in a sustainable manner with due consideration to safeguarding the natural and social environment.

6. The payment to Alimenta, which is key to improved governance and in catalyzing groundnut-marketing reforms, will however, use external resources that would have gone to reduce the sizable domestic debt. Donors may wish to use the opportunity of the scheduled PRSP-related donor conference expected to take place by mid-2001 not only to fill the financing gap of SDR 5.9 million noted in the staff report but also to support the Gambian authorities in their efforts to implement a comprehensive domestic debt restructuring/reduction strategy. This would, inter alia, provide for additional expenditure to further reduce poverty.