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To: Members of the Executive Board

From: The Secretary

Subject: The Gambia - Enhanced Structural Adjustment Facility -
Policy Framework for 1989/90-1991/92

Attached for consideration by the Executive Directors is the policy framework paper under the enhanced structural adjustment facility for The Gambia. This subject, together with the staff report for the 1989 Article IV consultation with The Gambia and its request for the second annual arrangement under the enhanced structural adjustment facility (EBS/89/198, 10/17/89), will be brought to the agenda for discussion on a date to be announced.

Mr. van Til (ext. 8386) or Mr. Barth (ext. 6755) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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INTERNATIONAL MONETARY FUND

THE GAMBIA

Enhanced Structural Adjustment Facility

Economic and Financial Policy Framework for 1989/90-1991/92 ^{1/}

Prepared by the Gambian authorities in collaboration
with the staffs of the Fund and the World Bank

October 16, 1989

I. Introduction

1. From the mid-1970s onward, The Gambia's economic and financial situation deteriorated markedly, and by early 1985 the underlying internal and external imbalances had assumed major proportions owing to a combination of adverse external factors, expansionary financial policies, and inappropriate exchange rate and other pricing policies. In the latter part of this period, the growing imbalances were reflected in economic decline, accelerating inflation, and the emergence of external payments arrears. To halt the deterioration and provide the basis for a resumption of sustained economic growth while restoring domestic and external financial equilibrium, the Government adopted in mid-1985 a comprehensive medium-term Economic Recovery Program (ERP). The ERP was supported by the Fund in 1986/87 under a one-year stand-by arrangement, together with a first annual arrangement under the structural adjustment facility (SAF); in 1987/88 by a second annual arrangement under the SAF; and in 1988/89 by a first annual arrangement under the enhanced structural adjustment facility (ESAF). During 1986/87-1987/88, the program was also supported by a structural adjustment credit (SAC) from the World Bank and cofinancing from the Netherlands, the United Kingdom, the Saudi Fund for Development, and the African Development Fund. In addition, bilateral and multilateral program assistance was received from the United Kingdom, the United States, and the European Economic Community.

2. The Government's strategy under the ERP was described in various annual versions of the policy framework paper (PFP); the PFP for 1988/89-1990/91 was reviewed by the World Bank's Committee of the Whole on November 8, 1988, and by the Fund's Executive Board on November 23, 1988. The present updated version describes progress in implementing the program during 1987/88-1988/89 as well as economic and financial developments over those years; sets forth objectives and policies for the three-year period 1989/90-1991/92; discusses the social impact of

^{1/} This paper updates and extends the policy framework paper for 1988/89-1990/91 of October 19, 1988.

the adjustment effort; and examines external assistance and financing requirements.

II. Program Implementation and Economic Performance in 1987/88-1988/89

3. As described in the PFP covering the period 1987/88-1989/90, the ERP aimed at achieving an annual rate of growth of real gross domestic product (GDP) of 3.5-4.0 percent over this period, while reducing the rate of inflation, as measured by the consumer price index on an end-of-period basis, from 70 percent in 1985/86 to 8 percent by 1988/89. The program's main external objectives were to progressively narrow the external current account deficit, to build up official foreign reserves, to reduce the large stock of external payments arrears, and to normalize relations with creditors through the timely servicing of nonreschedulable obligations. Based on a reassessment of medium-term growth and external financing prospects, the macroeconomic targets of the ERP were subsequently adjusted slightly. As a result, the program for the three-year period 1988/89-1990/91 aimed at achieving an average annual rate of growth of real GDP of 4.0 percent, while reducing the rate of inflation further to 6.0 percent by 1990/91. Furthermore, the external current account deficit (excluding official transfers) in relation to GDP was programmed to decline steadily from 32.0 percent in 1986/87 to 19.5 percent in 1990/91.

4. In pursuit of these objectives, the Government's strategy emphasized prudent demand management through appropriate fiscal, monetary, exchange rate, and external debt policies, and the promotion of private sector activity through the provision of appropriate price and other incentives, particularly in agriculture and fisheries. To achieve greater efficiency in public sector operations, the program called for significant reductions in government employment and a reorganization of the civil service, the rationalization and divestiture of major public enterprises, and more stringent project selection to improve the productivity of public investment.

5. Over the last two years, a significant measure of progress was achieved in the implementation of the ERP. Growth of real GDP averaged about 5.0 percent per annum, reflecting a broadly based expansion in activity, which included construction, small-scale manufacturing, fisheries, tourism, and re-export trade. At the same time, the rate of inflation declined steadily to 8 percent in 1988/89 (Annex Table I). Regarding external developments, the current account deficit (excluding official transfers) narrowed progressively from SDR 37 million (32 percent of GDP) in 1986/87 to SDR 30 million in 1988/89 (19 percent of GDP). On the other hand, owing mainly to the delay in concluding a second SAC with the World Bank, which became effective on August 11, 1989, the surpluses in the capital account were much lower than anticipated during this period, resulting in a lower-than-programmed accumulation of official reserves. Nevertheless, during the period

as a whole, The Gambia increased its gross official reserves, from SDR 10.9 million at the end of 1986/87 to SDR 16.8 million at the end of 1988/89, representing 1.4 and 1.8 months of imports, respectively, while reducing its external payments arrears by SDR 18.5 million. A major contributing factor to The Gambia's improved economic and financial position was the stance of fiscal policy, which resulted in a significant reduction of the budgetary deficit (excluding foreign grants) relative to GDP, from 22.0 percent in 1986/87 to 6.8 percent in 1988/89. At the same time, there was a progressive realignment of the groundnut producer prices with world market prices in order to curtail budgetary subsidies for groundnut operations and to improve efficiency in this sector. Furthermore, monetary and credit policies were supportive of the growth and inflation targets through a programmed reduction in net domestic assets while providing sufficient credit to the private sector, and positive real interest rates contributed to the mobilization of financial savings.

6. The realignment of the groundnut producer price with world market prices resulted in a decline of the producer price from D 1,800 per ton in 1986/87 to D 1,500 per ton in 1987/88, and to D 1,100 per ton in 1988/89. Notwithstanding this decline, groundnut production expanded by 9 percent in 1987/88. In 1988/89, despite an expansion of the cultivated area, production dropped mainly as a result of adverse weather conditions and locust infestation. Farmers have shielded themselves from the impact of falling producer prices by exporting an increasing part of the groundnut crop to the subregion, where higher producer prices have prevailed, and by expanding the cultivation of other crops.

