

## ACRONYMS

AATG	Action Aid The Gambia
ADB	African Development Bank
ANFED	Adult and Non Formal Education Directorate
ASPA	Agri-business Service Plan Association
BADEA	Arab Bank for Economic Development in Africa
BADEA	Arab Bank for Economic Development in Africa
BFCI	Baby Friendly Community Initiative
CBEMP	Capacity Building for Economic Management Project
CBOs	Community Base Organisations
CRD	Central Revenue Department
CRS	Catholic Relief Services
CSOs	Civil Society Organisations
DOSE	Department of State for Education
DOSFEA	Department of State for Finance and Economic Affairs
DTEVT	Directorate of Technical Education and Vocational Training
EC	European Commission
EDF-VWS	European Development Fund Village Water Supply
EMCBP	Economic Management Capacity Building Project
EU	European Union
FASE	Fight Against Social Exclusion
FFI	Fiduciary Financial Institution
GAFNA	Gambia Food and Nutrition Agency
GDP	Gross Domestic Product
GEAP	Gambia Environment Action Plan
GER	Gross Enrolment Ratio
GIA	Gambia International Airlines
GOTG/ GTG	Government of The Gambia
GPA	Gambia Ports Authority
GPTC	Gambia Public Transport Cooperation
GSM	Global System of Mobile Telecommunication
GTTI	Gambia Technical Training Institute
HIPC	Heavily Indebted Poor Countries Initiative
IBAS	Indigenous Business Advisory Service
ICT	Information and Communications Technology
ID	Identity
IDA	International Development Assistance
IDB	Islamic Development Bank
IEC	Independent Electoral Commission
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
ITHRD	Information Technology and Human Resource Directorate
LADEP	Lowland Agricultural Development Programme
MDI	Management Development Institution
MFI	Micro Finance Institutions
MOU	Memorandum Of Association
MSA	Maintenance Service Agency

MTEF	Medium Term Expenditure Framework
MW	Megawatt
NACCUG	National Association of Co-operative Credit Unions in The Gambia
NARI	National Agricultural Research Institute
NAWEC	National Water and Electricity Company
NBD	North Bank Division
NCAC	National Council for Arts and Culture
NGOs	Non Governmental Organisation
NRS	National Records Service
NYSS	National Youth Service Scheme
PACE	Pan African Programme for the Control of Epizootic
PBB	Programme Based Budgeting
PCU	Project coordinating Unit
PER	Public Expenditure Review
PMO	Personnel Management Office
PPARBD	Planning, Policy Analysis, Research and Budgeting Directorate
PRSP	Poverty reduction Strategy Paper
PSIP	Peri-Urban Smallholder Improvement Project
RSPII	Regional Solar Programme
SDF	Social Development Fund
SDRD	Support to Decentralised Rural Development
SME	Small and Medium Enterprise
SPPS	Special Programme for Food Security
SQAD	Standard and Quality Assurance Directorate
SSP	Saudi Sahel Programme
SSS	Senior Secondary School
UBS	Upper Basic Schools
UNDP	United Nation Development Programme
UNICEF	United Nation International Children Emergency Fund
URD	Upper River Division
WAMI	West African Monetary Institution
WAMZ	West African Monetary Zone
WFP	World Food Programme
YMCA	Young Women Christian Association

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**THE 2010 BUDGET SPEECH**  
**BY THE HONORABLE MINISTER OF FINANCE AND ECONOMIC**  
**AFFAIRS OF THE REPUBLIC OF THE GAMBIA**

**INTRODUCTION**

**MADAM SPEAKER**

1. I beg to move that “The Bill entitled an Act to provide for services of the Republic of The Gambia for the period 1<sup>st</sup> January, 2010 to 31<sup>st</sup> December, 2010” (both dates inclusive) be read a second time.

**MADAM SPEAKER**

2. The world economy has been experiencing an unprecedented crisis of a magnitude that hasn't been witnessed since the Great Depression of the 1930s. This has resulted in a global slowdown, and is expected to put at risk developing countries' efforts to fight against poverty and to meet the MDGs.
3. It is well known now that the current crisis started with massive defaults in sub-prime housing mortgages in the US in 2008, which became unsustainable resulting in the closure of many companies involved in sub-prime lending further causing a huge crash in the stock markets. The adverse effects spread to Europe and then the rest of the world, and caused unemployment to rise in these parts of the world. There was widespread economic slowdown and the world growth declined from 5.2 percent in 2007 to 3 percent in 2008.
4. Unfortunately, developing countries and emerging economies are not insulated from the crisis as we live in a globalised world. The sharp decline in global economic activity had negatively and indirectly impacted on the Gambian economy in 2008 leading to decline in Gambian exports, remittances inflows, manufacturing production as well as wholesale and retail trade.
5. The good news for The Gambia is that our financial system is not directly exposed to the instability in the global financial markets, as domestic commercial

banks do not possess US subprime asset-backed securities and their holdings of foreign assets is very limited. Even though the parent banks of three commercial banks in The Gambia had some problems in Nigeria, I am pleased to inform this August Assembly that the Government and the Central Bank of The Gambia have been continually monitoring the situation and the activities of these Banks show no sign of financial distress. The Governor of the Central Bank of Nigeria visited The Gambia on the 5<sup>th</sup> of November 2009, to apprise us on the actions taken by the Nigerian Government to remedy the situation.

6. It is however worth emphasizing that although the Gambian financial system has not been directly affected, the second round impact of the crisis is already being felt, as we are net importers. This is particularly apparent in the foreign exchange market where foreign currency flows from remittances and tourism have weakened, while there is an increased demand for foreign currency to pay for imports of oil and food.
7. Also, Balance of Payment figures show that travel income has plummeted by 5.8 percent to D2 billion in 2008 and is projected to decline even further by 4.6 percent in 2009. Similarly remittances are estimated to decline by 7.7 percent from D1.3 billion in 2007 to D1.2 billion in 2008, and decline further by 7.6 percent in 2009. As a result, real GDP growth at constant market prices is estimated to decline from 6.3 percent in 2008 to 5 percent in 2009. Despite all these challenges, the Gambian economy has shown great resilience in the face of such adversity, with revenues bouncing back significantly in 2009.

