



Mousa Gibril Bala-Gaye
Secretary of State for Finance and Economic Affairs
Of
The Republic of The Gambia

ACRONYMS

ADB	African Development Bank
AHM	Aircraft Handling Manual
AIDS	Acquired Immunodeficiency Syndrome
AMRC	Asset Management and Recovery Corporation
ASPA	The Agribusiness Service Plan Association
BSIC	Sahelian Bank For Investment and Commerce
CSO	Civil Society Organizations
CNN	Cable News Network
DSA	Debt Sustainability Analysis
DTIS	Diagnostic Trade Integration Study
ECD	Early Childhood Development
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Arrangement
EPI	Expanded Program for Immunization
FoA	Framework of Agreement
FMRIP	Farmer Managed Irrigation Project
FDI	Foreign Direct Investment
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
ISAGO	Safety Audit for Ground Operations
GBOS	Gambia Bureau of Statistics
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GGC	Gambia Groundnut Corporation
GAMCEL	Gambia Telecommunication Cellular Company Ltd
GAMTEL	Gambia Telecommunication Company Ltd
GCAA	Gambia Civil Aviation Authority
GIA	Gambia International Airlines
GIPFZA	Gambia Investment Promotion and Free Zones Agency
GLF	Gambia Local Fund
GPA	Gambia Ports Authority
GPPC	Gambia Printing and Publishing Corporation
GTTI	Gambia Technical Training Institute
IATA	International Air Transport Association
GPTC	Gambia Public Transport Corporation
ICT	Information Communication and Telecommunication
IDB	Islamic Development Bank
IF	Integrated Framework
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IMNCI	Integrated Management of Neonatal and childhood illness
LDC	Least Developed Countries
LIF	Local Initiative Fund
MDI	Management Development Institute
MDRI	Multilateral Debt Relief Initiative
MFIs	Micro Finance Institutions
MFPC	Micro Finance Promotion Centre
MISACI	Micro Savings and Credit Institutions
MSA	Maintenance Services Agency
MTS	Multilateral Trading System
NADA	National Agricultural Development Agency
NARI	National Agricultural Research Institute

NAWEC	National Water and Electricity Company
NCPI	National Consumer Price Index
NER	Net Enrolment Rate
NERICA	New Rice for Africa
NGOs	Non-Government Organisations
NICI	National Information and Communication Policy
PCA	Prompt Corrective Action
NTA	National Training Authority
OPEC	Organisation of Petroleum Exporting Countries
PHPNP	Participatory Health, Poverty and Nutrition Project
PIWAMP	Participatory Integrated Watershed Management Project
PRGF	Poverty Reduction and Growth Facility
PRP	Poverty Reduction Programme
PRSP	Poverty Reduction Strategy Paper
RFCIP	Rural Finance & Community Initiative Project
RCH	Reproductive and Child Health
SDF	Social Development Fund
SSHFC	Social Security & Housing Finance Corporation
SPFS	Special Programme for Food Security
TB	Tuberculosis
UN	United Nations
UNFPA	United Nations Fund For Population Activities
UNESCO	United Nations Educational Scientific and Cultural Organization
UNICEF	United Nation International Children Emergency Fund
UTG	University of The Gambia
VISACA	Village Savings and Credit Association
WAMI	West African Monetary Institution
WAMZ	West African Monetary Zone
WB	World Bank
WHO	World Health Organisation

TABLE OF CONTENTS

INTRODUCTION.....	5
DOMESTIC ECONOMY	9
REAL SECTOR.....	9
FISCAL OUTTURN FOR 2007.....	10
MONETARY DEVELOPMENTS	11
EXTERNAL SECTOR.....	13
MICRO FINANCE	13
SOCIAL SECTOR.....	14
HEALTH.....	16
AGRICULTURE	17
INFORMATION, COMMUNICATION AND TECHNOLOGY	18
TELECOMMUNICATIONS.....	18
AFRICAN UNION E-NETWORK	18
TRADE.....	20
ECONOMIC PARTNERSHIP AGREEMENT (EPA)	20
TOURISM	21
FINANCIAL PERFORMANCE OF PUBLIC ENTERPRISES.....	21
SOCIAL SECURITY AND HOUSING FINANCE CORPORATION (SSHFC)	21
GAMBIA PORTS AUTHORITY (GPA).....	22
NATIONAL WATER AND ELECTRICITY COMPANY LTD (NAWEC)	22
GAMBIA INTERNATIONAL AIRLINES (GIA).....	22
GAMBIA PRINTING AND PUBLISHING CORPORATION (GPPC).....	23
GAMBIA PUBLIC TRANSPORT CORPORATION (GPTC)	23
ASSET MANAGEMENT RECOVERY CORPORATION (AMRC).....	23
MANAGEMENT SERVICES AGENCY (MSA).....	24
GAMBIA CIVIL AVIATION AUTHORITY (GCAA).....	24
GAMTEL/ GAMCEL.....	24
2008 BUDGET ESTIMATES	25
REVENUES 2008.....	25
EXPENDITURE 2008.....	25
CONCLUSION	26
APPENDIX 1.....	27
APPENDIX 2.....	28
APPENDIX 3.....	29

INTRODUCTION

MADAM SPEAKER,

1. I beg to move that “The Bill entitled an Act to provide for the services of the Republic of The Gambia for the period 1st January, 2008 to 31st December, 2008” (both dates inclusive) be read a second time.

MADAM SPEAKER,

2. In few days time, precisely on the 18th and 19th December, 2007, the Boards of Executive Directors of the World Bank and the International Monetary Fund will determine whether The Gambia has reached HIPC Completion Point. This country has already travelled a long, difficult and tiresome journey of far-reaching reforms in the last 3 – 4 years. The massive reforms undertaken over these years in the fiscal, financial and economic areas have restored macroeconomic stability, and provided the investments required for growth, and for the development of the country. For three consecutive years, 2003 – 2006, the Gambian economy grew on average, and in real terms, at a rate of 6.4 percent, and growth is now projected to reach a robust 7 per cent in 2007. This solid growth trajectory will not recede any soon, as the economy is projected to continue to grow by 6 - 7 per cent in 2008.
3. Agricultural output is expected to grow substantially, and this growth will be driven largely by high growth rates in cereals, and groundnuts. Rice production alone has now attracted the attention of many farmers, and if the support and zeal now given to production can be sustained over time, this country is rapidly heading to food self-sufficiency in the medium-to-long term. One other significant development is the emergence of commercial farming, which should be encouraged to significantly boost agricultural output, and also diversify the economy.
4. Developments in the financial and tourism sectors have also been significant, leading to greater contributions of these sectors to economic growth and development. The deepening in financial reforms by the Central Bank, the increase in the number of banks from 7 (Seven) to 10 (Ten) with two other banks at advanced stages of obtaining licences, the establishment of a Credit Reference Bureau have all strengthened the financial sector, and enable it now to contribute more meaningfully in economic development. The tourism sector will also grow by 10 per cent this year, as a result of huge investments in new hotels, and also increased tourist numbers, following changed marketing strategy, which includes advertisements on the CNN network.

MADAM SPEAKER,

5. I would like, at this point, to speak on a growing subject, in the media and financial circles within and outside the country, of the significant appreciation of the Dalasi over the last 3 – 4 months. One hard fact which seems to be ignored is that the Gambian economy, like most other economies, has been evolving over time, and the dynamic in this evolution is shifting economic developments. In 2003 and 2004, the Dalasi depreciated

rapidly against all the major international currencies, causing prices of local and imported commodities to rise erratically, with undesirable consequences. From 2005, macroeconomic stability has now been restored, and is being sustained.