7. With a view to reducing reliance on foreign resources for the budget, the Government introduced several tax measures that entailed a broadening of the tax base, a rationalization of the tax system, and improved revenue collection. The coverage of the sales tax, which was introduced at the beginning of the FY 1988/89 at a uniform rate of 10 percent, was broadened during the year to include all economic sectors, with the exception of international tour packages contracted for the 1988/89 tourist season and fuel purchases by the Gambia Public Transport Corporation (GPTC) and the Gambia Utilities Corporation (GUC). A major administrative effort--including the reorganization of the customs administration and the tightening of customs procedures--was mounted to reduce revenue leakages from the misclassification of imports as duty-free items and to ensure the proper valuation of imports for tax purposes. Finally, the income tax was reformed with a view to reducing the number of tax brackets, raising and unifying the standard allowances, reducing the highest marginal tax rates, incorporating certain sources of nonwage income into the taxable base, and strengthening tax enforcement.

8. In public sector management, the basic objective of the Government's civil service reform program is to create a better-trained and adequately remunerated civil service of appropriate size and composition. To this end, in 1986/87 the size of the civil service was reduced

by 24 percent and a large number of vacant positions were eliminated from the establishment roster. In addition, the Government developed a comprehensive administrative reform program (ARP) for the period 1987-90, which includes, inter alia, measures to improve civil service personnel management. Under the ARP, a new personnel management office (PMO) became operational in February 1988 and a new civil service grade structure was introduced on November 1, 1988 and made retroactive to January 1, 1988. Moreover, in early January 1989, wages and salaries for the established posts were raised on average by about 55 percent, which could be accommodated within the budgetary targets. The new salary structure and the recent salary increase, which compensated in part for the erosion in real incomes since 1984/85, would allow the Government to attract and retain skilled civil service personnel.

9. In order to improve the productivity of public investment, the Government has introduced a "rolling" public investment program (PIP) based upon a three-year programming period and linked to the annual preparation of the budget. The PIP is reviewed annually and includes only projects that meet the priorities and efficiency criteria established under the ERP and for which financing has been assured. The criteria for the selection of projects for inclusion in the PIP are as follows: (i) completion of adequate feasibility studies; (ii) an economic rate of return (where calculable) of at least 15 percent, while projects in the social sectors, where economic rates of return cannot be determined, must be selected on the basis of least-cost alternatives; and (iii) compatibility of the recurrent cost implications with future recurrent budgets. Among projects that meet these criteria, priority is being given to those that support rehabilitation and maintenance of existing assets rather than expansion or creation of new assets, and to projects in support of long-term human resource development. Moreover, the Government does not intend to engage in investments that might be of potential interest to the private sector. The implementation of the 1988/89 public investment program resulted in development outlays amounting to D 159.9 million, compared with the program target of D 204.9 million. The relatively low implementation rate was due to the inadequate execution and delays in external funding of two large-scale projects in urban water and electricity and education, which accounted for about half of the overall shortfall in development outlays. However, locally financed projects in the development budget were fully implemented.

10. The creation of a more efficient public enterprise sector has been an important objective of the ERP. Accordingly, a comprehensive plan for the rationalization of this sector was adopted in 1986/87, involving the phased divestiture of most of the Government's holdings and the introduction of performance contracts with those enterprises remaining within the Government's portfolio. In addition, a moratorium has been in effect on the creation of new public enterprises. The Government's shares in Standard Chartered Bank, CFAO (a trading company), Brikama and Pakalinding Ice Plants, Old Atlantic Hotel, and Nyambai Saw Mill were sold to the public, and a leasing agreement was concluded with a foreign company for the operation of the Atlantic Hotel. In addition, the

divestiture of the Kanifing Brick Plant, the Feedmill and Hatchery at Abuko, and Gamtours is expected to be completed soon. Bids are currently being awaited for the sale of shares in the Banjul Breweries and the African Hotel, and the Government shares in the National Trading Corporation of The Gambia remain on offer; about 15 percent of these shares have already been bought by the public. On the other hand, reforms in the financial and managerial operations of the government-owned Gambia Commercial and Development Bank (GCDB) have been delayed owing to difficulties in attracting a new managing director. With respect to the public enterprises remaining in the Government's portfolio, three-year performance contracts were signed in 1987/88 with The Gambia's three largest nonfinancial public enterprises: the Gambia Produce Marketing Board (GPMB), the GUC, and the Gambia Port Authority (GPA). These performance contracts contain targets on profitability and efficiency and provide incentives for management, which has autonomy in operational matters, including pricing, staffing, and wage policy. To achieve further improvement in performance, the GPMB and the GUC started the second year of their contracts under new management. However, the preparation of performance contracts with three other enterprises--Gambia Telecommunications Company Limited (GAMTEL), Social Security and Housing Finance Corporation (SSHFC), and GPTC--has lagged behind schedule, owing to delays in the hiring of consultants to provide technical assistance.

III. Objectives and Policies for 1989/90-1991/92

11. The ERP aims at reducing The Gambia's economic and financial imbalances and at promoting the structural changes needed to alleviate the country's development constraints. The Gambia, with a per capita income in 1988 estimated at about US\$220, is one of Africa's least developed countries. Important constraints to The Gambia's development are the high rate of population growth (currently estimated at 3.4 percent per annum), underdevelopment of the country's human resources, and deterioration of the environment. Given the country's resource endowment and small domestic market, the growth potential appears to be mainly in agriculture, with an emphasis on increased self-sufficiency in cereal crops and on exports of groundnuts, sesame, livestock, and horticultural products. Agricultural GDP is projected to grow on average by 4.5 percent, broadly matching the performance recorded during the last few years. There is also good growth potential for export-oriented small-scale manufacturing, fisheries, tourism, and entrepôt trade and services. The average growth of value added in the services sector and in industrial activity is projected at 4.4 percent and 5.0 percent, respectively. Thus, sectoral growth rate projections for the medium term imply a sustainable annual growth rate of real GDP of about 4.5 percent, while projections for the external sector show declines in the current account/GDP, debt/GDP, and debt service ratios.