**MADAM SPEAKER, SINCE THE ADVENT OF THE FINANCIAL AND ECONOMIC CRISES, THE INTERNATIONAL COMMUNITY HAS TAKEN CONCERTED AND COORDINATED EFFORTS IN THE FORM OF STIMULUS PACKAGES TO RESTORE FINANCIAL STABILITY AND ENSURE ECONOMIC RECOVERY. LET ME THEREFORE DISCUSS BRIEFLY DEVELOPMENTS IN THE WORLD ECONOMY SINCE THOSE RESCUE PACKAGES WERE PUT IN PLACE.**

## WORLD ECONOMIC OUTLOOK

8. In their latest World Economic Outlook report published in October 2009, the International Monetary Fund (IMF) concludes that “*although the global economy has started to pull out of the unprecedented recession, recovery is expected to be weak and slow, and jobless for some time*”. Global output is expected to contract by 1.1 percent in 2009 followed by a positive growth of about 3 percent in 2010.
9. Among the developed economies, the US economy is projected to contract by 2 percent in 2009, although it is likely to record positive growth in the second half of 2009. Japan is expected to achieve a negative growth of 5.4 percent in 2009. The pace of contraction appears to be slowing in Europe with signs of a positive growth in both France and Germany in the second quarter of 2009. In the UK, the rate of contraction continues to moderate.
10. Asian developing countries are doing well mainly due to high growth rates achieved by China and India. China is expected to achieve a growth rate of 8.5 percent in 2009 on top of 9 percent recorded in 2008, while India is expected to achieve a growth rate of 5.4 percent on top of 7.3 percent recorded in 2008.
11. The outlook of economies in the Middle East has been improving with real GDP expected to expand by 2 percent in 2009 and 4.4 percent in 2010 as a result of recent rebound in oil prices. Real GDP growth for African economies is expected to fall from an average of 6 percent between 2004-2008 to 1 percent in 2009 due to the collapse in world trade and disruptions in the international financial system. However, in the light of recent recovery, growth is projected at 4 percent in 2010. Inflation is also projected to decelerate from 10.25 percent in 2008 to 9 percent in 2009 and further to 6.5 percent in 2010.
12. Global oil consumption contracted significantly and is estimated at 2 million barrels a day due to the global economic crisis. Following a pick-up in economic activity and in particular, signs of a turn around in domestic demand in China, oil prices increased from US\$36 per barrel end February 2009 to US\$70 per barrel in

mid 2009. Against the backdrop of improved global economic activity, weather conditions and increased acreage, food prices generally continued to recover.

## **MADAM SPEAKER, LET ME NOW REVIEW THE LATEST MACROECONOMIC DEVELOPMENTS.**

### **GROWTH**

13. The Gambian economy performed better in 2009 than was previously projected. A second consecutive year of strong growth in agriculture, largely because of good rains and the successful expansion of rice farming, has helped to offset the negative impact of the global financial crisis, particularly on the rural poor. Tourism and residential construction, however, have taken a hard hit. A sharp drop in remittances from the Gambian Diaspora greatly limited financing for home building and purchases. Real GDP is expected to grow by 5 percent in 2009 and with expected recovery in tourism and remittances, the outlook for 2010 looks positive.
14. The Service sector is projected to account for 62.5 percent of national output, while Agriculture is projected to account for 25 percent and Industry 12.5 percent. The Services sector remains fairly buoyant, all service activities registered growth with the exception of Tourism, which registered a decline of about 25 percent as at end September 2009. Distributive Trade is projected to grow by 6 percent, Finance and Insurance Services by 11 percent, and Transport, Storage and Communication by 5 percent.
15. The growth rate of industrial output is expected to improve from -1.2 percent in 2008 to 3.5 percent in 2009. This is on account of sustained strong growth in Mining and Quarrying; Electricity, Gas and Water; and Construction.
16. Agricultural output is expected to grow at a modest rate of 9.8 percent in 2009, down from a growth rate of 26.6 percent in 2008. Crop production is estimated to register 14.3 percent in real terms, Fishing 5.1 percent, Livestock 4.5 percent and Forestry 0.7 percent. The high rate of growth in agricultural output in 2008 was due to a rebound in agricultural output as a result of favourable rains after

three consecutive drought years resulting in negative agricultural growth of 2.3 percent, 14.3 percent and 1.9 percent in 2005, 2006 and 2007 respectively.

## **CONSUMER PRICE INDICES**

17. Prices of goods and services have been relatively stable in 2009. As measured by the Consumer Price Index (CPI), annual point-to-point CPI inflation decelerated significantly from 6.3 percent in September 2008 to 2.3 percent in September 2009, while the 12-month average inflation rate accelerated to 5.6 percent in September 2009 from 4.3 percent the previous year.
18. Food and non-alcoholic beverages group (with weights of 55.2 percent in overall CPI) recorded an annual point-to-point inflation rate of 2.6 percent in September 2009, down from 8.1 percent a year ago, and contributed 68.1 percent to overall inflation. Non-food items (with weights of 44.8 percent in overall CPI) recorded annual inflation rate of 1.9 percent in September 2009, down from 4 percent a year ago and contributed 31.9 percent to overall inflation. In this group, housing and utilities recorded an annual inflation of 2.4 percent, restaurants and hotels 2.2 percent and miscellaneous goods and services 4.7 percent.
19. Given these trends, inflation on a year-on-year basis for 2009 in terms of the Consumer Price Index is expected to be around 2.7 percent compared to 6.8 percent recorded in December 2008. The 12 month average inflation is expected to be around 4.5 percent in 2009, the same as in last year.

## **2010 FISCAL DEVELOPMENTS**

20. Total Revenue and Grants is expected to increase from its budget of D4.582 billion to an actual of D4.665 billion. Taxes on international trade were higher than expected and this has helped the lower than projected increase in domestic taxes and the decline in expected project grants. Grant disbursement in 2009 is projected at D673 million which is also lower than the budgeted figure of D811 million. The Gambia was privileged to receive a budget support from the World Bank and African Development Bank in the sum of D390 million.

21. Total Expenditure and Net Lending is revised downwards from a budget figure of D5.363 billion to D5.027 billion. Interest payments on domestic debt is revised downwards from an estimate of D845 million to D799 million by end December 2009, whilst personnel emoluments, other charges and capital expenditures are projected to be higher than expected. Furthermore, externally financed capital expenditures are projected to be lower than expected from an approved estimate of D1.492 billion to D724 million.
22. The budget deficit for 2009 is projected at D363 million with a deficit in the basic balance equivalent to D312 million. The budget is expected to be fully financed with net external borrowing of D121 million, net domestic borrowing of D242 million and privatisation proceeds of D9 million.

## **MONETARY AND FOREIGN EXCHANGE DEVELOPMENTS**

23. Monetary policy in 2009 was aimed at containing inflation below 6.0 percent amid the global economic crisis. At the end of September 2009 broad money supply recorded an annual growth of 20.7 percent, compared to 11.1 percent a year ago. The increase in money supply is attributed to the rise in both the net foreign assets (NFA) and net domestic assets (NDA) of the banking system.
24. The NFA of the banking system rose to D4.6 billion at end-September 2009 or by 32.7 percent from end-September 2008, on account of an increase in the NFA of the Central Bank and deposit money banks by 27.4 and 72.8 percent respectively. The NDA of the banking system also rose to D5.9 billion or by 12.7 percent over September 2008 due largely to the increase in credits to the government by 21.3 percent, credits to public entities by 82.9 percent, and credits to the private sector by 13.3 percent.
25. The volume of transactions in the domestic foreign exchange market contracted to US\$1.3 billion at end-September 2009 from US\$1.6 billion a year earlier. The US Dollar, the world's premier currency, continues to dominate the inter-bank foreign exchange market accounting for 66.4 percent of the total volume of transactions followed by the Euro and the Pound Sterling at 18 percent and 12.1 percent respectively, year-on-year.