6. The message, I bring to the National Assembly and to the whole country, is that the economic fundamentals of The Gambia are strong, and outstanding. The numbers speak for themselves, and the Government need not blow its own trumpet. The appreciation of the Dalasi is a correction of the true and real value of our national currency, and is the result of significantly increased supply of foreign exchange; mainly from travel income, remittances, and foreign direct investment, as well as a strong rebound in the real sector of the economy. The Dalasi is firm and strong, and will remain stable into the medium term. During the recent months of the dalasi appreciation, our commercial banks displayed inconceivable and unimaginable greed, and conducted foreign currency transactions in a manner that is unprofessional, unethical, and unwarranted. The banks have behaved inappropriately, and the inappropriate and unacceptable practices must cease, and must never be repeated again.

MADAM SPEAKER,

7. Public finance management is being continually strengthened, and the positive impact of the establishment of the Gambia Revenue Authority on revenue mobilization is now being strongly felt, and the introduction of IFMIS and its cash management system, has improved fiscal discipline considerably. Revenues for 2007 will reach 22.1 per cent of GDP, among the highest in Sub-Saharan Africa. The Budget in 2007 will, for the first time in our fiscal history, move from a deficit position to a surplus of D416 million, or 2.6 per cent of GDP. The substantial stock of domestic payment arrears of over D500 million that Government owed has now been substantially cleared, and the reduced outstanding amount will be completely cleared before the end of 2008. At the end of 2007, Government will have fully repaid all its indebtedness with the Central Bank of The Gambia, and in 2007, Government has not borrowed from the Central Bank. The Central Bank has equally pursued prudent and tight monetary policies, and inflation is trending downwards to 5 per cent at the end of 2007, the current account deficit ratio to GDP has reduced significantly, and the gross international reserves now stands at 5.5 months of import cover.

MADAM SPEAKER,

8. One issue which has featured prominently in previous Budget Speeches has been the status of the Government Accounts. I wish to report to the National Assembly that the 2000-2006 Government Accounts have now been prepared, and have been submitted to the Auditor General for auditing. We look forward to the Public Accounts Committee deliberations on the audited accounts in the near future.

MADAM SPEAKER,

9. Strong macroeconomic fundamentals are the basis of evidence of sustained economic growth. The September, 2007 country performance assessments of The Gambia, the Republic of Guinea, Sierra Leone, Ghana and Nigeria against the macro-economic convergence criteria set for introducing a Common Currency (the ECO) in the West African Region had indicated that The Gambia has met all the four (4) primary criteria, and three (3) secondary criteria that were also met in 2006. If the ECO is to be introduced in January, 2009, only The Gambia and Nigeria will qualify. If a single currency for the 16 West African Countries is to be introduced on the WAMZ criteria, as is currently being discussed, only four (4) West African countries, including The Gambia, will qualify.

MADAM SPEAKER,

10. The Government's resolve to continue with reforms has always been strong and unwavering. After establishing the Gambia Revenue Authority, Government also established the Roads Authority for the regular maintenance of the existing road network, the National Agricultural Development Agency (NADA) to promote increase in agricultural output, the Gambia Bureau of Statistics (GBOS) for timely and more reliable economic and social data, and the Aid Coordination and the Central Projects Management Directorate in the Department of State for Finance and Economic Affairs to improve on the monitoring and reporting of aid inflows, and provide oversight on project implementation. Government has also approved the Groundnut Sub-Sector Roadmap Implementation Framework, and fully liberalize the groundnut sub-sector, and allow free-entry on all areas of operation for the private sector. The Agribusiness Service Plan Association (ASPA) has been given responsibility for the management of the sub-sector under a new Framework of Agreement (FOA) to be negotiated with Government. As from July 2008, Government will put the Gambia Groundnut Corporation (GGC) under a performance-based Management Contract, and performance will be evaluated on the activities of crop finance, purchasing, evacuation, shelling and processing, and international marketing.

MADAM SPEAKER,

11. We are all witnesses to the fact that the country's profile and attractiveness to foreign direct investment have increased substantially. Government has invested massively on infrastructure such as roads, resolved the problem of electricity supply in most parts of the country, built schools, hospitals and health centres, etc. The investments in the social sector of health and education will substantially improve the human capital of The Gambia, while the investments for infrastructural development will provide a more conducive environment for growth.
12. The Gambia is now in the middle of rankings on the widely used indicators of the business climate and competitiveness. In the 2007 World Bank Doing Business Indicators, The Gambia is ranked 113th out of 175th countries, better than most of our West African neighbours, except Ghana and Nigeria.

The country has been ranked favourably in the areas for the ease of starting a business, ease of dealing with licenses and permit, and for enforcing contracts, and on labour regulations. We need to do more on protecting investors, rationalize Government and local authorities' taxes, and improve access to land.

MADAM SPEAKER,

13. Government is currently working with the World Bank on a Comprehensive Civil Service Reform Programme, which will include revision in pay policy, pension reform, capacity building, retention programme, and other measures that will make it more competitive to work in the public sector. The World Bank Report is expected before the end of December, 2007, and once Government considers and decides on the recommendations of the Report, a Task Force will be established to implement over time the approved recommendations for the Comprehensive Civil Service Reform Programme.
14. The Current PRGF programme with the International Monetary Fund has gone through a First successful review on the 29th August 2007, and an IMF Mission has recently conducted a second review of the programme in November, 2007. Government has met the end-March, 2007 and end-September, 2007 fiscal and monetary quantitative targets, and the June, 2007 indicative targets, and all the end-September, 2007 structural performance criteria.

MADAM SPEAKER,

15. Government policies for now and for the future, will continue to be shaped by efforts geared towards substantially reducing poverty, and attaining the Millennium Development Goals. Government has now approved the second generation PRSP – i.e. PRSP II, as its main policy document for the period 2007 – 2011. The Gambia plans to realize both the Millennium Development Goals and Vision 2020 through a series of five-year development plans. The long-term goal of PRSP II is to eradicate poverty by significantly increasing national income through sustained economic growth, and reducing income and non-income inequalities through specific poverty reduction priority interventions, ensuring maximum private sector participation and investing in people.
16. PRSP II also incorporates strategies and an Action Plan that are fully costed at sectoral levels. Aid effectiveness on the model of the Paris Declaration on Aid Effectiveness has also been adequately addressed, and an Action Plan on Aid Effectiveness for The Gambia has been prepared. Government has mounted sensitisation missions to some bilateral countries and multilateral institutions to prepare the grounds for a successful Donors Roundtable Conference on The Gambia in London in early February, 2008. Government expects that the outcome of the Donors Roundtable Conference on The Gambia will be substantial pledges by Donors to finance PRSP II, and also a framework will be established to improve the quality of dialogue between Government and its development partners.

17. Recently, the World Bank and the IMF conducted a Debt Sustainability Analysis (DSA) on The Gambia's external debt, and this has indicated that while debt relief should move The Gambia to a sustainable debt path, Government should promote a strategy of careful management of the country's external debt to finance PRSPII priorities, without compromising debt sustainability. But, let me state categorically that The Gambia has no external payment arrears problem, and Government has always been meeting its external debt obligations regularly, and on time, and has the capacity to continue to do so. Government has, therefore, decided to increase the grant element in new external borrowings from 35 to 45 per cent, and limit new borrowing in 2008 to US\$50 million. However, Government will undertake its own independent Debt Sustainability Analysis by end-July, 2008, and the results of that analysis will inform further Government policies on new borrowings. What is now evident is that The Gambia needs massive injection of grant funds by the Donor Community to finance the projects and programs in PRSP II, and this is the message that Government will take to the Donors Roundtable Conference on The Gambia.