12. Against this background, the Government's task is to consolidate the gains achieved in previous years and to ensure that the economy remains on a path of sustained economic growth. This will involve

maintaining prudent macroeconomic policies, strengthening the institutional framework, and implementing a broadly based development strategy in the years ahead. Based on a recent assessment of medium-term external financing prospects and external developments, the macroeconomic targets of the program are as follows: (i) an annual rate of growth of real GDP of about 4.5 percent, with the increased activity expected to be broadly based as a result of the Government's policy to encourage private sector activity and improve the effectiveness of public investment; (ii) a reduction in the rate of inflation from 8.0 percent in 1988/89 to 5.0 percent in 1991/92; and (iii) a substantial decline in the current account deficit (excluding official transfers) from 18.2 percent of GDP in 1988/89 to 13.6 percent in 1991/92, which, with the maintenance of an appropriate debt profile, would be consistent with declines in both the external debt service and debt relative to GDP and could be financed by normal concessional inflows. The current account target is premised mainly on growth in groundnut and nontraditional exports (e.g., fish and horticultural products) and re-exports, continued buoyant tourism earnings, restraint in overall import growth to below that of aggregate output, and reduced net interest payments, reflecting the elimination of external payments arrears and higher interest earnings on foreign reserves. Major objectives continue to be the normalization of The Gambia's relations with its external creditors and a buildup of foreign reserves. Therefore, all external payments arrears will be eliminated by end-June 1990, and the programmed accumulation of gross official reserves to the equivalent of 5.1 months of imports in 1991/92 would enable The Gambia to support its liberalized exchange and trade system, while providing a much-needed cushion for contingencies, given the economy's vulnerability to adverse weather conditions. A summary and the time frame of the Government's policies for the program period are provided in Annex Table II.

Macroeconomic Policies

a. Exchange rate and other pricing policies

13. A central element of the Government's adjustment strategy was the introduction in January 1986 of a floating exchange rate system within the framework of an interbank market. To strengthen this system, the Government removed virtually all restrictions on payments and transfers for current international transactions, established foreign exchange surrender requirements for public enterprises, and set limits on the foreign exchange balances of the commercial banks. The interbank exchange system--supported by a liberalized interest rate policy--has functioned smoothly, and the virtual elimination of the differential between the interbank and parallel market rates has greatly enhanced intermediation of foreign exchange transactions by the banking system. The Government will continue to monitor carefully the evolution of the system to ensure its orderly functioning. Apart from the restrictions evidenced by the remaining external payments arrears, The Gambia has no

restrictions on current or capital international transactions or trade controls.

14. With a view to ensuring a pass-through of exchange rate effects and other costs on prices to consumers, the Government has adjusted prices of petroleum products, public utilities, and bus transport. In January 1988 water and electricity tariffs were raised by 15 percent and 6 percent, respectively; in August 1989 telephone charges were raised by 20 percent; and in October 1988 bus fares were adjusted upward by about 45 percent. The Government will continue to review these prices and tariffs and make adjustments when necessary to reflect developments in costs, including those associated with further exchange rate movements.

b. Monetary policy and financial sector reform

15. Monetary and credit policies are designed to help achieve the inflation and balance of payments objectives, while providing sufficient credit to the private sector and public enterprises to sustain the growth of the economy. As a result of the sizable increase in government deposits with the banking system, net domestic assets are projected to decline further. Thus, the increased demand for money balances, which is supported by positive real interest rates, would be accommodated entirely by the programmed improvement in the net foreign assets position.

16. Consistent with the projected demand for money and overall balance of payments targets, credit policy will aim at restraining the growth of net domestic assets of the banking system through sizable increases in Government deposits and limits on gross bank credit to the GPMB. With a view to improving efficiency in credit policy, the Central Bank of The Gambia (CBG) will develop a system of monetary control whereby overall liquidity is managed primarily through control of net domestic assets of the central bank, instead of the present system of credit ceilings on individual banks. To facilitate the transition to a system of indirect liquidity control, the CBG would normally refrain from lending to private or public enterprises. In the meantime, lending will continue to be limited to the seasonal crop financing of the GPMB.

17. To encourage the mobilization of financial savings and promote greater efficiency in credit allocation, the authorities have adopted a flexible interest rate policy. Since July 1986, key interest rates have been determined on the basis of a biweekly tender system for treasury bills, and rates have fluctuated between 16 percent and 20 percent (compared with the earlier fixed rate of 15 percent). The treasury bill rate is currently at 18 percent, compared with its peak of 20 percent in March 1988; given the recent decline in the rate of inflation, real rates of return on financial assets have increased.

18. With a view to improving financial intermediation of the banking system, the Government attaches high priority to the reform of the financial sector. The restructuring program of the GCDB covers

managerial, operational, and credit recovery actions, as well as financial restructuring. Based on the recommendations of a diagnostic study, the Government appointed a new Board of Directors in November 1988 and a new managing director is being recruited. The operational restructuring involves the implementation of various policies and procedures to improve efficiency in commercial and development banking, including accounting, internal control and auditing, and loan portfolio management. The credit recovery component specifies the amounts of loans that are judged to be collectible, a schedule for their recovery, and the actions necessary to achieve these specific loan recovery targets. The 1989/90 budget has allocated D 20 million for the recapitalization of the GCDB; further financial restructuring will await an assessment of the impact of managerial and operational changes on the bank's performance, which is expected to be completed by end-February 1990.

c. Fiscal policy

19. Fiscal policy is geared toward sustaining the growth of the economy by strengthening economic incentives and contributing to the rehabilitation of the social and economic infrastructure. An important aim of the program is to reduce the overall budgetary deficit (excluding foreign grants) so as to sustain the financing of expenditures from domestically generated resources. The overall deficit (excluding foreign grants), which was equivalent to 6.8 percent of GDP in 1988/89, is programmed to decline further to 5.2 percent in 1989/90, excluding the exceptional provision discussed below; including this provision, however, the deficit is programmed to rise to 11.8 percent of GDP. By 1991/92, the Government intends to bring the deficit down to 4.6 percent through continued expenditure restraint and further revenue generation.

20. In the area of taxation, the momentum of improvements in customs administration will be maintained. The 1989/90 budget provides for a reduction of import duties on sugar, textiles, clothing, and certain electrical and electronic products, while raising those on soft drinks and poultry products. There will be a phasing in of the application of the sales tax to international tour packages beginning October 1, 1989 at a rate of 6 percent, with a view to increasing the rate to the full 10 percent in 1990/91. Also, GPTC and GUC will begin to pay import duty and sales tax on their purchases of fuel. The revenue yield from these measures is expected to exceed the receipts forgone from the suspension of export taxes applicable to groundnut products, which is estimated at about D 5 million per annum.

21. The Government will continue to exert strict control over expenditure, while taking appropriate measures to restructure public expenditure and enhance efficiency in the provision of public services and implementation of development programs, particularly in the social sectors and infrastructure. In this regard, an important measure is the elimination of subsidies to the GPMB for current operations as of 1989/90. Expenditures on goods and services are budgeted to accommodate sufficient levels of materials and supplies and urgent requirements for

maintenance. The budgetary provision for personal emoluments, pensions, and allowances takes into account higher levels of civil service wages and salaries, following the implementation of a new grade structure and the wage and salary adjustment in January 1989. There will be no further civil service wage awards in 1989/90, while during the remainder of the program period they will be determined on the basis of developments in productivity and availability of domestic budgetary resources; in any case, the overall wage bill relative to total domestic revenues will not exceed 26.5 percent.

