



Republic of The Gambia

2018

BUDGET SPEECH

MINISTRY OF FINANCE & ECONOMIC AFFAIRS

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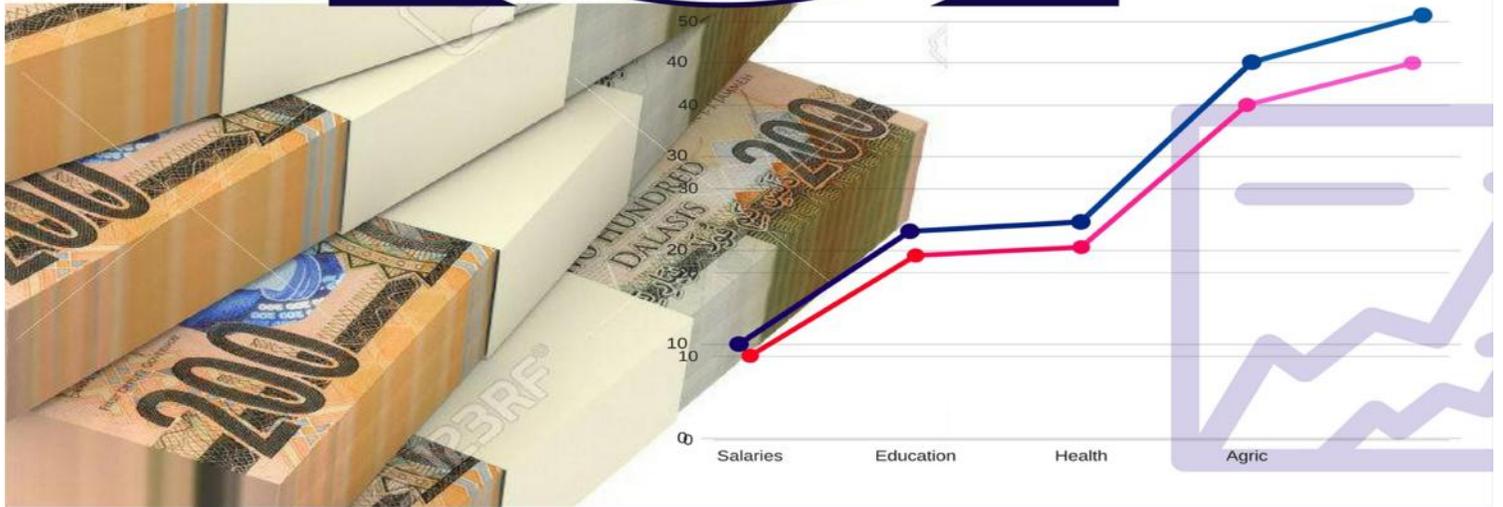
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Salaries

Education

Health

Agric



DELIVERED ON
FRIDAY 15th DECEMBER 2017

Fiscal Consolidation

Foundation for Inclusive Growth and Sustainable
Development



HON. AMADOU SANNEH
MINISTER OF FINANCE & ECONOMIC AFFAIRS
REPUBLIC OF THE GAMBIA

ACRONYMS

AfDB	African Development Bank
AADP	Action Against Desertification Project
AU	African Union
AVCDP	Agricultural Value Chain Development Project
BReST	Building Resilience through Social Transfers
CDDP	Community Driven Development Project
CET	Common External Tariff
CFMA	Community Forest Management Agreements
CFTA	Continental Free Trade Area Negotiations
CRC	Constitutional Review Commission
DBP	Digital Broadcasting Policy
DPO	Development Policy Operations
DSO	Digital Switch Over
DTT	Digital Terrestrial Television
ECF	Extended Credit Facility
ECOWAN	ECOWAS Wide Area Network
ECOWAS	Economic Community of West African States
ERCA	ECOWAS Regional Competition Authority
ETLS	ECOWAS Trade Liberalisation Scheme
EU	European Union
EUHOFA	International Association of Hotel Schools
FAO	Food and Agriculture Organization
GCAV	Gambia Comercial Agriculture and Value Chain Management Project
GDP	Gross Domestic Product
GER	Gross Enrollment Ratio
GMA	Gambia Maritime Administration
GNPC	Gambia National Petroleum Corporation
GPAY	Gambia Programme of Action for Youth
GTTI	Gambia Technical Training Institute
ICT	Information and Communications Technology
IFMIS	Integrated Financial Mannagement Information System
IMF	International Monetary Fund
IPP	Independent Power Purchase
MCNHRP	Maternal and Child Nutrition and Health Results Project
MDI	Management Development Institute
MLC	Maritime Labour Conventions
MOHSW	Ministry of Health & Social Welfare
NaNA	National Nutrition Agency
NARI	National Agricultural Research Institute
NBN	National Broadband Network
NBSAP	National Biodiversity Strategy and Action Plan
NCAC	National Center for Arts and Culture
NDP	National Development Plan
NEA	National Environment Agency
NEMA	National Agricultrre Lowland and Water Management Project

NREAP	National Renewable Energy Action Plan
NYSS	National Youth Service Scheme
OIC	Organization of Islamic Conference
OPCAT	Optional Protocol on the Convention Against Torture
OPEC	Organization of the Petroleum Exporting Countries
PPA	Power Purchase Agreement
PURA	Public Utilities Regulatory Authority
RWSSP	Rural Water Supply and Sanitation
SAS	Sukuk-Al Salam
SOE	State Owned Enterprise
STCW-F	Standards of Training, Certification and Watch keeping
STEM	Science Technology Enginery Mathematics
TWG	Thematic Working Group
UNESCO	United Nations Education, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNWTO	United Nations World Tourism Organization
VISACAs	Village Savings and Credit Associations
WAAP	West African Agricultural Productivity Program
WEO	World Economic Outlook
WTO	World Trade Organization
YEP	Youth Empowerment Project

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**BUDGET SPEECH 2018 - FISCAL CONSOLIDATION -
FOUNDATION FOR INCLUSIVE GROWTH AND SUSTAINABLE
DEVELOPMENT**

Honourable Speaker,

I beg to move that the bill entitled “An Act to provide for the services of The Gambia for the period 1st January 2018 to 31st December 2018 (both dates inclusive)” be read a second time.