MADAM SPEAKER, LET ME NOW TURN TO DEVELOPMENTS ON THE DOMESTIC ECONOMY

DOMESTIC ECONOMY

REAL SECTOR

18. The Gambian economy registered on average a 6.4 percent growth rate in real terms from 2003 to 2006. A higher real growth rate of 7 percent is projected for 2007, owing mainly to the strong growth registered in communication of 25 percent, hotels and restaurants 18 percent, utilities 17 percent, mining and quarrying 10 percent, manufacturing 9 percent, and the slight growth in agriculture. Despite the timely availability of inputs such as seeds and fertilizers, the growth registered in agriculture in 2007 falls below its corresponding statistics for 2006.
19. Building and construction declined by 10 percent, compared to its value added level in 2006. Despite this decline in construction activities, the construction industry still enjoys buoyancy, compared to the earlier years of 2005, 2004 and 2003. The growth recorded for construction activities in 2006 was exceptionally high due to the huge capital outlays in infrastructural developments for the June, 2006 Banjul African Union Summit.
20. The industrial activities in the services sector continued to grow for the past two years. Telecommunications, hotels and Restaurants registered growth rates of 25 percent and 18 percent respectively. Activities of "Other Trade" witnessed growth of about 9 percent, compared to 2006. Public administration grew by about 8 percent, and the value added for transport grew by only 1 percent.

FISCAL OUTTURN FOR 2007

MADAM SPEAKER, LET ME DISCUSS THE OUTTURN FOR THE 2007 BUDGET

21. In 2007, performance on the fiscal front has been very strong, owing largely to impressive revenue collection efforts by The Gambia Revenue Authority, and also the successful containment of Government expenditures within budget limits. Consequently, the budget balance in the 2007 Budget is projected at a substantial surplus of D416 million, equivalent to 2.6 percent of GDP. This surplus is more than the 2007 Budget figure, which had earlier anticipated a surplus of about 0.2 percent of GDP.
22. Total revenues and grants were budgeted at D4402 million in 2007, but the expected outturn, based on revised projections, will now be D4536 million. This represents a 39 percent increase over the 2006 actual of D3261 million, with the difference coming mainly from grants related to construction of roads, as well as strong revenue collection efforts.
23. During 2007, domestic revenue collection is expected to rise by 6 percent from its budgeted figure of D3322 million, or 21.4 percent of GDP, to D3535 million, or 22.1 percent of GDP. This high revenue-to-GDP ratio of 22.1 places The Gambia favourably above most Sub-Saharan African countries.
24. The revised projections of expenditure and net lending for 2007 is now at D4064 million, which is expected to be 10 percent lower than the 2007 budget provision of D4512 million, and 2.2 percent lower than the actual outlay of D4155 million in 2006. The drop is coming mainly from Capital expenditure, owing largely to lower-than expected disbursements on externally funded projects.
25. Current expenditure is forecasted to register a marginal increase of 5 percent from the 2007 budget figure of D2531 million to D2653 million. However, comparing it with the actual current expenditure of D2584 million in 2006, there is a marginal increase of 2.7 percent. The expected end-2007 expenditures on Personnel Emoluments of D734 million will fall short of the 2007 Budget figure of D765 million by 5 percent, but, at the same time, represent a 10 percent increase over the 2006 actual outcome. Other Charges are now projected at D1142 million, which is 16 percent higher than the actual budget outlay of D1010 million. However, interest payments are 15 percent lower- than-anticipated, and this expenditure component reduces from D846 million to D782 million, due mainly to lower interest rates. Capital expenditure is projected at D1411 million in 2007, and this represents a 27 percent drop from the 2006 budget figure of D1936 million.

MADAME SPEAKER,

26. Fiscal performance in 2007 has, therefore, been outstanding, with domestic revenues at 22.1 percent of GDP, and a basic balance of 2.6 percent of GDP. In the 2006 Budget, poverty reducing expenditures amounted to D679.6 million, representing 38 percent of total Government Funds. In 2007,

expenditures for poverty reduction in the Budget totalled D1083 million, or 45 percent, of total Government Funds.

MADAM SPEAKER, I WILL NOW DISCUSS THE SITUATION WITH RESPECT TO MONETARY DEVELOPMENTS IN 2007

MONETARY DEVELOPMENTS

MONETARY POLICY

27. Monetary policy in 2007 focuses primarily at achieving the inflation target of 5 percent by end-December 2007, maintains a viable external position, a stable exchange rate, and also sustains economic growth for increased employment and poverty reduction.
28. Growth in money supply decelerated up to end-October, 2007 from 2006. Broad money rose by 10.6 percent, compared to 19.7 percent in 2006. Both components of money supply grew, but quasi money increased at a faster pace, mirroring strong demand for Dalasi denominated assets which, in turn, was driven by the appreciation of the Dalasi, and expectations of a benign inflationary environment going forward. Reserve money increased at an annual rate of 0.1 percent, significantly lower than 17.9 percent in 2006. From December, 2006, money supply grew marginally by 0.8 percent, due mainly to the 11.8 percent contraction in reserve money.
29. In the year to end-October 2007, the net foreign assets of the banking system declined slightly to D3.1 billion, or 11.1 percent, reflecting mainly the drop in the net external position of deposit money banks. Although the net foreign assets of the Central Bank declined marginally to D2.3 billion, or 0.2 percent, it was caused by the decrease in the net foreign assets of deposit money banks to D0.9 billion, or 31.2 percent. Gross official reserves of the Central Bank dropped to D2.7 billion, or 3.4 percent, while its foreign liabilities contracted to D0.4 billion, or 17.9 percent. Deposit money bank's foreign assets decreased to D1.1 billion, or 18.0 percent, while their foreign liabilities rose to D0.3 billion, or 96.5 percent.
30. The net domestic assets of the banking system rose to D4.7 billion, or 32.4 percent, from end-October 2006, due largely to the increase in other items net. Other items net grew from a negative D825.9 million to D280.0 million, reflecting revaluation losses, emanating from the appreciation of the Dalasi. Domestic credit grew moderately to D4.4 billion, or 0.9 percent, of which credit to Government and public entities increased by 0.1 percent, and 9.2 percent to D1.6 billion and D295.3 million respectively. Similarly, private sector credit rose slightly by 2.1 percent to D2.3 billion by end- October, 2007.
31. Reserve money, the Central Bank operating target, increased at an annual rate of 0.1 percent, substantially lower than the 17.9 percent in 2006. However, from end-December, 2006, reserve money contracted by 11.8 percent, reflecting the decline in the net foreign assets of the Central Bank.

MADAM SPEAKER, I WILL NOW CONSIDER PRICE MOVEMENTS, FOREIGN EXCHANGE AND FINANCIAL SECTOR DEVELOPMENTS, AND THE EXTERNAL SECTOR

PRICE MOVEMENTS

32. Inflationary pressures continued to trend downwards, and the outlook from 2007 remains favourable. Inflation, measured by the National Consumer Price Index (NCPI), rose to 6.0 percent at end-October 2007 from 1.1 percent in October, 2006. Average inflation was 4.4 percent, compared to 2.6 percent in 2006. Food consumer price inflation increased to 8.3 percent, relative to 0.7 percent in October, 2006. In contrast, non-food prices rose by only 2.4 percent from 1.6 percent at end-October 2006. Core inflation, which excludes energy and volatile food prices, accelerated to 5.9 percent from 0.9 percent in October, 2006.