22. As part of the rationalization of the public enterprise sector, the Government plans to make an exceptional provision of D 111 million (6.6 percent of GDP) in the 1989/90 budget to liquidate debts of certain public entities and improve the financial position of the GCDB. Of the total budgetary allocation for this purpose, D 55.5 million will be used for the repayment of the GPMB's debt to the CBG, D 53.0 million will cover the repayment of the GCU debt to the GCDB and the GPMB, and the remainder (D 2.5 million) will provide for the settlement of claims arising from the liquidation of the Agricultural Development Bank. The exceptional provision for these transactions will be financed from the Government's deposits with the banking system.

d. Public investment program

23. The public investment program (PIP) for 1989/90-1991/92 provides for development outlays equivalent to D 182 million in 1989/90, D 220 million in 1990/91, and D 250 million in 1991/92. These amounts reflect the need to provide adequate infrastructure and support services for the development of the private sector and promote human resource development, while remaining consistent with the likely availability of resources on suitably concessional terms. The sectoral distribution of development projects in 1989/90 is broadly similar to that of the previous year, with the emphasis on improving the economic and social infrastructure. Investments in infrastructure (transport, communications, and public utilities) constitute 52 percent of total development outlays, and projects in the agriculture and natural resource sector account for 19 percent, while the share of the health and education sectors has been increased to 16 percent, from 12 percent in 1988/89. In May/June of each year, the Government will update its three-year PIP taking into account resource availability, public debt-servicing capacity, absorptive capacity, and the overall stance of fiscal policy. Currently, a number of projects are being prepared for future inclusion in the rolling three-year PIP; a review of these projects will take place at the time of the next updating of the PIP (May/June 1990), and only those that meet the priorities and efficiency criteria established under the ERP would be considered for inclusion.

e. Public enterprise reform

24. In addition to maintaining a moratorium on the creation of new public enterprises, the Government will continue to rationalize the

scope of the public sector and improve the performance of enterprises remaining in its portfolio. In 1989/90, further efforts will be made to divest government holdings in enterprises already on offer to the public; moreover, the government holdings in the following enterprises will be offered for sale to the public: the Dockyard, the Gambia National Insurance Company, and the Kotu Mechanical Workshop.

25. To achieve further efficiency gains and improvements in the financial performance of enterprises remaining in the public sector, the Government will strengthen and expand the system of performance contracts. Recently, third-year performance targets were agreed with the GUC and the GPA, and the signing of third-year targets with the GPMB is expected by February 1990. While the GPA's performance has exceeded performance contract targets, the authorities intend to effect an improvement in the GUC's performance by complementing the financial targets with physical targets aimed at reducing line losses, fuel consumption, and load shedding.

26. With respect to the other public enterprises, consultants are currently assisting in the preparation of performance contracts for the Social Security and Housing Finance Corporation (SSHFC), the Gambia Public Transport Corporation (GPTC), and the Gambia Telecommunications Company Limited (GAMTEL). The Government expects to sign the contracts with the SSHFC and the GPTC by end-December 1989, and with the GAMTEL by end-February 1990. By December 1989, the Government will start a study of the Livestock Marketing Board to determine whether it should remain public or whether its role can be better fulfilled by the private sector.

Sectoral Policies

27. Important objectives of the ERP are to diversify The Gambia's productive base and stimulate private sector activity in exports and import-substituting activities. Accordingly, the Government has aimed at establishing an appropriate economic policy framework and has given priority to projects that resolve bottlenecks to growth, including the country's long-term human resource and environmental constraints. A flexible exchange rate policy and a liberal trade regime have encouraged private investment. Beyond the incentives provided by appropriate macroeconomic policies, the Government has recently revised the Development Act of 1973 and the accompanying administrative regulations and guidelines with a view to improving its effectiveness in attracting foreign investment. The Development Act provides tax incentives for investments in agriculture, including livestock and forestry, fisheries, mining and quarrying, manufacturing, and tourism. Eligibility criteria are linked to the country's development objectives and strategy, notably the impact on diversification and growth of the national economy.

a. Agriculture

28. During the first phase of the ERP, the Government sought to encourage increased efficiency in groundnut production, diversification into other cash crops, and continued expansion of foodcrops. The attainment of these objectives relied on flexible pricing policies, expansion of the role of the private sector in output marketing and input supply, and provision of credit for inputs on commercial terms. As a result of changes in the policy environment and helped by favorable weather conditions, the agricultural sector has expanded by an annual average of about 4.7 percent in the past three years. For the period ahead, the Government intends to maintain an environment conducive to sustained growth and further gains in economic efficiency. In this respect, the pricing of agricultural products and inputs such as seeds and fertilizers will continue to be determined by market forces.

29. With a view to achieving an efficient pattern of processing and marketing of groundnuts, the Government has progressively reduced budgetary subsidies to the GPMB since 1986/87; as of 1989/90 budgetary subsidies have been eliminated. To avoid operational losses, the GPMB will determine the purchase price for groundnuts on the basis of developments in the world market price and its own cost structure at the time of procurement. To provide more flexibility in determining its purchase price, the Government has suspended export taxes on groundnut products and has assumed a large portion of the GPMB's debt to the Central Bank of The Gambia.

30. Given that The Gambia is a price taker in the world market for groundnuts, the price that the farmers will receive depends crucially on the efficiency and costs involved in all aspects of groundnut processing and marketing. While the GPMB's financial performance has improved since the signing of a performance contract in 1987/88, further gains are necessary in the period ahead. To this end, under the third year of its performance contract, the GPMB's holdings in other public enterprises, as well as its cotton ginnery and rice mills, will be offered for sale to the private sector. Moreover, the GPMB will close the Gambia Produce Marketing Company (GPMC), its subsidiary company in London, and seek to sell the GPMC's assets by end-December 1989. On the basis of a recently completed study, the GPMB is preparing a strategy and action program to further improve efficiency in its groundnut operations in the medium term.

