



Press Release No.
FOR IMMEDIATE RELEASE
June 23, 2007

International Monetary Fund
Washington, D.C. 20431 USA

Statement by the IMF Mission to The Gambia

The following statement was issued today in Banjul by Mr. Tsidi Tsikata, the International Monetary Fund's mission chief for The Gambia:

“An IMF mission visited The Gambia during June 8-23, 2007, for discussions on the first review under The Gambia's Poverty Reduction and Growth Facility (PRGF)¹ arrangement (2007-2009), and completion point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The mission met with Secretary of State for Finance and Economic Affairs Mousa Gibril Bala-Gaye, Governor of the Central Bank of The Gambia (CBG) Famara Jatta, Chairman of the National Planning Commission Alieu Ngum, other senior officials of the government and the CBG, members of the national assembly, and representatives of the business community, civil society, and The Gambia's development partners.

“The authorities' success in sustaining macroeconomic stability over the last few years has contributed to a substantial inflow of foreign direct investment and vibrant economic activity. Growth is projected to reach 7 percent in 2007, led by strong performance in the construction, telecommunications and tourism sectors. Fuelled mainly by sharp increases in the international prices of some key imported commodities, consumer inflation has been on the rise since January 2007, reaching an annual rate of 6.7 percent in May. However, a strengthening of the dalasi against major currencies in recent months—reflecting a surge in foreign exchange inflows—is expected to help lower inflation to about 5 percent by December. The CBG informed the mission that it will monitor inflation closely in the coming months and take appropriate action to contain inflation at low single digit levels. The mission agrees with this strategy.

“Fiscal performance has been strong in the first half of the year, reflecting higher-than-expected revenues and lower-than-programmed expenditures. The introduction of the Integrated Financial Management Information System at the beginning of 2007 has helped

¹ The PRGF is the IMF's concessional facility for low-income countries. PRGF-supported programs are based on country-owned poverty reduction strategies adopted in a participatory process involving civil society and development partners and articulated in the country's Poverty Reduction Strategy Paper. This is intended to ensure that PRGF-supported programs are consistent with a comprehensive framework for macroeconomic, structural, and social policies to foster growth and reduce poverty. PRGF loans carry an annual interest rate of 0.5 percent and are repayable over 10 years with a 5½-year grace period on principal payments.

enforce budget discipline and strengthen overall public financial management. The mission encouraged the authorities to continue their prudent fiscal policies with a view to reducing domestic debt and facilitating the gradual reduction in domestic interest rates.

The mission commended the authorities for making solid progress in implementing structural reforms critical for progress toward achieving the Millennium Development Goals. Reforms under the PRGF-supported program span the areas of public finance management, central bank governance and operational independence, and financial deepening. In addition, they include steps to improve statistics in order to better inform economic policy making and the general public.

“With respect to the completion point under the enhanced HIPC Initiative, good progress has been made toward meeting almost all the conditions established at the decision point. However, a condition related to privatizing public assets in the groundnut sub sector has not been met. Discussions will continue between the government and the staffs of the IMF and World Bank over the coming weeks on reforms in the groundnut sector.

“The mission welcomed the authorities’ plans to strictly limit new debt accumulation, including after the granting of debt relief under the enhanced HIPC and Multilateral Debt Relief Initiatives. The authorities noted that new borrowing would be only on highly concessional terms, and effective debt management should benefit from the planned adoption of a new debt strategy.

“The mission thanks the authorities for their hospitality, close collaboration, and the constructive spirit in which the discussions were held.”