FOREIGN EXCHANGE DEVELOPMENTS

33. Foreign exchange developments in the first ten months of 2007 were characterized by marked increases in transaction volumes, and an unprecedented appreciation of the Dalasi. The volume of transactions rose to D41.5 billion in the ten months to end-October, 2007, relative to D31.6 billion in the corresponding period of 2006. The strengthening of the Dalasi vis-à-vis major international traded currencies started in 2005, following the implementation of prudent monetary and fiscal policies, coupled with increased foreign inflows and rebounding economic growth. During 2006, the Dalasi lost ground against all major currencies, except the US dollar, which was weakening against most international currencies. However, during the first half of 2007, the Dalasi recovered, and appreciated marginally against all major international currencies. Between August and September, 2007, the Dalasi showed an unprecedented level of appreciation vis-à-vis all international trade currencies in the inter-bank market. On October, 30, 2007, the Dalasi appreciated to a four-year record high against the US dollar, Pound Sterling, Euro and CFA franc by 30.6 percent, 23.0 percent, 22.9 percent, and 16.2 percent respectively. Looking ahead, the Dalasi is projected to be relatively strong in the medium term. This is based on the continued pursuance of prudent fiscal and monetary policies, increased foreign exchange inflows, continued US dollar weakness, and the reduced demand for foreign exchange to service external debts, following prospective HIPC and MDRI debt relief.

MADAM SPEAKER, FINANCIAL SECTOR DEVELOPMENTS

FINANCIAL SECTOR DEVELOPMENTS

34. The financial sector continued to be deepened, and vibrant as new banks and foreign exchange bureaux were licensed to operate. The number of deposit money banks increased to ten, following the granting of operating licences to Ecobank (Gambia) Limited and BSIC (Gambia) Limited. The growth in the number of banks is expected to increase competition, leading to the introduction of myriad banking products and services, smoothen the

intermediation process, reduce the cost of borrowing, as well as increase the number of branches throughout the country.

35. To improve the smooth functioning, and the stability of the banking sector, as well as increase the efficiency of financial intermediation, the Central Bank of The Gambia revised its On-Site Examination Procedure Manual. In addition, the supervisory powers of the Financial Supervision Department of the Central bank were strengthened to ensure a safe and sound banking system. Most importantly is the drafting of the Prompt Corrective Action (PCA) Framework to identify and address anomalies in bank performance, particularly in key areas such as profitability, liquidity, and capital adequacy.
36. Also, to reduce credit risks and costs for banks, while at the same time make credit affordable at competitive price for borrowers, the Central Bank of The Gambia, in collaboration with commercial banks, has now established a Credit Reference Bureau in March, 2007. Credit information sharing should strengthen commercial banks' capacity to expand lending, especially to small and medium enterprises, and reduce transaction costs.
37. Total assets of the banking industry grew to D9.7 billion in September, 2007, compared to D8.4 billion in September, 2006. The average capital adequacy ratio was 23.2 percent in September, 2007, higher than the minimum requirement of 8.0 percent. The average liquidity position of banks at 84.9 percent exceeds the regulatory requirement of 30.0 percent. The ratio of non-performing loans to total loans stood at 13.0 percent at end-September, 2007. However, it is heartening to note that non-performing loans are adequately provisioned by all banks.

EXTERNAL SECTOR

38. The overall Balance of Payments is projected at a surplus of D108.6 million (US \$4.0 million) in 2007, lower than the D195.11 million (US \$6.9 million) in 2006. The current account deficit, including official transfers, is expected to narrow to D1.6 billion (US \$5.8 million), or 10.1 percent of GDP from D1.8 billion (US \$ 6.8 million), or 12.9 percent of GDP in 2006, reflecting projected improvement in the services account balance from a deficit of D56.0 million to a surplus of D318.3 million in 2007. Income from travel and communication services are expected to increase by 10.0 percent and 68 percent respectively from 2006. In contrast, the capital and financial account balance is projected to decrease to D1.7 billion (US \$6.2 million) in 2007 from D2.0 billion (US \$7.5 million) in 2006, mainly on account of reduced drawings on new loans.

MADAM SPEAKER, LET ME SPEAK BRIEFLY ON THE SUBJECT OF MICRO FINANCE

MICRO FINANCE

39. The micro-finance sub-sector continues to gain prominence as a strategy for poverty alleviation in The Gambia. This is due to the role that Micro finance Institutions play in providing financial services to the rural and urban poor,

who, hitherto, never benefited from such services from the commercial banks. Micro finance institutions (MFIs) have, over the years, grown both in number and institutional diversity. This has been achieved through the support of both Government and donor Non-Government Organisations (NGO's) supported projects. Micro Finance Institutions have proven to be viable options in the delivery of financial services to the poor.

40. However, despite improved performance, rapid and sustained growth, the Village Savings and Credit Associations (VISACAs) and the Micro savings And Credit Associations (MISACIs) continue to be hindered by weak managerial capabilities, inability to attract and retain qualified personnel, and weak linkages with the formal financial system. In order to address some of these constraints, the Rural Finance and Community Initiatives Project (RFCIP), the Micro finance Promotion Centre (MFPC), and The Gambia Social Development Fund (SDF) are collaborating with the Central Bank in building capacities of micro finance operators, and also provide the technical advice for the smooth functioning of micro finance institutions.

MADAM SPEAKER, I WILL NOW TURN TO THE KEY SOCIAL SECTORS OF THE ECONOMY- EDUCATION, HEALTH AND AGRICULTURE.

SOCIAL SECTOR

EDUCATION

41. As the second phase of the Third Education Program (2004-2015) has started, Government has set out policy objectives, and realistic targets, that will continue to focus substantial attention to expanding access to quality education, especially for girls. In this respect, it is encouraging to report that the provision of nine years of basic education is now being fully implemented, in relation to demands for it. From the computation of data on children, who are aged twelve and complete lower basic education without repetition, completion rate at this level is now at 65 percent, and is expected to increase to 100 percent by 2015. In practice, however, the transition rate from the lower basic to the upper basic level is 100%. Efficiency gains are targeted through an increase in pupil: teacher ratios to 45:1 at lower basic, and through the use of multigrade teaching in the rural areas, and double shift in urban areas. The much desired goal of attaining gender parity at the lower basic has been surpassed in some schools, after having reached a national parity index of 1.06 in the 2006/07 academic years. The gender parity indices in the upper and senior secondary schools are 0.95 and 0.77, indicating a significant progress in bridging the gender participation gap between boys and girls at the Upper Basic. The challenge still remains at the senior secondary level.

EARLY CHILDHOOD CARE AND DEVELOPMENT

42. In view of the growing importance Government attaches to the early years of development for children, Early Childhood Development (ECD) has now been integrated into the basic education cycle education program. The Education Policy (2004 – 2015) stresses the significance of these early years,

hence linkages with other government departments, Non-Governmental Organizations, Local Authorities and local committees have been developed to promote an integrated approach to Early Childhood Development. The multi-sectoral working group established, in collaboration with the local committees, civil society organizations, (CSO's) and international agencies to sensitize on Early Childhood Development issues, and initiate and maintain Early Childhood Development centers, continues to provide avenue to achieve relevant objectives. The role of the Department of State for Basic and Secondary Education will continue to be limited to one of co-ordination and supervision of the provision of Early Childhood Development, which will continue to be provided by the private sector, except for the centers annexed to existing lower basic schools located in deprived communities.

BASIC EDUCATION AND SECONDARY EDUCATION

43. In 2006/07, the overall gross enrolment rate (GER) in lower basic education, including Madrasas Education, (grades 1-6), showed modest gains, and now stands at (92%), with significant gains for girls, but worrisome declines for boys in some areas. Access to upper basic (i.e. grades 7-9) registered a 5% increase in the overall Gross Enrolment Rate over 2005/2006, and the Net Enrolment Rate (NER) for boys and girls are at par. At the senior secondary level, the overall gross enrolment rate (GER) also increased by 5% over 2005/2006, though the gap between boys and girls remains wide. To achieve universal primary completion by 2015, and to sustain the enrolment rates in the upper basic schools, additional school places in lower and upper basic schools will need to be created. This will be pursued gradually in the context of the education strategic plan, and Government will seek the required funds to implement the entire plan.