31. Regarding the Gambia Cooperative Union (GCU), the Government's objective is to improve efficiency in groundnut marketing while encouraging private sector competition. The GCU's easy access to credit from the GCDB has contributed to its sizable losses that have been accumulated as overdue debt to the GCDB. As part of the restructuring efforts, the Government has provided a loan to the GCU for the repayment of its debt to the GCDB and the GPMB. The elimination of preferential credit terms for the GCU and the possibility for farmers to sell directly to the GPMB will encourage competition and efficiency in

groundnut marketing, with a positive impact on rural incomes. Moreover, under its restructuring program, the GCU is streamlining operations and strengthening its financial position through the divestment of holdings in several enterprises and the sale of assets.

b. Industry

32. A flexible exchange rate policy coupled with a liberalized trade regime will continue to provide potential for the realization of a range of industrial activities that would contribute to the diversification of the productive base and generate employment and foreign exchange earnings. To this end, a number of activities are being promoted to encourage joint ventures between foreign and Gambian entrepreneurs, such as the processing of fruits and vegetables, the exploitation of titaniferous sands, the manufacture of glass products, the establishment of a biscuit factory, and the establishment of an industrial salt plant. Foreign partners have been identified for joint ventures with Gambian entrepreneurs for pharmaceutical products, groundnut butter, and confectionery nut products. In addition, negotiations on a wheat flour project are at an advanced stage.

33. To encourage private entrepreneurial activities, the Ministry of Economic Planning and Industrial Development (MEPID) and the National Investment Board (NIB) will continue to play a leading role in project preparation, promotion, and monitoring. The Government has been assisted in these tasks by international agencies such as the Center for the Development of Industry (CDI), United Nations Industrial Development Organization (UNIDO), and the Industrial Development Unit (IDU) of the Commonwealth Fund for Technical Cooperation (CFTC). The private enterprise development project, which is supported by the World Bank, aims at strengthening the institutions involved in the development and promotion of private investment. To further stimulate industrial activity, the Government will prepare by December 1989 an overall plan of administrative action and investment promotion for the full utilization of the Kanifing Industrial Estate, which includes a review of land allocation and tenure, as well as access to public utilities.

c. Fisheries

34. Investment in the fisheries sector has increased significantly under the ERP, helped by the exchange rate reform and the waiving of the fish export taxes upon proof of remittance of foreign exchange earnings. In accordance with the policy to withdraw from activities that can be profitably undertaken by the private sector, the Government has recently decided to discontinue its investment in the Fish Processing and Marketing Company. In addition, the Government has encouraged the development of artisanal fisheries with assistance from Italy, Japan, and the European Economic Community (EEC). The Government's focus in the next few years will be on improving the management of fisheries resources with a view to ensuring balanced growth in this sector so as to prevent the depletion of resources. To this end, a fisheries

resource management program is being implemented, which aims at enhancing surveillance capability and conserving deepwater fisheries resources.

d. Tourism

35. At the start of the ERP, tourism was expected to expand steadily and the number of tourist arrivals was projected to reach about 90,000 by 1990/91. However, in response to improved profitability, tourism has expanded much more rapidly and estimates for 1988/89 indicate that more than 100,000 tourists visited The Gambia, placing considerable pressure on hotel capacity along the coast in the tourism development area (TDA). To encourage tourism further, the Government is expected to adopt shortly an action program to promote not only the utilization of the TDA but also tourism in the country's interior, while establishing effective controls on quality standards of hotels and restaurants. Under this action program, the Government will address land allocation and environmental issues, while seeking to expand the public investment program to provide adequate infrastructure.

e. Population and health

36. The Government places high priority on rural development and recognizes the importance of the primary health care program in effecting a shift in resources and treatment from urban to rural areas, from curative to preventive medicine, and from individual to community services. The Government's adherence to this strategy is reflected in the increased importance attached to health centers. Under the National Health Development program, reforms are being implemented to strengthen health sector management, financing, and support systems. Furthermore, the Government is aware of the detrimental effects of the country's rapid rate of population growth on its ability to improve the welfare of the population, and is currently reinforcing a family planning program. Moreover, the Government recognizes the central role of women in the development of the country and has designed projects to enhance their contribution to the development process. Thus, since 1987, the Government has developed a strategy aimed at improving women's productive resources and employment, and increasing access to family planning services, education, and maternal health care. The project on Women in Development, which is being prepared with World Bank assistance, should reinforce these efforts.

f. Education

37. In November 1988, the Government approved a new education policy that aims at restructuring the sector to provide quality manpower for the economy, control costs, and improve the financing of education to reflect the economic and financial constraints of the country and the Government. Specifically, the policy seeks to: (i) improve the quality of and expand access to primary education so as to provide a stronger foundation for further skill development and higher education;

(ii) provide better-quality secondary and technical education and improve the link between education and the labor market by developing cost-effective vocational training programs; (iii) improve use of resources by controlling per student costs at all levels; and (iv) reduce the financial burden on the Government by cost recovery measures. The Government will ensure that the resources allocated in the budget are adequate to achieve the objectives of its educational policy.

g. Environment

38. The Government is aware that sustainable economic growth in the long term will depend crucially on the ability to arrest the deterioration of the environment. In rural areas, natural resources are threatened by mounting population pressure, overgrazing by the increasing livestock herd, agricultural practices such as bush fires, exploitation of tree cover for fuelwood, salinity intrusion along the Gambia River, and inadequate groundwater management. In addition to the threat to rural resources, there is also a potential threat to clean groundwater supply in the Greater Banjul area as a result of its proximity to the ocean, expanding demand for water, and a shallow water table.

39. The central element in the Government's approach to arresting environmental deterioration is the adoption of improved resource management practices. In July 1988, with assistance from the United Nations Development Program (UNDP), the Government hosted a workshop on Environmental Protection and Resources Management. As a result of the recommendations of this workshop, the Government will undertake a review of environmental issues, which is expected to be completed by March 1990. On the basis of this review, the Government will prepare action programs to improve environmental and groundwater management by March 1990, which are expected to be implemented over the program period.

IV. Social Impact of the Program

40. Under the ERP The Gambia's economy has expanded by an average of 5.0 percent annually during the past three years, which resulted in increases in real per capita incomes and consumption. As a result of judicious macroeconomic policies, the rate of inflation has been significantly reduced and a climate more conducive to the growth of the private sector has emerged, providing enhanced employment opportunities throughout the economy. Overall, therefore, the ERP has been highly beneficial, in terms of its impact on both growth and equity.

41. The Government's policies in the next three years should continue to contribute to sustained economic growth and provide further increases in per capita incomes and consumption. The reduction of subsidies for groundnut production since 1986/87 has prompted adjustments on the part of farmers, who have sought to protect incomes by diversifying into other crops and direct sales of groundnuts in the subregion, where

higher producer prices have prevailed. In addition, measures are being implemented to improve support services to farmers, increase the efficiency of groundnut processing and marketing, and promote crop diversification. In the urban areas, the recent salary and wage adjustments in the civil service relieved the hardship that had resulted from many years of restraint in public sector salaries.