26. During 2009 the Dalasi depreciated against all major currencies. From December 2008 to end-September 2009, the Dalasi depreciated against the British Pound by 7.1 percent, US Dollar by 17.5 percent, CFA Franc by 9.4 percent and Euro by 8.2 percent.

## **BALANCE OF PAYMENTS**

27. Preliminary BOP estimates for the first half of 2009 indicated that the overall deficit narrowed to D348.4 million from D376.5 million same periods last year. The current account recorded a surplus of D163.5 million during the period compared to a deficit of D276.1 million. The capital and financial account balance worsened to a deficit of D511.9 million from a deficit D100.4 million reflecting the decline in reinvested earnings and equity capital.

28. The goods account balance improved from a deficit of D1.4 billion in January-June 2008 to D1.1 billion same period this year attributed to the surge in exports which more than offset the increase in imports. Exports, including re-exports rose to D2.2 billion compared to D1.4 billion in January-June 2008.

29. Given these trends, overall balance of payments in 2009 is expected to record a surplus of US\$0.5 million compared to a deficit of US\$35 million in 2008 mainly due to higher than expected increase in foreign investment. Gross official reserves, including Special Drawing Rights allocation from the IMF, as at end-September stood at US\$141.3 million, equivalent to 6 months of import cover.

## **DEVELOPMENTS IN THE FINANCIAL SECTOR**

30. The financial sector of The Gambia, in particular the banking sector, continues to register significant growth with the number of banks increasing from eleven in 2008 to thirteen in 2009. Twelve of these are conventional banks, while the thirteenth continue to be the only Islamic banking institution in the country. The financial sector also comprised of eleven insurance companies, forty-six foreign exchange bureaus, five microfinance institutions, 57 village savings and

credit associations and one post office savings institution. In light of these developments, I believe it is now time for the banks to seriously consider syndication as an option for addressing the persistent issue of access to finance.

31. The banking industry remains sound. Total industry assets increased by 21 percent from D11.3 billion in September 2008 to D13.7 billion in September 2009, with loans and advances constituting 30 percent. The notable sectoral increases of bank loans in 2009 were for manufacturing, construction, tourism and fishing, while loans to agriculture recorded decline over last year's lending. Non-performing loans declined from 7.3 percent in September 2008 to 7 percent in September 2009 after peaking to 9.5 percent in December 2008, and were adequately provisioned in compliance with statutory norms and requirements.
32. In recognition of the need for enhanced supervisory techniques in response to the growing industry size and technological developments, a number of reforms were taken during the year. The minimum capital for banks has been increased from D60 million to D150 million effective December 2010 and to D200 million by December 2012. New banks will however have to meet the new capital requirement immediately. The industry's risk-weighted capital adequacy ratio stood at 33.2 percent in September 2009, significantly above the statutory requirement of 8 percent. However, commercial banks' Return on Assets declined from 0.9 percent in September 2008 to 0.49 percent in September 2009.
33. Furthermore, the Banking Act 2009 was enacted, replacing the Financial Institutions Act 2003. The supervisory process now puts more emphasis on on-site examination as against off-site supervision of banks. The newly established Credit Reference Bureau in the Central Bank of The Gambia is now fully operational and has gone live and accessible to all banks. As part of the on-going fight against the menace of Money Laundering and Terrorist Financing, the reporting of suspicious transactions to the Financial Intelligence Unit has been made mandatory for all banks. This reporting requirement is expected to be extended to other financial institutions.

## **MADAM SPEAKER, I NOW TURN TO A REVIEW OF DEVELOPMENTS IN THE SOCIAL SECTORS OF THE ECONOMY**

### **HEALTH AND SOCIAL WELFARE**

34. There has been improvement in physical access to health care due to the rapid expansion of health services to the communities as well as the staffing of Village clinics in hard to reach rural areas, and handing over of some NGOs and Community managed health facilities to the Ministry of Health. The sector has developed a Health Financing Policy after successful completion of the first National Health Accounts in 2007. The development of Sector Wide Approach for aid coordination is expected to be finalized in 2010.
35. Reproductive and Child Health indicators have improved over the years. Maternal mortality ratio has been reduced from 1050/100,000 live births in 1990 to 540/100,000 live births in 2005. Antenatal care coverage is almost universal with over 96 percent of Gambian women making at least one antenatal care visit during pregnancy. With the provision of free supply of contraceptives and services, contraceptive prevalence rate has increased to about 48 percent.
36. The Gambia attained over 90 percent immunization coverage for all antigens for children under one year of age, and became the second country in Africa to introduce Pneumococcal Conjugate Vaccine (PCV-7) in its routine immunization services. This will reduce significantly morbidity and mortality as Pneumococcal diseases are presently the leading factors for morbidity and mortality in the country.
37. As Malaria remains a major public health challenge in The Gambia, an integrated approach to malaria control is being used, focusing mainly on preventive and control strategies. Access by the general population to effective anti-malarial drugs has increased to 63 percent since 2006. Insecticide Treated Nets coverage for children under 5 years of age and pregnant women stands at 54 percent and 63 percent respectively. The uptake of Sulphadoxine pyremethamine for Intermittent Preventive Treatment in pregnancy has increased from 33 percent to 47 percent in 2009.

38. In February 2007, His Excellency The President launched and supported Operation Eradicate Malaria and the NMCP introduced Indoor Residue Spraying (IRS) as one of the vector control strategies. IRS implementation started in 2008 and 89 percent coverage has been achieved so far. As a result, there is an 85.5 percent general decline in malaria incidence in the country.
39. Routine Tuberculosis (TB) data show that the Ministry has achieved the national and global target of detecting at least 70 percent of the estimated TB cases in The Gambia. The case detection rate has risen from 64 percent in 2006 to 78 percent in 2008, the cure rate rose from 67 percent in 2003 to 78 percent in 2008, while the treatment success rate increased to 84 percent in 2008. As part of Government commitment to the Directly Observed Treatment Short course (DOTS) strategy, TB services are provided free of charge to all patients in The Gambia irrespective of nationality. There are presently 25 TB diagnostic and treatment centres in the country.
40. The Government of The Gambia, through the Department of Social Welfare continues to provide services to promote and protect the vulnerable members of society especially women and children and those with disability. A National Policy on disabilities is being finalised to provide the framework for effective strategies and programmes to improve the life of people with disability.
41. Also 12 community child protection committees have been set up in Kanifing Municipality and Upper River Region to provide protection services and prevention mechanisms for children from abuse and exploitation. The Department of Social Welfare continues to provide support for orphans through the provision of Educational sponsorship packages and other social support.