SPECIAL NEEDS EDUCATION

44. The principle of inclusive education, and the integration of children with special needs into the education system, require the inclusion of special education as a component of the basic education programme. Thus, it is targeted to increase access and opportunities for special learners to maximize their potential for self-development and employment.
45. Under the IDA construction project, all new schools will be wheelchair-accessible, and the classroom space will be adjusted accordingly to meet the needs of children who are physically handicapped. Under both the second phase of Education III project, and the EFA-FTI Catalytic Fund, training will be provided to specialized and general education teachers on how to accommodate children with special needs in all classrooms, as well as on accommodating their needs in the curriculum. The procurement of appropriate learning materials will also be included to ensure that adequate accommodation measures are taken.

MADAM SPEAKER, ON HIGHER EDUCATION

HIGHER EDUCATION

46. Government, in January, 2007, established the Department of State for Higher Education, Research, Science and Technology to develop and implement appropriate policies for the development of these sub- sectors, and to better leverage higher education, research, science and technology for the socio- economic development of The country.
47. A major pre-occupation of the Department presently is the development of policy frameworks for higher education, research, science and technology. As academic programmes and student population of the tertiary institutions have expanded over the years, issues relating to quality and relevance of programmes, accreditation and validation of qualifications, relevance of programmes to labour market needs, programme duplication, and efficiency in the use of physical facilities, have become increasingly important. As a result, the machinery has now been set for the ultimate integration of Gambia College, GTTI and MDI under the University of The Gambia.
48. Another area of great significance is the establishment of a Science and Mathematics Academy, to create a critical mass of scientists, mathematicians and technologists, to support a science and technology-based economic development strategy, as envisaged in the “Silicon Valley” and “Science Park” Initiatives. Construction work on the Academy is underway, and it is expected that the Academy will start enrolling students in September, 2008.

HEALTH

49. Government has made considerable achievements in the control of communicable diseases, such as poliomyelitis, measles, lymphatic filariasis and leprosy, and some of these diseases have either been eliminated, or are in the final stage of elimination. Success has also been registered in the control of outbreaks, such as Cholera and the Avian Flu. Considerable progress has been made in the area of Expanded Program for Immunisation (EPI) Coverage with 90% for childhood immunization. Physical access to health care at 84% has been greatly improved by the expansion of health facilities, and the recruitment of trained health personnel.
50. Tuberculosis (TB) case detection has increased significantly in recent years. The 2006 notification rate for new cases was 66%, relative to the 2005 level of 56%. Similarly, the treatment success rate has increased from 61% in 2004 to 88% in 2005, which has exceeded the World Health Organisation target. The prevalence of HIV/AIDS has also dropped from 2.1% to 1.1% in 2005. In an attempt to fight malaria, mass bed nets re-treatment campaigns, and the use of long lasting insecticide treated nets, have been introduced, and coverage has reached 85% which has contributed, together with other interventions, like the Set Settal exercises, to the reduction of malaria prevalence in the country.
51. With regards to Reproductive and Child Health (RCH), the achievements made were due to the numerous interventions taken in the areas of safe motherhood, and Integrated Management of Neonatal and Childhood Illness

(IMNCI). The maternal mortality ratio, though still high, has been declining. The infant mortality rate declined from 167/1000 in 1983 to 84/1000 in 1993 and 75/1000 in 2006. In an attempt to increase access to Maternal Health services, Government has waived charges for Maternal Health Services for Gambians at the beginning of this year.

52. Government is also paying special allowances to motivate and retain health workers in the remote rural areas, where health services are highly needed. Also, a program for the accelerated training of nurses has been introduced to stem the high attrition rate in nurses. This year, the first batch of the 12 Medical Doctors graduated from the Medical School of the University of The Gambia, and this will strengthen the number and practice of medical doctors in the country.

AGRICULTURE

53. Since agriculture is a prime area for investment, the required attention should not only be given to raising income and also improving food security, but also to effectively reducing poverty, and enable Government meet the Vision 2020 objectives, and the Millennium Development Goal “to halve the proportion of poor and those who suffer from hunger by 2015.”
54. In order to realise these stated Government objectives, the following ongoing agricultural projects, Participatory Integrated Watershed Management Project (PIWAMP), Rural Finance Project (RFP); Special Programme for Food Security (SPFS), and Farmer Managed Rice Irrigation Project (FMRIP) have all made considerable achievements, and some are in their second phases. The dissemination and cultivation of NERICA (New Rice for Africa) rice in 2007 has been outstanding. This, coupled with the emergence of commercial farming, is an indication that the prospects for greater and diversified agricultural output are promising. Furthermore, evidence has indicated that land degradation has also slowed down.
55. The agricultural sector performed reasonably well during the 2006/2007 cropping season. Gains were achieved in crop cultivated area, yield and production parameters. The overall cultivated area for cereals increased from 195,470 hectares in 2005/2006 to 207,841 hectares in 2006/2007, representing an increase of 6.3 per cent. Late Millet, Sorghum, and Coarse grains achieved growth rates of production of 12.6 per cent, 9.5 per cent and 7.1 per cent respectively; and Groundnut production registered an increase of 6.7 per cent from 140,660 metric tones in 2005/2006 to 150,136 metric tones in 2006/2007.
56. Growth in the agricultural sector has been consistently high since 2003, due to good and evenly spread rainfall, together with efforts to diversify the sector. During 2007, all categories or sub-sectors of agriculture, crop production, livestock, and fishing, have registered growth rates, with the exception of forestry, which has contracted by 4 percent.

**MADAM SPEAKER, LET ME NOW DISCUSS INFORMATION,
COMMUNICATION AND TECHNOLOGY DEVELOPMENT, POPULATION,
AND WOMEN IN DEVELOPMENT.**

INFORMATION, COMMUNICATION AND TECHNOLOGY

TELECOMMUNICATIONS

57. The contribution of Information and Communication Technologies (ICTs) to economic development and poverty reduction has been recognized by Government, and accordingly, this requires the formulation of the necessary policy framework to encourage the development of ICT, and its application in all economic sectors of the country. Countries with strong ICT infrastructure that use innovative information technology applications possess advantages for sustained economic growth and social development. In this evolving environment, Gambia faces opportunity costs delays in the provision of greater access to and use of information and communication technologies (ICTs) by its citizens.
58. Government has now formulated a National Information and Communications (NICI) Policy, and E-government Strategy, to encourage the development of ICT in all sectors of the economy, as well as re-engineer Government's administrative processes through electronic application in e-government project. Government is working closely with the Economic Commission for Africa to achieve speedy implementation of the National Information and Communication Policy.

AFRICAN UNION E-NETWORK

59. The African Union E-Network Project is financed by the Indian Government through the African Union, and Gambia has been selected among six countries for a pilot. The objective of the project is to link major hospitals in Africa to advanced medical centers and hospitals in India through e-health facilities to enhance cooperation in health delivery system, and in expert cooperation. The project also has an education component, where universities in Africa will be linked to similar Institutes of higher learning in India. The RVTH and Bansang hospitals will be linked to medical centers in India, and the University of The Gambia (UTG) will be linked with Indian institutes of high learning. This will facilitate provision of access to both educational and medical resources online.
60. Recently, Indian experts have visited The Gambia, and sites have been identified at the University of The Gambia and the New Serrekunda Hospital to house the facilities for the project. It is expected that the project will commence in early 2008.