42. The Government also expects the poorest segments of the population in the rural and urban areas to benefit from alternative employment and income opportunities that are being provided through a number of donor-supported programs, including community fisheries centers, artisanal coastal fisheries, and pilot horticultural projects. Furthermore, the Government has decided to extend its pilot labor-intensive feeder roads program. Additional employment opportunities are expected through the development of small- and medium-scale enterprises supported by the IDA-financed Enterprise Development Project.

43. The Government will continue to assist retrenched public sector workers through the Indigenous Business Advisory Service (IBAS) and the National Investment Board (NIB). Retrenched workers are given employment counseling, access to entrepreneurship training and more specialized technical training, and credit for the establishment of business ventures in priority sectors. The Government is currently seeking to strengthen the resettlement program with donor support.

44. With donor assistance, the Government has been able to protect health services. Maternal and child health services, including family planning, have been expanded, and an urban polyclinic in Banjul has recently become operational, providing improved public health services also to the poorest among the city's population. In 1987, seven regional health centers were chosen for upgrading, to improve and expand services in rural areas, of which two have been completed and another is under construction. A nationwide immunization campaign against childhood diseases has been expanded, and as a result the national immunization average has risen from 55 percent to 70 percent in the past two years. Nutrition programs targeting the poorest urban neighborhoods and rural areas have also been expanded with the help of nongovernmental organizations (NGOs). In the next three years, the Government's efforts in the health sector will be enhanced with continued support from NGOs, the IDA-financed National Health Development Project, and other donors. A strong government commitment to the family planning program offers good prospects for a decline in the rate of population growth in the mid-1990s. Efforts by the Government to improve the status of women will also help to achieve this objective.

45. Reflecting budgetary constraints, the enrollment ratio for primary education fell from 64.4 percent in 1985/86 to 61.0 percent in 1987/88. However, the enrollment ratio for secondary education increased from 19.3 percent to 20.2 percent in the same period. The quality of teachers is being improved by the upgrading of the skills of existing teachers, and the number of qualified teachers graduating from

The Gambia College is being increased. Moreover, with the assistance of NGOs and increased budgetary allocations, the supply of textbooks and writing materials has been increased. During the second phase of the ERP, the Government intends to build on these efforts through the implementation of an education policy reform program aimed at expanding primary education enrollment and improving the quality of education, with the support of projects financed by the African Development Bank and IDA.

46. Although the initial results of the ERP are regarded as highly positive, the Government is cognizant of the need to monitor the economic and social impact of the ERP closely. To this end, it has requested the African Development Fund (AFDF), the World Bank, and the UNDP to provide assistance in establishing a nationwide living standards survey in the context of the regional Social Dimensions of Adjustment (SDA) Project. Over time, the survey will generate the detailed social data needed for a deeper understanding of the effects of the structural adjustment process and the more effective formulation of economic policies and social programs to help ensure the equitable participation of all income groups in the benefits of development.

V. External Assistance and Financing Requirements

47. Notwithstanding the progress made over the past three years, the continuation of The Gambia's adjustment program to restore domestic and external balance while diversifying and expanding the production base will require further substantial external financial support. The current account deficit (excluding official transfers) would still average about 15 percent of GDP during 1989/90-1991/92, or SDR 29 million a year, even with the attainment of the current three-year program targets (Annex Table III). Moreover, the planned buildup of gross official reserves to the equivalent of 5.1 months of imports by June 1992--an average annual increase of SDR 14.4 million--and the elimination of payments arrears of SDR 14.2 million by June 1990 would require additional financing. Taking into account projected amortization payments averaging SDR 10.9 million annually and IMF repurchase obligations averaging SDR 3.6 million a year, financing requirements would amount to an annual average of SDR 62.5 million.

48. It is anticipated that bilateral and multilateral donors will continue to support The Gambia's adjustment efforts and structural reforms. Official transfers are projected to average SDR 34.4 million annually, and long-term concessional loan disbursements, SDR 20.8 million each year, over the 1989/90-1991/1992 period. ^{1/} Of this total, SDR 25.2 million is expected from disbursements under the second World

^{1/} Bilateral donors and creditors include Austria, Canada, China, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Saudi Arabia, the United Kingdom, and the United States.

Bank SAC (including cofinancing during 1989/90-1990/91). 1/ These inflows are expected to be complemented by modest but sustained private capital inflows averaging SDR 2.8 million a year. The remaining external financing requirements are expected to be covered by the second and third annual arrangements under the Fund's enhanced structural adjustment facility, which will provide SDR 13.68 million during 1989/90-1990/91.

1/ Cofinancing is being provided by the Netherlands and the African Development Bank.

Annex Table I. The Gambia: Selected Economic and Financial Indicators, 1985/86-1991/92