## **EDUCATION**

42. It is heartening to report that The Gambia is on track to achieve both the Education For All (EFA) and the Millennium Development Goals (MDG)

related targets, as incorporated in our Poverty Reduction Strategy Paper and Vision 2020.

43. In 2008/09 academic year, overall Gross Enrolment Rate (GER) at the Lower Basic including the Madrassa stood at 92 percent with significant progress recorded for girls' enrolment. In terms of completion rate to Grade 6, The Gambia is also on track to achieve its target of 70 percent by 2011 with current rates of 65 percent for boys and 72 percent for girls. The GER for boys and girls at the Upper Basic level have reached 62 percent and 58 percent respectively. However, construction of additional classrooms at the rate 150 per annum since 2007 fell short of the annual target of 250 classrooms.
44. Education continued to receive the largest share of the national budget accounting for 16.7 percent of the 2009 budget, an appreciable increase over 14.4 percent in 2008. The government continues to implement a range of development measures such as the integration and annexation of Early Childhood Development (ECD) centres to existing Lower Basic Schools, strengthening school management and improving community links, and the use of national languages as a medium of instruction in Grades 1 to 3.

**MADAM SPEAKER, I NOW TURN TO THE DEVELOPMENTS IN THE OTHER SECTORS OF THE ECONOMY.**

**AGRICULTURE**

45. Agriculture continues to be one of the most important sectors as it employs 70-80 percent of the population and generates over 60 percent of household incomes. In order to improve agricultural productivity and national food security, Government continues to collaborate closely with the donor community, private sector and Non-Governmental Organizations (NGOs).
46. The sector performed reasonably well during the 2008/2009 cropping season with increase in area and production for most crops. The total cereal production is estimated at 284,700 tons comprising 223,700 tons of coarse grain and 61,000 tons of paddy rice. The coarse grain cereal production is 10.5 percent above that

of last year and 27.8 percent above the last 5-years average. Although animal feed has improved, the most notable improvement is on rice production which has increased from 34,000MT in the 2008/2009 cropping season to 64,500MT in the 2009/2010 cropping season. Groundnuts production is estimated to increase from 72,000MT in 2007/2008 to 140,000MT in 2009.

47. Regarding preparations for the 2009-2010 season, the Agriculture sector was well-equipped with inputs and operational equipment and tools. Over 130,000 bags of compound fertilizer and 100,000 sachets of seed treatment chemicals and herbicides for rice were made available in the country. The Expanded Rice Production Initiative with ROC (Taiwan) successfully cultivated 7000 hectares with additional 8000 hectares expected to be put under production in the second year of the project.

## **TRADE FACILITATION**

48. The Ministry of Trade, Industry and Employment is currently working with the West African Monetary Institute on formulating a national Trade Policy, while collaborating with the World Trade Organization on a second Trade Policy Review in July 2010.
49. The Gambia's total external trade amounted to D7.4 billion in 2008 down from D8.2 billion in 2007. This is due to a decline in imports from D7.9 billion in 2007 to D7.1 billion in 2008 and exports from D332.8 million in 2007 to D300.6 million in 2008 as a result of developments in the global markets. Although the value of exports to the EU dropped substantially, the EU still remained The Gambia's main trading partner accounting for 42 percent of total imports and 39 percent of total exports in 2008. The main exports in 2008 were fish and fish preparations (23 percent), cashew nuts (16 percent) and groundnuts (10 percent).
50. The ongoing negotiation of an Economic Partnership Agreement (EPA) between ECOWAS and the European Union could not be concluded by June 30, 2009 as scheduled. This is because the two regions could not finalize negotiations on a number of substantive development issues including the EPA Development

Programme, Sensitive Products and Rules of Origin. Similarly, negotiations within ECOWAS on a Common External Tariff could not be concluded by July 31, 2009 due to the inclusion in December 2008 of a 5<sup>th</sup> band at 35 percent rate, leading to fresh negotiations in February 2009.

51. In order to promote both small and large enterprises, the Government of The Gambia enacted a competition law in 2007, and established The Gambia Competition Commission in October 2008. The Competition Commission will work closely with other regulators including the Central Bank of The Gambia and the Public Utilities Regulatory Authority to protect consumers and ensure an orderly market development.

## **INDUSTRIAL DEVELOPMENT ISSUES**

52. The Ministry of Trade has almost finalised the review of the *Investment Promotion and Free Zones Acts* with a view to updating them to reflect the changing realities of the investment environment. The two Acts have now been incorporated into one single Act, while work is progressing on incorporating export and enterprise development components into the main Act, following the formulation of a Micro, Small and Medium Enterprise (MSME) Policy. A new institutional structure is therefore being developed for the implementation of this new set up.
53. The Ministry is working with the *United Nations Industrial Development Organization* (UNIDO) on a Country Cooperation Program in areas relating to agro-based industries, industrial competitiveness, investment, renewable energy, trade capacity building and enterprise upgrading. Also, the process has begun to review and update the Standards of Weights and Measures Act of 1977, which is now obsolete. A work programme with the purpose of establishing a National Standards Bureau in 2011 has also been finalised.
54. The Trade Gateway Project, which was supporting the operations of *Gambia Investment Promotion and Free Zones Agency* (GIPFZA), is ending on 31<sup>st</sup> December 2009 after being extended for two years from 2007. During the life of this project GIPFZA was able to help set up 59 companies in various sectors of the economy

with total investment level of over US\$215 million and creating over 4600 direct jobs. To build on the successes of the Gateway Project, Government initiated consultations with the International Development Association and African Development Bank to jointly fund a Growth and Competitiveness Project.

55. On employment issues, GAMJOBS has recently engaged consultants to review and update the National Employment Policy and Action Plan. In order to boost employment generation, I call on the Gambian private sector to engage more in the productive sector of the economy. The country's potential in fisheries, manufacturing and agro processing is grossly under-utilised. Investing in the productive sector and buying local produce is the surest way of creating wealth and generating employment in an economy, and therefore fighting poverty.

## **TOURISM AND CULTURE**

56. Tourism development in all its forms continues to be a priority for the Ministry of Tourism and Culture, given the sector's contribution to GDP and employment. In 2009, significant resources were directed at international marketing with the development of a highly interactive website, production of promotional literature, and participation in major tourism events at home and abroad. Various initiatives are being undertaken to diversify the tourism market, while a destination marketing framework is being developed.

57. As part of this diversification process, The Gambia will aim at positioning itself as a preferred destination for Conference Tourism. Indeed the country has once again demonstrated its capacity to host major international events through the successful hosting of the UNECA Beijing +15 Review meeting and the AU back-to-back meeting for Experts and Gender Ministers in November 2009. Our good reputation for hospitality second to none, coupled with good quality hotel infrastructure, must be exploited to the fullest extent possible.