POPULATION

61. The Gambia Government continues to recognize the inextricable linkage between population dynamics and poverty alleviation, and is addressing population factors as means for achieving sustainable growth and

development. An unfavourable demographic factor, like high fertility, has continued to exacerbate the poverty situation in the country.

62. Government has invested, over the years, significant resources in addressing population and development issues, which are beginning to yield results. The 2003 Population and Housing Census has shown a decline in population growth rate from 4.2% to 2.8% during the period 1993 to 2003. In addition, studies have also shown that maternal mortality has declined from 1050 to 730 per 100,000 births between 1991 and 2001. Preliminary results of the 2003 Population and Housing Census also indicated a significant improvement in fertility and mortality. The Total Fertility Rate, which shows the average number of children per woman, has declined from 6.01 to 5.54 children per woman, whilst infant mortality has declined from 92 per 1000 in 1993 to 75 per 1000 in 2003. Government recognises that universal access to reproductive health and services, including HIV Aids, is a prerequisite for the attainment of the millennium development goals. However, there are still challenges ahead in this area. Despite the drop in population growth rate, the size of the population will continue to increase. Annually, it is estimated that the population of The Gambia will increase by 40,000 persons, children who will be dependents, and posing serious challenges to the provision of basic social services.
63. The United Nations system, and especially UNFPA, has been assisting Government to address population issues. UNFPA has recently increased its allocation to The Gambia from the regular resources to US\$4million from US\$2.75million to contribute to the improvement of the quality of life and standard of living of Gambians by focusing on (a) maternal health; (b) reproductive health information and services with a focus on young people and HIV prevention; and (c) the collection and utilization of gender-disaggregated data for planning, for development, and for poverty reduction, and for support for policy dialogue, and advocacy on population, gender, and reproductive health.

WOMEN IN DEVELOPMENT

64. In light of the problems faced by women, a recent Project funded by UNESCO-NATCOM was initiated in early 2007, and its main focus is to develop capacity among Lady Councillors in their mandate to advise Government on all matters affecting the development and welfare of women in education and training, and the mobilization and integration of women as equal partners in the economic, social and cultural development of The Gambia.
65. The Self-Help Cooperative that was also established in 2006 to assist women with micro-credit for income generating activities has now included in its activities export of processed and preserved food items, and the importation of textiles for the local market.

MADAME SPEAKER, LET ME SPEAK ON TRADE POLICIES, ECONOMIC PARTNERSHIP AGREEMENTS, AND TOURISM

TRADE

66. Government, in the context of both PRSP II and Vision 2020, continues to formulate and implement policies that facilitate the creation of a conducive environment for private sector led development. In order to address the country's inability to fully participate in the Multilateral Trading System (MTS), and also to take advantage of the benefits from the preferential market access schemes available from the multilateral trading system. Government requested and received technical assistance under the Integrated Framework (IF) to formulate an integrated trade policy that promotes competitiveness for inclusion into the overall national development strategy.
67. Under the Integrated Framework Technical Assistance project, a Diagnostic Trade Integrated Study (DTIS) was prepared and completed by local and international consultants in 2007. The Study provides recommendations on how to bring about accelerated growth by enhancing the integration of the Gambian economy into regional and global markets. The Study assessed the overall competitiveness of the country's economy, identified sectors of great export and growth potentials, and outlined their constraints. The Diagnostic Trade Integrated Study (DTIS) also provides policy recommendations, strategies and trade related technical assistance needs.
68. The DTIS was validated on 3 July, 2007, and was later approved by Government. It has now been incorporated among other priority programs for discussions during the Donor Round Table Conference on The Gambia.

ECONOMIC PARTNERSHIP AGREEMENT (EPA)

69. Negotiations on the Economic Partnership Agreement (EPA) are currently at the sub-regional level, and Government has also started to sensitize the public through workshops about the EPA. The sensitization includes the state of negotiations, and the possible effects of the EPA on the Gambian economy in particular, and the ECOWAS region in general. A discussion paper on the impact of the EPA on the Gambian economy has been submitted as the Government's contribution to the Midterm Review by ECOWAS, and has also been the basis for the national debates on EPAs in various workshops.
70. Government had established in 2006 a National Committee on trade negotiations, and trade related issues to advise Government on EPA's, and ensure wider consultations with all the key stakeholders on this issue. The committee is composed of public, private and other non-state actors. However, Gambia Government's present position is that the impact of an Economic Partnership Agreement on the Gambian economy, unlike most other African economies, without automatic, adequate, guaranteed and unconditional compensation, will be immediate and disastrous, beyond any remedy. The Gambia will move most cautiously on any path to an Economic Partnership Agreement.

TOURISM

71. Tourism continues to be a major economic activity, given its significant contribution to GDP, employment creation, and the generation of foreign exchange. Government is, therefore, committed to the continuous development of tourism in line with the objectives stated in Vision 2020 and PRSP II.
72. Government will continue to promote The Gambia as a major tourist destination, and ensure that tourism is sustained as a major contributor to the development of the national economy. This year witnessed the opening of many new hotels, including the Sheraton, and hotel bed capacity has increased considerably.
73. The total number of tourist arrivals in 2006/7 is estimated at 140,554, which represents a growth of 19.5 per cent over 2005/6. Tourist arrivals in 2007/8 are projected at 148,678, which represents a growth rate of 5.8 per cent over the 2006/7 figures.
74. The total out-of-pocket expenses for tourists in 2006/7 are estimated at D1.12 billion; of which food, beverages and transportation were the main expenditure items.
75. In 2008, efforts will be made to enhance the heritage sites, particularly those that are of world heritage status. These sites play an important role in the marketing of cultural tourism, and Government will support their development for educational, cultural and tourism purposes.
76. The 9th Edition of the International Roots Festival will also be celebrated in June, 2008, and a National Coordinating Committee has been established to prepare for this international event that attracts the participation of Africans in the Diaspora, and peoples of African descent everywhere.
77. In general, cultural preservation, promotion and development remains a cornerstone of Government's development agenda, and the development of arts and culture, through support to artists and artistic creation, will continue to receive Government attention and support. The capacity of the National Council For Arts and Culture will, therefore, be strengthened in the years ahead, so that our rich cultural heritage can be further preserved and developed.

MADAM SPEAKER, I WILL NOW DISCUSS THE PERFORMANCES OF THE PUBLIC ENTERPRISES

FINANCIAL PERFORMANCE OF PUBLIC ENTERPRISES

SOCIAL SECURITY AND HOUSING FINANCE CORPORATION (SSHFC)

78. Consolidated gross income for the year ended 31st December, 2006 decreased by 18% from D379.6 million in 2005 to D307.9 million in 2006.

Recurrent expenditure decreased by D11.8 million from D90.9 million in 2005 to D79.1 million in 2006. Thus, the Corporation recorded a consolidated Net Surplus of D94.4 million, after charges on income, including gross Income, royalty and Interest on Members' Fund. The Corporation's Total Net Assets grew by 15% from D2.26 billion in 2005 to D2.60 billion in 2006.

GAMBIA PORTS AUTHORITY (GPA)

79. The Authority registered a throughput increase by 6 percent from 983, 511 metric tonnes in 2005 to 1, 042, 903 metric tonnes in 2006. Similarly, turnover increased by 6 percent from D378 million in 2005 to D399 million in 2006. Despite the decrease in Operating profit by 1 percent from D126.28 million in 2005 to D125.25 million in 2006, net profit after tax increased from D50 million in 2005 to D64 million in 2006, representing an increase of 28 percent. The increase in net profit is mainly attributed to an increase in investment, and other non operating income, coupled with a moderate fall in exchange losses on the external loan repayments. The gross value of fixed assets stood at D679 million in 2006, compared to D671million in 2005, representing an increase of 1 percent.