	1985/86	1986/87	1987/88	1988/89		1989/90	1990/91	1991/92
				Prog.	Est.	Prog.	Projections	
(Annual percentage changes, unless otherwise specified)								
National income and prices								
GDP at constant prices	-0.3	5.4	5.5	4.3	4.6	4.5	4.5	4.5
GDP deflator	28.1	19.0	10.0	11.6	13.8	9.0	8.0	6.5
Nominal GDP (in millions of dalasis)	859.3	1,078.1	1,250.9	1,456.0	1,489.5	1,696.6	1,914.8	2,131.0
Consumer price index (period average)	35.0	46.2	12.4	9.4	10.8	9.0	8.0	6.5
Consumer price index (end of period)	70.4	22.3	9.2	7.5	8.0	6.5	6.0	5.0
External sector								
Exports, f.o.b. (in SDRs) ^{1/}	-4.6	-5.7	6.1	9.3	30.9	8.1	6.0	6.6
Imports, f.o.b. (in SDRs) ^{1/}	-1.6	6.9	1.4	11.4	23.4	7.2	6.8	6.7
Export volume ^{2/}	9.0	-5.3	45.5	12.5	3.9	9.6	11.1	6.4
Import volume ^{3/}	-4.1	10.4	0.1	4.8	9.3	3.8	3.8	3.8
Terms of trade	-41.7	-2.8	-6.2	-6.5	-1.7	-7.4	-6.3	--
Nominal effective exchange rate	-15.7	-43.6	4.9	...	8.3
Real effective exchange rate	-1.2	-18.5	7.4	...	3.9
Government budget								
Revenue and grants	48.6	78.6	3.1	7.2	16.4	11.2	6.5	4.5
Total expenditure and net lending	8.6	90.3	12.0	-16.5	-15.0	32.9	-6.9	7.8
Current expenditure	24.9	65.9	37.7	-29.6	-18.2	18.0	-2.1	7.1
Development expenditure and net lending	-13.1	142.1	-24.4	17.0	-9.1	70.3	-14.3	8.9
Money and credit								
Net domestic assets ^{4/}	121.1	-131.8	-21.2	-27.7	-8.4	-33.4	-36.6	0.8
Credit to the Government ^{4/}	4.5	-72.6	8.4	-47.9	-19.7	-18.2	-40.7	-3.2
Credit to public enterprises ^{4/}	29.1	-0.3	-35.2	10.5	7.9	-17.1	1.5	1.3
Credit to the private sector ^{4/}	13.5	-4.1	5.5	9.8	8.2	6.6	4.6	2.7
Broad money	24.5	43.9	20.5	25.3	8.3	16.8	13.0	14.7
Velocity (GDP relative to broad money)	3.9	3.8	3.5	3.3	3.7	3.5	3.5	3.5
Interest rate on treasury bills (in percent; end of period)	15.0	19.0	16.8	...	18.0
(In percent of GDP)								
Investment and savings								
Gross investment	15.8	20.4	18.5	19.3	17.9	18.7	20.2	21.3
Gross national savings	15.1	16.3	23.5	21.7	20.7	21.8	23.2	23.7
Government budget								
Surplus or deficit (-), excluding grants ^{5/}	-12.8	-22.0	-22.0	-8.3	-6.8	-5.2	-5.0	-4.6
Surplus or deficit (-), including grants ^{5/}	-6.0	-7.1	-9.4	1.6	2.3	3.7	2.3	1.1
Revenue and grants	31.3	44.5	39.5	36.4	38.7	37.7	35.6	33.4
External sector								
Current account balance								
Excluding official transfers	-29.7	-31.5	-21.0	-19.6	-18.2	-16.8	-15.0	-13.6
Including official transfers	-1.1	-4.1	5.0	2.4	2.8	3.1	3.1	2.6
External debt outstanding, including Fund	203.4	169.7	160.2	144.2	132.2	123.1	123.5	112.6
(In percent of net exports and travel income) ^{7/}								
External debt service ^{6/}								
Including the Fund	25.0	104.3	49.6	54.9	49.1	49.0	27.3	27.2
Excluding the Fund	15.0	71.1	38.0	46.5	41.4	42.3	20.2	22.8
(In millions of SDRs)								
Current account balance								
Excluding official transfers	-32.2	-37.3	-29.2	-31.3	-29.6	-29.7	-28.7	-28.1
Including official transfers	-1.2	-4.9	7.0	3.8	4.5	5.5	5.9	5.3
Overall balance of payments	-11.6	25.8	13.7	22.9	5.5	21.4	25.4	8.0
External payments arrears (end of period) ^{8/}	81.3	41.8	32.3	19.3	20.7	--	--	--
Gross official reserves (end of period)	1.4	10.9	20.4	32.8	16.8	27.7	55.2	60.2
(equivalent months of imports, c.i.f.)	0.2	1.4	2.6	3.8	1.8	2.7	5.0	5.1

Sources: Data provided by the Gambian authorities; and staff estimates and projections.

^{1/} Estimates in 1988/89 reflect in part a more comprehensive coverage of re-exports and imports, owing to improvements in customs administration.

^{2/} Excluding re-exports.

^{3/} Excluding imports for re-exports.

^{4/} In percent of broad money at the beginning of the period.

^{5/} Figure in 1989/90 excludes exceptional budgetary provision of D 111.0 million, equivalent to 6.5 percent of GDP.

^{6/} Including IMF charges and repurchases and cash payments for arrears reduction.

^{7/} Net exports defined as total exports minus imports used for re-exports.

^{8/} Figure in 1988/89 includes an amount of SDR 6.4 million, which had been classified as part of the arrears, but was rescheduled under the London Club in 1987/88.

Annex Table II. The Gambia: Summary and Time Frame for Implementation of Macroeconomic and Structural Adjustment Policies, 1989/90-1991/92

Issues	Objectives and Policies	Strategies and Measures	Phasing and Implementation
1. <u>External sector policies</u>			
a. Exchange rate	To promote efficient resource allocation and diversification of the economy.	Maintain flexible exchange rate system; monitor evolution of interbank market.	Over the program period.
b. External borrowing	To reduce debt service burden and improve profile of external public debt.	No contracting or guaranteeing by Government of new external debt on nonconcessional terms in 1- to 5- and 1- to 12-year maturity ranges. Limits on public sector short-term debt outstanding, excluding trade-related credits.	Over the program period.
c. Relations with external creditors	Continue to improve relations with external creditors with the objective of restoring normal debtor-creditor relations.	Remain current on external obligations and eliminate all remaining external payments arrears.	Elimination of all external payments arrears by end-June 1990.
2. <u>Monetary policy and financial sector reform</u>			
	To minimize pressures on domestic prices and the exchange rate; to provide positive real returns on financial assets; and to improve efficiency of financial sector intermediation.	Continue prudent credit policies and maintain flexible interest rate policy.	During the program period, continue tender system for treasury bills and offer an adequate supply of treasury bills and government securities, including those of medium-term maturities and smaller denominations.
	To enhance the effectiveness of monetary policy.	Move to a system of indirect liquidity control by targeting the growth of net domestic assets of the CBG.	Over the program period.
	To promote stability and long-term growth of the financial system.	Disengage the CBG gradually from commercial banking activities. Implement action program for rehabilitation of the GCDB, prepared on the basis of diagnostic study completed in June 1989.	Over the program period. A new Managing Director to be appointed by end-November 1989. Assessment of GCDB's performance to be completed by end-February 1990.
3. <u>Fiscal policy</u>			
a. Revenue	To improve efficiency in tax administration and enhance revenue collection.	Application of sales tax to fuel purchases by GPTC and GUC. Adjustment of the sales tax on international tour packages with effect from the 1990/91 tourist season to 10 percent. Minimize revenue leakages from the misclassification of imports as duty-free items.	As of 1989/90 fiscal year. By end-May 1990. Over the program period.
		Application of import duties to fuel purchases by GPTC and GUC. Adjustment of import duties on selected items.	As of 1989/90; for GUC phased implementation over four-year period. As of 1989/90 fiscal year.
b. Expenditure	To eliminate current transfers to the public enterprises. To increase the contribution of public investment to development.	Eliminate subsidies to the GPMB. Implement three-year rolling public investment program.	As of 1989/90 fiscal year. Over the program period.