58. Other major developments in the tourism sector include the upgrading of various craft markets in the Tourism Development Area, notably Kotu, Bakau, and Palma Rima beach. Similarly, listed world heritage sites like James Island,

Juffureh, Wassu, and Kerr Batch Stone Circles were given a facelift with donor support. The Gambia Hotel School would be upgraded into a tourism and hospitality training institute; a process which would start in 2010. The World Bank has already provided funds for a total review of the school, and the Spanish Government is also willing to provide support for this purpose.

59. In terms of arts and culture, the National Centre for Arts and Culture has now established a Copyright Bureau, with a view to administering and protecting the intellectual property rights of writers and artists. The Centre, in consultation with the Ministry of Tourism and Culture has appointed a Copyright Commission and efforts are being intensified to mobilise funds for the construction of a National Theatre Complex.

## **INFORMATION, COMMUNICATION AND TECHNOLOGY**

60. Government through the Ministry of Communication, Information and Information Technology (MOCIIT) enacted the Information and Communications Act 2009, which came into effect on 29<sup>th</sup> May 2009. This legal framework embodies telecommunication, information technology and broadcasting, information societies, technology convergence and neutrality that promote development in infrastructure and services. The Act enables The Gambia to have not only a modern ICT legislation but also a comprehensive law that meets international standards, best practices and benchmarks.
61. Government has secured funding from UNDP for the development of a government-wide web portal (E-Government). In May 2009, MOCIIT carried out an e-readiness survey, which will determine the strategy and intervention areas for the implementation of the web-portal project and future ICT initiatives.
62. MOCIIT has implemented the Pan-African e-Network project which provides a patient-end location at the new Serekunda Hospital and a tele-education node at the University of The Gambia (UTG) to enhance Gambian health and education service delivery systems respectively. The project, supported by the Indian Government, provided modern medical equipment to the Hospital and

completed the Learning Centre at the UTG. The latter will provide opportunity for Gambians to access online undergraduate and Masters Degree programs from Indian Universities at minimal cost.

63. The Gambia Radio and Television Services (GRTS) can now boast of a digital satellite broadcasting facility, which puts GRTS on track to migrate from analogue to fully digitalised transmission. The satellite project includes the provision of outside broadcasting vans and replacement of terrestrial transmitters country-wide. GRTS will now focus on a complete switchover of Radio Gambia from medium wave (MW) to frequency modulation (FM) broadcasting, and transforming the FM radio into a commercial station.

## **FISHERIES AND WATER RESOURCES**

64. The fisheries sector has the potential to contribute to improved national food security, employment and revenue generation, poverty alleviation and foreign exchange earnings. To this end, Government continues to provide fisheries infrastructure facilities, fishing related equipment and facilities for fish preservation and distribution.
65. Under the Gambia Artisanal Fisheries Development Project, works on the Banjul Fisheries Jetty are now making progress and construction works are expected to be completed by mid 2010. Following acquisition of a supplementary loan from the African Development Bank, funds are now available for construction of the Bakoteh Fish Market and rehabilitation of three inland fish landing sites at Bintang, Tendaba and Albreda.
66. The FAO-funded Sustainable Aquaculture Project launched on 30<sup>th</sup> September 2008 is expected to supplement existing aquaculture research activities, reduce pressure on the capture of fisheries of the River Gambia and assist farming communities, especially rice growers in Central River Region, generate supplementary incomes. The provision of 4 high-speed patrol boats by the Government of China (Taiwan) will reinforce capacity for monitoring, control and surveillance of the country's territorial waters, both coastal and inland.

67. The Government having met the MDG target of 75 percent with regard to provision of safe drinking water to the population, the target is now to provide safe potable water to 100 percent of the population in line with Vision 2020. During 2009, the RWSSS Project completed construction of 16 of the 30 planned hand dug wells, and 10 of the 45 planned drilled tube wells, all equipped with hand pumps. Sensitisation of all 25 beneficiary communities has been completed. All works under this project are to be completed before the end of 2010.
68. The Regional Solar Programme Phase II installed nine (9) new solar systems in various parts of the country in 2009. Also, the Saudi Funded Rural Water Supply Project, covering all the five Regions of the country, provided sixteen solar powered wells and twenty-four drilled wells equipped with hand pumps.

## **FORESTRY**

69. The Department of Forestry, through the Technical Co-operation Project (TCP) and Forest Facility programmes secured funding from FAO to build a permanent and functional database, review the current Forest Policy and Legislation, and conduct forest assessment including the biophysical factors and socio-economic variables of our forests.
70. The Department will also continue the “One Million tree planting” and woodlot establishment initiatives as a means of increasing our forest cover and arrest deforestation. The implementation of the Biodiversity and Wildlife Policy is on track with a focus on more efficient management of wildlife, parks, and natural resources.
71. With the support of our development partners, various projects such as Integrated and Coastal Marine Project (ICAM Phase 2), the Programme of Work and Protected Areas (POWPA) and the Wings over Wetlands (WOW) are being implemented for the effective management of Protected Areas. Within the framework of the West African Marine Conservation Programme, the Fondation Internationale du Banc d’Arguin (FIBA) has also initiated a new programme for

the monitoring and socio-economic assessment of the coastal area of Niimi National Park.

## **ENVIRONMENT AND CLIMATE CHANGE**

72. Government's commitment in maintaining a clean and healthy environment has been manifested in the construction of the Gambia Environment House- the NEA headquarters, inaugurated as part of the 2009 July 22<sup>nd</sup> celebrations. Furthermore, several Multilateral Environmental Agreements have been signed by The Gambia Government. There is also strengthening of the institutional, legal and regulatory framework, the most recent being the anti-littering regulation and the establishment of special environment courts for the speedy prosecution of offenders on environment-related matters.
73. The Gambia continues to play a pivotal role in the climate change debate at regional and international levels. The Gambia is indeed one of the lead Coordinators of the African Group and Least Developed Countries Negotiators in the current Climate Change negotiations for an agreed outcome in December 2009 in Copenhagen. Our main focus is on four main challenges, namely Mitigation (promotion of low-carbon development), Adaptation (management of climate change risks), Technology (researching climate-friendly technologies) and Financing (mobilisation of funds to spur economic growth, adaptation and low-carbon development).
74. The heavy downpour of rain in the months of August and September 2009 has brought in its wake heavy loss of property and affected livelihoods of many inhabitants, the majority of whom were women and children. The National Disaster Management Agency with support from the United Nations has now finalised a Disaster Risk Reduction and Climate Change Adaptation Programme for the period 2010–2013. It is hoped that this comprehensive programme, when implemented, will help combat the scourge of disaster and climate change risks.