NATIONAL WATER AND ELECTRICITY COMPANY LTD (NAWEC)

80. With respect to the finances of the company, NAWEC made a profit of D40.8 million in 2006. Turnover for 2007 is also anticipated to increase to D1.2 billion, representing an increase of more than 50% over that of 2006. The significant increase in the turnover is the result of the additional sales from electricity purchased from the Independent Power Producer in Brikama.
81. However, the company needs to manage its finances much more prudently since oil and lubricants alone accounts for more than 65% of the operating costs of the company. The continuing increases in the price of oil in the international market can have large and serious impact on the liquidity of the company.
82. The revenues of NAWEC can improve considerably if adequate investment is made in the transmission and distribution network. The rehabilitation and upgrading of the transmission and distribution network will greatly reduce losses, and improve electricity sales.

GAMBIA INTERNATIONAL AIRLINES (GIA)

83. The turnover for the year ended 31st December, 2006 is D223 million, an increase of 38 percent, compared to D162 million in 2005. This comprises D95 million, or 42 percent, from ground handling, D126 million, or 57 percent, from hajj operations, and D2 million, or 1 percent, from cargo operations.

84. Operating or core results reversed from a loss of D12.1 million, and net profit improved from a loss of D7 million in 2005 to a profit of D12 million in 2006.
85. GIA has achieved the International Air Transport Association (IATA) Aircraft Handling Manual (AHM) 804 Certification in September, 2007, after working with IATA for nearly one year on the project. This is the first such certification of Ground Handling Operations in the history of this country.
86. GIA is now working towards achieving the IATA safety Audit for Ground Operations (ISAGO). This is the latest IATA standard on Ground Operation Safety. IATA has again been contracted to work with GIA on training personnel, producing Ground operations Manual, and setting up a safety and quality office.

GAMBIA PRINTING AND PUBLISHING CORPORATION (GPPC)

87. The Gambia Printing and Publishing Corporation continues to register steady progress since it started operations in 2006. The year 2007 saw improvements in performance over 2006. The overall turnover in 2007 is D24,696,259, compared to D22,304,287 in 2006, representing an increase of 9.68 percent or D2,391,972
88. Given the current operational strategies in place, and the corporate plans for 2008, The Gambia Printing and Publishing Corporation expects a turnover of D28,585,250 in 2008.

GAMBIA PUBLIC TRANSPORT CORPORATION (GPTC)

89. The Gambia Public Transport Cooperation's operations in 2007 have improved significantly, compared to 2006. This is largely due to the increase of earnings on private hires, Airport operations, and the interstate services.
90. For the year ended 31st December, 2006, The Gambia Public Transport cooperation's turnover decreased from D15.9 million in 2005 to D10.7 million in 2006, representing a drop of 30 percent. However, net income in 2006 amounted D2.305 million, compared to D498.000 in 2005.

ASSET MANAGEMENT RECOVERY CORPORATION (AMRC)

91. The objectives of establishing the Assets Management & Recovery Corporation (AMRC) are to recover and manage the non-performing assets of the defunct Gambia Commercial & Development Bank, and the Managed Fund of Gambia Government, and the forfeited properties/assets from the various Commissions of Inquiry set up after 1994.
92. For the year ended 31st December, 2006, the Corporation generated a total income of D18.5million, compared to D24.5m in 2005. The net loss for

2006 is D0.5m, compared to a net profit of D14.8 million for 2005. However, the AMRC Management is determined to generate and improve revenue generation, and also embark on the planned programme of procurement of goods and services for Government and the general public.

93. For the period up to end September 30, 2007, the Corporation realised revenues of D11.06m, compared to a budgeted sum of D16.56m recording a revenue shortfall of D4.94 million. The overall performance for 2007 is promising, and the Management has resolved that the cooperation will remain relevant in national development.

MANAGEMENT SERVICES AGENCY (MSA)

94. Turnover for the year ended December, 2006 was D9.0 million, reflecting a decrease of 6 percent compared to the 2005 figure. Profit before tax was D821.791 in 2006, which, compared to 2005, registered a decline of 50 percent. Profit after tax was D640, 300 in 2006, which also showed a decline of 50 percent.

GAMBIA CIVIL AVIATION AUTHORITY (GCAA)

95. The total turnover recorded for the period ended 30th September, 2006 amounted to D177 million, reflecting an increase of 30 percent over 2005. This turnover comprises aeronautical revenues of D148 million, and non-aeronautical and commercial revenue of D27 million, representing increases of 33 percent and 37 percent respectively over the 2005 figures. Operating profit for 2006 is D21 million, reflecting a decrease of 34, percent compared to 2005.

GAMTEL/ GAMCEL

96. According to Gamtel/Gamcel, management, the financial results of both Gamtel/Gamcel for the year ended 2006 are in the process of finalization by the External Auditors. However, the provisional results, subject to inter Company cost allocations indicated that Gamtel had total revenues for 2006 of D693.6 million, but registered a loss of D69.5 million.
97. Gamcel, for the same period, collected revenues of D544.7 million, and registered profit of D242.2 million.
98. The Government sold 50 percent shares in Gamtel/Gamcel to Spectrum Investment Holding for an amount of U.S \$35 million. Government has started to utilise some of the funds paid in the 2007 Budget. An amount of D390 million has been incorporated in the 2008 Budget, and the remainder of the funds will be utilised in 2009. The proceeds from the privatisation sale are being used to fund non-debt creating expenditures and assets in the social sectors, and in the security area, which Government will not have been able to fund ordinarily from revenue resources.
99. Let me formally announce that by virtue of section 175 (1) of the 1997 Constitution of the Republic of The Gambia, Government will no-longer be

reporting to the National Assembly on the financial performances of Gamtel/Gamcel.

2008 BUDGET ESTIMATES

MADAM SPEAKER, THE 2008 REVENUES, RECURRENT AND DEVELOPMENT EXPENDITURES PROJECTIONS

100. The 2008 Budget is prepared on the basis of certain key macroeconomic assumptions, and a well-defined fiscal strategy that seeks to enhance growth and development by according high priority to poverty reducing expenditures aim at significantly alleviating poverty in this country.
101. The key macroeconomic assumptions for the fiscal year 2008 are to sustain a real growth rate of 6-7 percent, contain inflation to below 5 percent, maintain a level of international reserves of about 4 months of import cover, generate a basic balance surplus of 1-2 percent of GDP, and a current account deficit of 12 percent of GDP.

REVENUES 2008

102. The 2008 Budget projects total domestic revenue at D3771 million, which represents a 14 percent increase over the 2007 budget figure of D3322 million. Total domestic revenues are made up of a direct tax of about 27 percent, or D1017 million, and indirect tax of about 62 percent, or D2345 million, and the remaining D408 million, or 11 percent, is from non-tax revenues and grants. Capital revenue is estimated at D406 million.

EXPENDITURE 2008

103. Total expenditure and net lending for 2008 is projected at D5205 million, which represents a 15 percent increase over the D4512 million in 2007. The expected availability of both HIPC and MDRI Debt Relief resources, and also privatisation proceeds from the sale of 50 percent shares in GAMTEL and GAMCEL, has provided the opportunity to finance additional expenditures in both capital expenditure and current expenditure of 21 percent and 11 percent respectively. Consequently, recurrent expenditure is projected to increase from D2531 million in 2007 to D2812 million in 2008, while capital expenditure is estimated to rise from D1425 million in 2007 to D1643 million in 2008.
104. The total recurrent expenditure figure of D2812 million comprises of personnel emoluments of about D918 million, or 32 percent of the recurrent budget; Other Charges of D1143 million, or 40.6 percent, interest payments on the external and domestic debt accounts for D622 million, or 22 percent. Capital expenditure and net lending amount to D2, 333 million, of which D1024 million is from loans, D669 million from grants, D336 million from Government Local Funds (GLF), and D110 million from Net Lending.