Annex Table II (continued). The Gambia: Summary and Time Frame for Implementation of Macroeconomic and Structural Adjustment Policies, 1989/90-1991/92

Issues	Objectives and Policies	Strategies and Measures	Phasing and Implementation
		Adopt public investment program for 1990/91-1992/93.	By end-May 1990.
	To facilitate achievement of expenditure priorities in an efficient and effective manner.	Prepare a medium-term public expenditure program.	Over the program period.
4. <u>Public sector management</u>	To improve efficiency in the provision of government services and promote the efficient use of human and financial resources.	Develop and implement a performance-based staff appraisal system.	During 1989/90 fiscal year.
		Exercise wage restraint.	No increases during 1989/90 in personal emoluments.
		No creation of net new posts and restrictions on filling of vacant posts.	Over the program period.
5. <u>Public enterprise reform</u>			
a. Rationalization/divestiture policy	To reduce the scope of government financial and managerial involvement in commercially oriented ventures.	Offer for purchase by the public all Government-owned shares of the Gambia National Insurance Company, the Dockyard, and the Kotu Mechanical Workshop.	By December 1989.
	To improve the financial position of the GPMB and to streamline its operations.	Close GPMB's subsidiary company in London (GPNC) and offer for sale its office building.	By end-December 1989.
		Offer for sale GPMB's holdings in Citro Products Gambia Limited, GCDB, and NTC.	By end-March 1990.
		Offer for sale GPMB's two rice mills and its cotton ginnyery.	By end-March 1990.
b. Performance contracts	To improve efficiency of public enterprises.	Review performance of the GPMB against second-year targets in the performance contract. Sign third-year performance contract.	By February 1990.
		Sign performance contracts with GAMTEL, SSHFC, and GPNC.	By December 1989 for GPNC and SSHFC. By February 1990 for GAMTEL.
		Undertake study to determine future role and ownership of the Livestock Marketing Board (LMB).	Study to start by December 1989.
6. <u>Agricultural policy</u>			
a. Produce and input marketing and prices	To stimulate production and exports and to improve efficiency in produce marketing and input supply.	Maintain liberalized policies with respect to cereals pricing, marketing and trade, and supply and distribution of seeds, fertilizers, and other inputs.	Over the program period.
		Maintain policy of not subsidizing seeds, fertilizers, and other inputs.	Over the program period.
		Increase the role of private sector and allow prices to reflect market conditions.	Over the program period.

Annex Table II (continued). The Gambia: Summary and Time Frame for Implementation of Macroeconomic and Structural Adjustment Policies, 1989/90-1991/92

Issues	Objectives and Policies	Strategies and Measures	Phasing and Implementation
		Implement action program for agricultural diversification.	Over the program period.
b. Groundnut pricing	To achieve efficient production.	Allow the GPMB flexibility in determining its own purchase price of groundnuts in line with world market prices and costs.	Over the program period.
c. Groundnut export tax	To promote further gains to farmers and provide additional incentives.	Suspend export tax on groundnuts.	As of 1989/90 fiscal year.
d. Groundnut processing and marketing	To improve efficiency and encourage competition in the operations of the GPMB, GCU, and GRT.	Monitor and adopt remedial actions to ensure adherence by the GPMB to performance contract.	Over the program period.
		Continue implementation of action program for restructuring of the GCU to ensure its financial viability.	Over the program period.
		Prepare and implement medium-term action program for promotion of GPMB's and GCU's operations on commercial basis.	Over the program period.
7. Other sectoral policies			
a. Industry	To encourage private investment in industry, especially in export activities.	Prepare a program of administrative action and investment promotion for the full utilization of the Kanifing Industrial Estate, including review of land allocation and tenure, and access to public utilities.	By December 1989.
		Encourage term-lending from banking system.	Over the program period.
b. Fisheries	To stimulate private investment and increase exports, while preserving fishery resource.	Implement fishery resource management program.	Over the program period.
c. Tourism	To promote tourism.	Implement a tourism development strategy, including a program of administrative action to promote the full utilization of the tourism development area, including review of land allocation and tenure and access to public utilities.	Over the program period.
d. Health	To improve health care system and control population growth.	Expand the current health care and family planning services in accordance with the public expenditure program.	Over the program period.

Annex Table II (continued). The Gambia: Summary and Time Frame for Implementation of Macroeconomic and Structural Adjustment Policies, 1989/90-1991/92

Issues	Objectives and Policies	Strategies and Measures	Phasing and Implementation
e. Education	To expand and enhance the quality of education.	Implement education policy reforms in accordance with the priorities established in the public expenditure program.	Over the program period.
f. Environment	To improve environment in order to sustain long-term economic growth.	Prepare a comprehensive review of environmental issues and action program for environmental improvement.	To be completed by March 1990 and implemented over the program period.

Annex Table III. The Gambia: External Financing Requirements and Resources, 1987/88-1993/94

(In millions of SDRs)

	<u>1987/88</u> Revised	<u>1988/89</u> Prog. Est.		<u>1989/90</u> Prog.	<u>1990/91</u>	<u>1991/92 1992/93 1993/94</u> Projections		
Requirements	-59.4	-71.1	-51.5	-67.7	-70.4	-49.5	-51.7	-52.5
Current account deficit, excluding official grants	-29.2	-31.3	-29.6	-29.7	-28.7	-28.1	-29.1	-30.0
Medium- and long-term debt amortization	-7.8	-10.1	-9.6	-9.8	-9.4	-13.4	-14.6	-15.0
IMF repurchases	-4.2	-3.2	-3.2	-3.1	-4.7	-3.1	-1.7	-2.1
Gross official reserves	-9.5	-12.4	3.6	-10.9	-27.5	-4.9	-6.3	-5.4
Reduction in external payments arrears	-6.9	-13.0	-11.6	-14.2	--	--	--	--
Deposit with the Bank of England <u>1/</u>	-1.8	-1.1	-1.1	--	--	--	--	--
Resources	52.2	64.2	44.7	60.9	63.6	49.5	51.7	52.5
Official transfers	36.2	35.1	34.1	35.2	34.6	33.4	34.5	34.0
Long-term loan disbursements	14.3	26.9	10.0	23.1	26.2	13.1	14.0	15.1
Of which: World Bank SAC <u>2/</u>	(--)	(10.7)	(--)	(9.2)	(9.2)	(--)	(--)	(--)
Private capital inflows <u>3/</u>	0.2	2.2	0.6	2.6	2.8	3.0	3.2	3.4
Exceptional financing <u>4/</u>	1.5	--	--	--	--	--	--	--
Residual financing	-7.2	-6.8	-6.8	-6.8	-6.8	--	--	--
Use of IMF resources	7.2	6.8	6.8	6.8	6.8	--	--	--
Of which: SAF and ESAF	(5.1)	(6.8)	(6.8)	(6.8)	(6.8)	(--)	(--)	(--)

Sources: Data provided by the Gambian authorities; and Fund and World Bank staff estimates and projections.

1/ In respect of Paris Club rescheduling.2/ Second Structural Adjustment Credit (excluding cofinancing).3/ Including errors and omissions.4/ In connection with reschedulings with Paris Club and London Club.