## **POPULATION AND DEVELOPMENT**

75. The Gambia Government continues to recognize the inextricable link between population dynamics and poverty alleviation. Unfavourable demographic factors such as high fertility have tended to exacerbate the poverty situation in the country. However, Government's investment over the years in addressing population and development issues is yielding results. The 2003 Population and Housing Census has shown a decline in population growth rate from 4.2 percent to 2.8 percent during the period 1993 to 2003. Annually, it is estimated that the population of The Gambia will increase by 40,000 persons most of whom would be young people.
76. In complementing government's efforts in addressing population and development challenges, UNFPA has been assisting Government in the area of reproductive health, population and development and gender. In this vein, UNFPA has recently increased its country allocation from regular resources to US\$4 million from US\$2.75 million to contribute to the improvement of the quality of life and standard of living of the people of The Gambia.

## **JUSTICE AND THE JUDICIARY**

77. An effective, efficient and impartial justice system is critical to economic growth and development, as well as poverty reduction. People and other economic actors should ordinarily have confidence in the ability of the justice system to enhance legal protection and redress whenever needed.
78. The Laws of The Gambia, which were last revised in 1990, have now been entirely revised and due to be published soon. This revision which cost Government over US\$1 million, will for the first time make the laws available in both hard and soft copies and accessible through the internet. The law library has also been refurbished and stocked with new legal reference materials to facilitate the functioning of the justice system. Government also provided significant resources for training of staff of the Attorney General's Chambers to reinforce the much need capacity.

79. An Alternative Dispute Resolution Secretariat (ADRS) has been established to help resolve disputes between and among people and institutions, thereby reducing the need for going through the courts. This institution has been helpful in settling cases amicably and there are plans to decentralise the ADRS activities and set up branches in all administrative regions of the country. Also, the legal frameworks for establishing a National Agency for Legal Aid and a National Agency Against Trafficking in Persons are already in place and government has provided funds for implementation in 2010.

80. In its drive to support the rapid socio-economic transformation of the Gambian economy, the Judiciary will ensure that cases progress in a timely manner, ensuring access to justice for all, within a transparent judicial system. It is well recognised that any weaknesses in these areas will impede economic growth, citizen security and civil peace, and will disproportionately affect the poor. In this regard, the Judiciary will work towards increasing the number of judges and other judicial staff which will go a long way in addressing the backlog of cases currently being experienced. Capacity building including Cadi training continues to be given the required attention.

**MADAM SPEAKER, LET ME NOW BRIEFLY HIGHLIGHT THE PERFORMANCE OF SOME PUBLIC ENTERPRISES AND AGENCIES**

**GAMBIA PORTS AUTHORITY**

81. The financial performance of the Gambia Ports Authority in 2008 has been satisfactory. Despite the global economic slowdown adversely affecting major foreign shipping companies, the Authority registered a growth rate of 10.6 percent in traffic throughput from 1.14 million MT in 2007 to 1.26 million MT in 2008. Turnover decreased marginally from D376 million in 2007 to D373 million in 2008 due to the reduction in the Authority's cargo tariff in late 2007. Operating profit increased from D20 million in 2007 to D149 million in 2008 but net profit decreased by 51 percent from D77 million in 2007 to D38 million in 2008 due to the net exchange losses on external debt services. Gross value of fixed assets stood at D758 million in 2008 compared to D731 million in 2007.

## **NATIONAL WATER AND ELECTRICITY COMPANY (NAWEC)**

82. Revenues of the company increased by 4 percent in 2008 to D1.3 billion and electricity sales alone accounted for more than 86 percent of the total revenue. The increase is partly due to the existing policy of installing only prepayment meters for new applications and replacement of existing credit meters. There is an anticipated loss of more than D200 million for 2008.
83. Fuel prices in 2008 have negatively impacted on the overall financial performance of the company. Expenditure on fuel and lubricants increased by 98 percent from D241 million in 2007 to D480 million in 2008 while expenditure on energy purchases increased by 29 percent from D639 million to D825 million. This has led to a worsening liquidity situation making it difficult for the company to meet some of its loan repayments.
84. Government made a significant payment towards clearing its stock of arrears with NAWEC, the balance to be paid in early 2010, with a commitment to avoid further accumulation of bills. I therefore call on all users of NAWEC services to promptly settle their bills to enable the company meet its obligations including loan repayment and network expansion. Our drive towards industrialisation and transforming the economy cannot be realised without access to affordable and reliable electricity supply. The provision of electricity is capital intensive, and by paying our bills on time, NAWEC will be in a better position to serve us better.

## **GAMBIA INTERNATIONAL AIRLINES**

85. The turnover of the company decreased by 70 percent from D220 million in 2007 to D65 million in 2008 due to its non participation in the 2008 Hajj. However, operating results show a decline in losses from D106.8 million in 2007 to D7.5 million in 2008. For 2010 GIA intends to invest in a Cargo Complex meeting International Standards, and modernize the Ground Handling Fleet with a view to providing seamless services at Banjul International Airport.

## **ASSET MANAGEMENT AND RECOVERY CORPORATION**

86. The Corporation generated a total income of D17.4 million in 2008 compared to D14.4 million in 2007, thus generating a net surplus of D2.3 million. The overall performance for 2009 is promising, as at end September 2009, the Corporation realised D13.6 million against a budgeted sum of D13.5 million, indicating that targets are being met. The Corporation will continue to engage the Gambia Armed Forces with a view to resolving the impasse on the boundary of the piece of land at Old Yundum which is negatively impacting on its performance.

## **GAMBIA CIVIL AVIATION AUTHORITY**

87. Total turnover of the Authority as at 31<sup>st</sup> August 2009 amounted to D89 million with an operating loss of D5 million. Air traffic through Banjul International Airport for the eight months is recorded at 195,706 passengers- a reduction of 7 percent from 2008 passenger traffic. The aircraft movement for the period is 2204, a reduction of 17 percent from 2008 figure of 2666, and is envisaged to increase by 10 percent in 2010. It is also projected that cargo throughput will increase by 10 percent in 2010 to 799 tons. In general, economic activity at Banjul International Airport is expected to improve in 2010 with gradual recovery of the world economy and increase in the frequency of Brussels Airlines, the introduction of Royal Air Maroc and the intention of Delta Airlines to commence operations in Banjul.

## **SOCIAL SECURITY AND HOUSING FINANCE CORPOARTION**

88. Consolidated gross income increased from D268.7 million in 2007 to D502.05 million in 2008 while recurrent expenditure increased from D98.7 million to D255.33 million. Thus, the corporation recorded a consolidated Net Surplus of D97.1 million. Total Net Assets grew from D3.09 billion in 2007 to D3.5 billion in 2008.

89. The number of registered establishments in the Federated Pension Fund (FPS) and the National Provident Fund (NPF) increased to 79 and 3508 respectively,

while employee membership increased to 9124 and 88170. The Industrial Injuries Compensation Fund (IICF) registered a total of 11,144 civil servants and 1,296 Local authority employees, and made total compensation payments of D1.79 million against D0.74 million in 2007.