105. For 2008, poverty reducing expenditures are projected at D1480 million, or 46 percent. The budget is projected to have a deficit of D730 million or 4.2 percent of GDP. However, this deficit is fully financed by net external borrowing of D826 million, and a net domestic debt repayment position of D96 million.

CONCLUSION

MADAM SPEAKER,

106. Behind the words and numbers in this Budget Speech are policies and also decisions that reflect the directions Government has set for itself, and for the country, and also commitments made to reduce poverty and attain the Millennium Development Goals. Taken together, these will help shape the Nation's journey for 2008, and beyond.

107. I have recounted the brilliant successes of the Gambian Economy in 2007 – a 7 per cent growth rate, domestic revenue to GDP ratio of 22.1 per cent, a budget surplus of 2.6 per cent of GDP, an inflation rate of 5%, international reserves of 5.5 months of import cover, and a strong and stable Dalasi.

108. Government's goal is to use the fruits of our present successes to sow the seeds of future achievements – to employ the dividends of fiscal, monetary and economic strength to keep on building an outstanding vibrant economy and society, with an enviable life for all Gambians. Government's goal to reduce poverty significantly, and to meet all the Millennium Development Goals depends on maintaining macroeconomic stability, and sustaining economic growth. Achieving this ultimate goal can be made much easier by all Gambians, by merely changing attitudes, and the ways we do and view things, by going back to the land, by working harder with much commitment and devotion, and for all Gambians to take a dedicated, committed and proactive role in nation building. Government has now set the stage, and it is up to all Gambians to take advantage of the myriad of opportunities that sustained economic growth has brought to this nation.

MADAM SPEAKER,

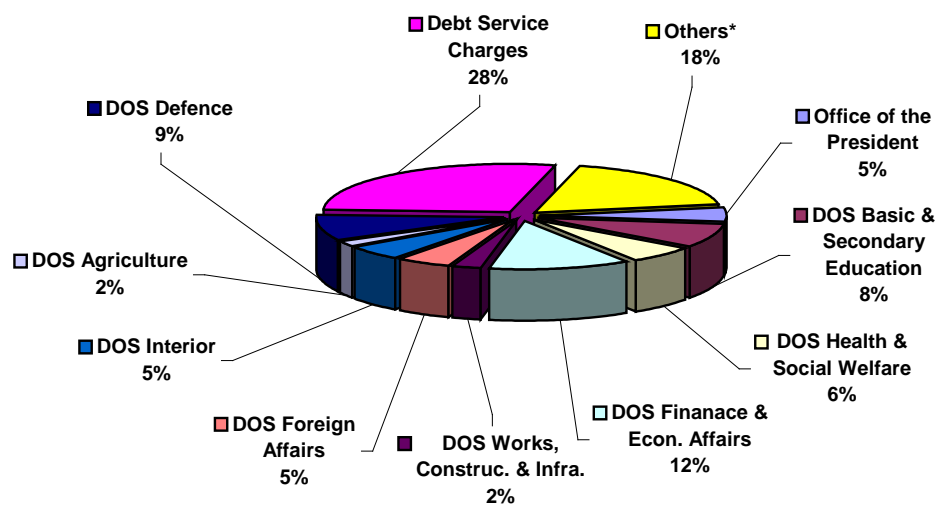
I beg to move.

Appendix 1

SECTORAL ALLOCATION FOR 2008 BUDGET

Departmental Recurrent & Development Budget (GLF) D' Million	% of Total
Office of the President	4.78
DOS Basic & Secondary Education	8.12
DOS Health & Social Welfare	5.74
DOS Finance & Econ. Affairs	12.17
DOS Works, Construc. & Infra.	2.45
DOS Foreign Affairs	4.92
DOS Interior	4.78
DOS Agriculture	2.12
DOS Defence	8.60
Debt Service Charges	27.93
Others*	18.40
Total	100.00

Departmental Recurrent & Development Budget 2008 (GLF)



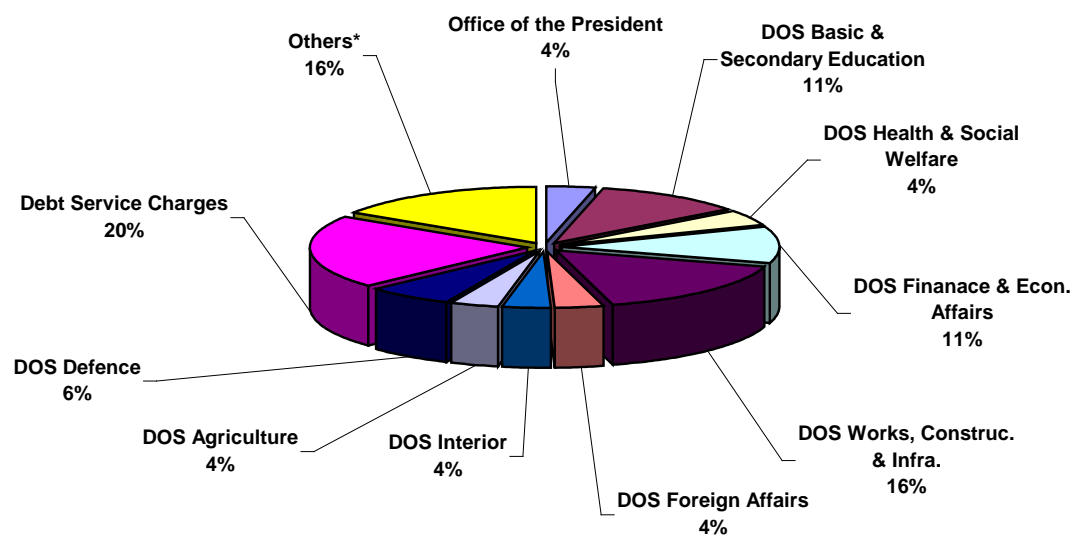
Office of the President	DOS Basic & Secondary Education	DOS Health & Social Welfare
DOS Finance & Econ. Affairs	DOS Works, Construc. & Infra.	DOS Foreign Affairs
DOS Interior	DOS Agriculture	DOS Defence
Debt Service Charges	Others*	

Appendix 2

SECTORAL ALLOCATION FOR 2008 BUDGET

Departmental Recurrent & Development Budget (All Funds) D' Millions	% of Total
Office of the President	211.61 3.60
DOS Basic & Secondary Education	660.41 11.24
DOS Health & Social Welfare	254.44 4.33
DOS Finance & Econ. Affairs	618.81 10.54
DOS Works, Construc. & Infra.	938.53 15.98
DOS Foreign Affairs	217.70 3.71
DOS Interior	211.70 3.60
DOS Agriculture	213.88 3.64
DOS Defence	380.90 6.49
Debt Service Charges	1237.00 21.06
Others*	928.14 15.80
Total	5873.12 100.00

Departmental Recurrent & Development Budget 2008 (All Funds)



Office of the President	DOS Basic & Secondary Education	DOS Health & Social Welfare
DOS Finance & Econ. Affairs	DOS Works, Construc. & Infra.	DOS Foreign Affairs
DOS Interior	DOS Agriculture	DOS Defence
Debt Service Charges	Others*	

Appendix 3

