

COUNTRY PROFILE: REPUBLIC OF THE GAMBIA**DATED: MARCH 2008****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	ILC Specified Bank

Recent Political Highlights

- President Yahya Jammeh has been chief of state since 1996 and was elected for a third five-year term in September 2006. The next elections are scheduled for 2011.

Recent Economic Highlights

- The population of The Gambia was estimated at 1.6 million in 2007 and has an annual growth rate of around 2.8%. Unemployment and underemployment remain extremely high.
- The Gambia has no confirmed natural resources and has a limited agricultural base. About 75% of the population depend on rain-fed crops and livestock. Small-scale manufacturing activity includes the processing of peanuts, fish and hides. Tourism and associated construction industry, financed by FDI and remittances, are the mainstay of the economy.
- Economic progress largely depends on donor aid, responsible government economic management and continued technical assistance from the IMF. The central bank forecasts economic growth at 6.5% this year down from 6.9% in 2007 due to decreased activity in building and construction and a decline in the groundnut trade. The IMF expects GDP growth to average 6.2% from 2007-2012. Headline inflation rose from 2% in January 2007 to 5.1% at the end-of-January 2008. The inflation outlook for December 2008 is forecast at 5%.
- External sector conditions improved in 2007 owing to the implementation of prudent monetary and fiscal policies. This coupled with robust foreign currency inflows have caused the dalasi to strengthen against the three major traded currencies; in 2007, the dalasi appreciated by 19.6% against the dollar, 17.5% against the pound sterling and 9.3% against the euro. This has continued into the first two months of 2008, with the currency appreciating by 2.9%, 4.2% and 1.6% against the US dollar, pound sterling and the euro respectively.
- The Gambia currently has a Staff Monitored Programme with the IMF as part of the Medium Term Economic Framework Plan. The IMF and the World Bank recently declared that The Gambia has met all the requirements to qualify for full debt relief. However the IMF and World Bank said that Gambia did not meet the requirements to qualify for additional debt relief under the global enhanced Heavily Indebted Poor Countries (HIPC) initiative to completely write off its remaining debt burden. The joint statement issued in London also warned that Gambia is still at high risk of debt distress based on external debt burden indicators. Public debt is projected to decline from about 54.9% of GDP in 2007 to 38.9% of GDP in 2012.
- In 2006, the country adopted the ECOWAS Common External Tariff (CET) and increased its import sales tax in order to harmonise its tariff regime with the region. Although these reforms were intended to promote regional trade integration, the increases have further reduced the country's competitiveness in the re-export trade and driven re-exports to neighbouring countries.
- The current account deficit is estimated to have slightly narrowed from 12.9% of GDP in 2006 to 10.1% of GDP in 2007, due to large externally financed investment projects and increased FDI inflows.
- The Governor of the Central Bank of Gambia, Bamba Saho has been accused of gross 'financial impropriety, abuse of office, institutionalised corruption and failing to surrender his past overseas travel impress-perdiem allowances, among other things'. The Governor's care-free attitude towards the plight of bank staff had also to low staff morale at the bank.

Latest Trade Developments

- Main exports: peanut products, fish, cotton lint, palm kernels and re-exports.
- Main imports: foodstuffs, manufactures, fuel, machinery and transport equipment.
- Major trade partners: India, Indonesia, Senegal, Belgium, China, Cote d'Ivoire, Brazil, US, UK and Netherlands.
- South African exports to Gambia totalled R64.8m in 2006 and R45.6m in the year-to-November 2007.

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