90. In line with Government's policy to decentralize basic facilities and services, SSHFC embarked on the acquisition and banking of prime residential land in all regions of the country. To date a total of 15 sites have been acquired including the sites at Faraba Banta, Kanilai, Soma, Kwinella, Japineh. The Housing Project at Kanilai is planned for a three phase development, commencing with 350 serviced plots as Phase 1, with the provision of 100 percent electricity and water supplies and selected roadwork. It will also construct residential accommodation for both students and staff of the new Science Academy.

## **GAMCEL**

91. Gamcel, our National GSM service provider has over the years made big strides in providing affordable, reliable and cost effective mobile telephone services to the Gambian population. In this regard, GAMCEL is implementing various projects to extend the network coverage both in the Greater Banjul Area (GBA) and the rural area. The BSS Software upgrade would enable GAMCEL effectively perform the operations and maintenance of its access network and to provide data services.
92. In addition to its current access network of 79 cell sites, mostly located in the Greater Banjul Area, GAMCEL planned to develop 48 additional cell sites to ensure nationwide coverage. The implementation of this project will provide and/or improve coverage in the following areas: Bundung Borehole, Jambur, Upper Salagi, Brikama Kabafita, Basori, Kalagi, Bati Ndar, Sami Pochongi, Baja Kunda and Kumbija. The planned projects also include the Network expansion of 33BTS cell sites with the replacement of the existing legacy Mobile Switching Centre (MSC) with 3G technology.

## **GAMPOST**

93. The year 2010 will mark the fourth year of GAMPOST's operations as an autonomous body. On inception, GAMPOST formulated a three year strategic plan for 2007-2010. The following targets were achieved as part of this plan (i) Provision of Western Union Money Transfer services, (ii) Domestic Money Transfer Services, (iii) Internet Cafe Services at the Serekunda and Bakau Branches, (iv) Changed working hours and (v) increased provincial mail delivery service from twice to three times weekly. In 2009, pre-tax profit is projected at D1.835 million from a turnover of D19.439 million.

## **GAMBIA REVENUE AUTHORITY**

94. The Gambia Revenue has registered a steady growth in revenue collection since its inception in 2006. Revenue collection grew by 18 percent between 2006 and 2007 and 1% between 2007 and 2008. The same positive trend in revenue growth is expected to continue in 2009. The HIPC completion point for The Gambia may not have been realized without the revenue reforms introduced by Government which heralded a new dawn in the annals of revenue administration. This reform initiative with the accompanying legislative reforms has helped strengthened tax administration and improved voluntary tax compliance.

95. GRA aims to achieve a dual role of ensuring increased domestic revenue mobilization while improving service delivery to our esteemed taxpayers. Recently, the Kanifing Tax Office, next to the Gambia Bureau of Statistics, was inaugurated housing the Large Taxpayers Unit and the Serekunda and Bakau tax offices. This provides an ideal environment for administering taxes and convenience for the taxpayers. It will also help decongest the headquarters particularly during the peak periods for the payment of taxes.

96. To strengthen tax administration and improve voluntary compliance, the Authority continues to introduce modern ICT tools, including ASYCUDA++ and Gamtaxnet. The ASYCUDA++ is an improved and modernised version of ASYCUDA V2.7 which has now been found inadequate for legitimate trade and

efficiency of customs clearance, whilst the Gamtaxnet will help enhance efficiency in collection of domestic taxes.

## **NATIONAL ROADS AUTHORITY**

97. The Government has made significant progress in the improvement of The Gambia's road network. With the completion of the Kerewan-Farafenni Road and the Farafenni-Laminkoto Road, movement of people and goods in the North Bank Region has significantly improved. With Serekunda-Mandinaba Road now complete and Mandinaba-Soma Road in progress, the construction of Sankulay Kunda Bridge is expected to provide a big boost in the road sector.

98. The EC funded roads project is designed to promote regional connectivity. The Mandinaba-Seleti Road was inaugurated as part of the 2009 July 22<sup>nd</sup> Celebrations. Barra-Amdali Road is almost complete, while Soma-Basse-Wellingara and Trans-Gambia Roads are in progress. These roads will improve accessibility within The Gambia and connectivity with Senegal.

99. In terms of road maintenance, the conditions of major roads in the Kanifing Municipality, Western and North Bank Regions have been improved. Rehabilitation works is in progress on the Banjul-Serrekunda Highway. The Gambia's feeder roads are no exception. The Western Region feeder roads project funded by a grant from the Taiwanese Government has taken care of four important roads in the Foni Districts which were all inaugurated as part of the 2009 July 22<sup>nd</sup> celebrations. The construction of the Brikama-Dimbaya-Darsilami Road is due to commence soon.

## **GAMBIA PUBLIC UTILITIES REGULATORY AUTHORITY**

100. The Gambia Public Utilities Regulatory Authority (PURA) continues to play an active role in utility regulation and consumer protection. The Authority rolled out various stakeholder awareness and education campaigns and created avenues and platforms such as the Consumer Parliament and a Consumer helpline (148) for handling consumer complaints. The promotion of energy efficiency has been

made a national issue as a result of PURA's advocacy, especially in the use of energy-efficient lighting. Also, a Memorandum of Understanding was signed with the Department of Water Resources to cooperate in water quality testing, ensuring that drinking water is tested on a quarterly basis to ensure that it adheres to WHO Standards.

101. Early this year, PURA embarked on an electricity and water tariff study with the objective of developing tariff guidelines and models for unbundled generation, transmission and distribution in line with the Electricity Act 2005, and to ensure competition and sustainable supply of electricity. The tariff model that emanated from the study resulted in Electricity prices being reduced with effect from 4<sup>th</sup> November 2009 as follows: Industrial Customers 19%, Commercial Customers 15%, Area Councils/Central Governments/Agriculture 12% and Residential Customers 4%. A similar study is being carried out in the telecoms sector to review the international call charges with the view of reaching a more equitable pricing structure.

**MADAM SPEAKER, I NOW TURN TO THE 2010 BUDGET WHICH IS BASED ON A SOUND MACROECONOMIC POLICY FRAMEWORK TO SUPPORT GROWTH, MAINTAIN LOW INFLATION AND IMPROVE DEBT SUSTAINABILITY.**

102. The 2010 Budget represents a decisive step by Government to tackle The Gambia's heavy debt burden, in particular interest payments on domestic debt. This budget aims to reduce debt and create savings that could become an important resource for other non-interest expenditures. Working closely with the Central Bank of The Gambia, Government believes that with sound budget implementation, T-bill yields can be significantly reduced in the months ahead.

103. Total revenue and grants is expected to increase from its budget of D4.582 billion in 2009 to D5.474 billion in 2010. This increase is driven mainly by increases in tax revenues, project grants and budget support. Tax revenue is projected to increase from its budget figure of D3.39 billion in 2009 to D3.991 billion in 2010, representing 18.58% of GDP. The overall increase in grants

from a budget of D811 million in 2009 to D1.061 billion in 2010 is mainly due to expected increases in project disbursements from D513 million to D636 million and additional HIPC and EU budget support of D425 million.

104. Expenditure and Net Lending is projected to increase from D5.363 billion in 2009 to D5.772 billion in 2010. Interest payments on debt is projected to decline from a budget of D845 million in 2009 to D762 million in 2010. Other current expenditures, including externally financed, are projected to rise from D4.461 billion in 2009 D4.948 billion in 2010, of which Personnel Emoluments is expected to increase from D1.035 billion to D1.499 billion in 2009 to D1.499 billion in 2010.

105. The budget deficit for 2010 is projected at D298.7 million representing 1.39% of GDP. This deficit will be fully financed through domestic and external resources. The net-external financing is estimated at D354.7 million while net domestic financing, which includes repayment of arrears and domestic loans is in the sum of D120 million. Proceeds from capital revenue is equivalent to D64 million.

#### **MADAM SPEAKER, LET ME NOW HIGHLIGHT SOME OF THE REVENUE AND POLICY MEASURES FOR 2010**

106. Economic growth and development of any nation depends to a large extent on a vibrant private sector. The time has come for the private sector to be more proactive, more enterprising and forward-looking and willing to invest with a long term perspective. I would also call on private sector operators to consider joining forces to create medium to large businesses that can benefit from economies of scale and compete better in an ever-increasing competitive environment.

107. In the past, Government has offered several incentives to the business community but these benefits have, in many instances, not translated into increased production and productivity, employment generation or meaningful reduction in prices. This “one-sided partnership” has to change if the ideals of a

private sector led growth are to be realized. It is worth noting that fiscal incentives are not meant to be permanent, but to facilitate the growth and development of a business and addressing specific development concerns.

108. The Government will continue to create an environment conducive to private sector growth, but it will be up to private sector operators to seize the opportunity so that together we move this country forward. The reduction in interconnection charges in the telecommunications sector in the past two years, and the recent reduction in electricity tariffs are all measures aimed at improving the competitiveness of the Gambian business environment.

109. While the government reaffirms its commitment to a comprehensive tax reform in the coming years, the corporate tax will be gradually reduced, starting with a 2 percent reduction from 35 percent to 33 percent for 2010. Similarly, the turnover tax will be reduced by 0.5 percent. As an incentive for voluntary compliance with our business and tax laws and regulations, including keeping of proper books of accounts, subsequent reductions in corporate tax will only be applicable to businesses that have satisfactorily submitted audited accounts for the preceding year to the GRA. Meanwhile, the implementation of the tax on interest income has been deferred.

110. In as much as voluntary compliance is highly desirable and encouraged, no effort will be spared to ensure strict enforcement of, and compliance with, the country's tax laws. Indeed, the creation of a competitive business environment also calls for greater transparency and accountability on the part of operators. Furthermore, following the completion of a nationwide Rental Property Survey, GRA will embark on a more rigorous collection of taxes on rented properties within the taxable threshold.

111. As this August Assembly would recall, in 2008, Government zero-rated the sales tax on rice as a policy measure to minimize the impact of the food crisis, thus foregoing significant revenues. Now that we have passed the episode of high food prices and in a bid to encourage local agricultural production, Government would restore the sales tax on imported rice to the 5% level.

112. Excise tax on alcoholic products and unmanufactured tobacco will be increased in the following order: Unmanufactured tobacco from D26.04/kilo to D75/kilo; Wine from D100/litre to D150/litre; Spirits from D150/litre to D175/litre; and Beer from D75/litre to D100/litre.
113. Significant investment is being made to enhance the security features of our national identification documents by going biometric, and as a result, the cost of these documents will be increased as follows: Drivers License from D300 to D500; Provisional Learner's License from D50 to D100; International Drivers License from D500 to D1000; Passport from D500 to D1000. Furthermore, Personalised Number Plates will also be increased from D2500 to D5000.
114. The Road Tax Private and the Motor Vehicle Yearly License Private were last reviewed fifteen years ago. Consequently, Road Tax Private will be increased as follows: Less than 1 ton from D163 to D300; 1 to 2.5 tons from D205 to D400; and 2.5 tons and above from D251 to D500. The Motor Vehicle Yearly License Private will be increased as follows: Less than 1 ton from D221 to D400; 1 to 2.5 tons from D342 to D600; and 2.5 tons and above from D506 to D1000.
115. Although the Police will still be responsible for the technical aspects of issuing vehicle number plates and motor vehicle licences, all payments for road tax, vehicle licenses and number plates will henceforth be made with the Gambia Revenue Authority. The licence and the plates will only be issued by the Police upon presentation of a GRA payment receipt. This will enhance revenue administration, while allowing the Police to concentrate on their core functions.
116. The personal income tax structure is being reviewed to bring it in line with the prevailing economic conditions and to make it more progressive, fairer and revenue productive. Also, the audit and enforcement capacity of the Department of Domestic Taxes of GRA is being strengthened in anticipation of the planned introduction of a value added tax (VAT) system in place of sales tax on or before

January 2013. These reform measures are aimed at ensuring that our tax system remains efficient and equitable.

**MADAM SPEKAER,**

## **CONCLUSION**

117. The zero-rating of sales tax on rice in 2008 to minimize the impact of the food crisis on the poor people and the implicit subsidy on the price of oil by leaving the pump price unchanged, when international oil prices were rising, were policy measures that resulted in revenue losses equivalent to 2 percent of GDP. These developments, coupled with the financial and economic crises that ensued, have made 2008 a very difficult year. In 2009 however, the Gambian economy performed better than expected because of strong growth in agriculture.

118. In spite of the positive growth registered in 2009, the Gambia still faces a heavy debt burden. Interest on government debt is expected to consume nearly 20% of government revenues in 2009, mostly in interest on domestic debt. This is why in the 2010 budget, Government intends to lower the domestic debt, ease pressure on Treasury bill yields, generate savings from lower interest payments and strengthen public financial management.

119. Achieving these goals call for strict discipline in budget execution. This is a challenge that we face as a country with limited resources but together, with our dynamic leader's guidance, Sheikh Professor Dr. Alhaji Yahya A.J.J. Jammeh, we will thrive and demonstrate that we have the people, the will and commitment, and with Allah's Blessing, to navigate through difficult times.

120. As we confront these formidable challenges, I call on our development partners, bilateral and multilateral, whose efforts in support of our development we so cherish, to continue to accompany us with renewed vigour and a common sense of purpose.

**ON THIS NOTE, MADAM SPEAKER, I BEG TO MOVE.**