INTRODUCTION

Honourable Speaker,

1. The year 2017 has been a very challenging period for the Gambian economy. With the election of His Excellency, Adama Barrow, as the new President, it marked the turning point of the 22 years of autocratic regime of former President Yahya Jammeh. It heralded the beginning of our concerted efforts to unwind a legacy of grave economic mismanagement and restore good economic governance, as well as to reverse the stagnation of living standards, symptomized by poverty levels that have been stuck at 48 percent for a decade. We also had to quickly stem the sharply deteriorating performance of the economy in more recent times.
2. The new Government inherited a debt burden of over D56.5 billion (120 percent of GDP). This huge debt overhang will put immense pressure on Government’s capacity to finance its development agenda for years to come, and at a time when we face pressing development needs and strong expectations for improved livelihoods and lives from Gambians.
3. To mitigate this pressure, the Government is already implementing a series of economic and institutional reforms to foster greater efficiency in the public sector, ensure macroeconomic stability and strengthen the business climate. The reforms will create additional fiscal space and lay the foundation for enhanced private sector participation in economic activities to spur growth and economic

prosperity. To complement these reforms, Government has also been adapting its debt management strategy to reduce annual refinancing needs and risks.

4. Government is working closely with our Development Partners as we formulate and implement these series of reforms. We note the strong financial support extended by our Partners to underpin the reforms already undertaken. Collectively, our Development Partners have provided US\$106.1 million in budget support during this transition period and continue to provide strong backing to our key economic and development initiatives. Government is currently working with the World Bank to implement the energy sector roadmap, which aims to transform NAWEC into an efficient service delivery institution; ongoing support from the International Monetary Fund (IMF) is centered on supporting a program to put the country's macroeconomic fundamentals on a sound footing; and the European Union (EU) is supporting the Government in mobilizing the resources necessary for the implementation of the new Development Plan (2018 – 2021).
5. The Government's fiscal consolidation and reforms are already yielding good results. The Government's net borrowing requirement has declined sharply from 12 percent of GDP in 2016 to a projected 1 percent of GDP in 2017. We have slowed down the rate of growth in the accumulation of domestic debt. In the wake of this, the cost of Government borrowings has also declined markedly with 91-day, 182-day and 364-day Treasury bill yields declining from 17.56 percent, 20.87 percent and 16.97 percent in September 2016 to 5.04 percent, 7.1 percent and 8.11 percent in September 2017, respectively. The challenge is now to sustain this much-reduced crowding out of the private sector and translate it into borrowing, investment, growth and jobs by private businesses. The 2018 Budget builds on and deepens these reforms to ensure that the results that we achieve are sustainable. I note, particularly, the strong incentives it will provide to the private sector to invest.

Honourable Speaker,

6. Government is committed to striking a right balance between the need for fiscal consolidation on the one hand and, on the other, the imperative to promote much needed public investments and other critical development expenditures to complement reforms and support growth and poverty reduction. The National Development Plan (NDP 2018 - 2021) identifies the highest priority development expenditures to help achieve sustained high growth and improved lives for our citizens. The 2018 Budget will start moving some of the NDP's key flagship projects and initiatives, such as expanding the efficiency and capacity of the Banjul Port and expanding electricity output, reliability and access. Against the backdrop of the debt overhang, we are committed to ensuring that the execution and, in particular, the financing of flagship programs does not further undermine our debt situation. We will work closely with our Development Partners and investors in pursuit of this goal as we mobilize resources for the NDP.

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WORLD ECONOMIC OUTLOOK

Honourable Speaker,

7. As per the latest World Economic Outlook (WEO) report (October 2017), the International Monetary Fund (IMF) estimates global growth at 3.6 percent in 2017 compared to 3.2 percent last year. This pickup in global activity that started in 2016 gathered steam in the first half of 2017, reflecting firmer domestic demand growth in advanced economies and China and improved performance in other large emerging market economies. The continued recovery in global investment spurred stronger manufacturing activity.
8. In the U.S economic growth is projected to expand at 2.2 percent in 2017 and 2.3 percent in 2018. The projection of a continuation of near-term growth that is moderately above potential reflects very supportive financial conditions and strong business and consumer confidence. The downward revision relative to the April WEO forecasts (of 2.3 and 2.5 percent for 2017 and 2018, respectively) reflects a major correction in US fiscal policy assumptions. Given the significant policy uncertainty, IMF staffs' macroeconomic forecast now uses a baseline assumption of unchanged policies, whereas the April 2017 WEO built in a fiscal stimulus from anticipated tax cuts. Over a longer horizon, US growth is expected to moderate. Potential growth is estimated at 1.8 percent, reflecting the assumption of continued sluggish growth in total factor productivity and diminished growth of the workforce due to population aging.
9. The recovery in Euro area is expected to gather strength this year, with growth projected to rise to 2.1 percent in 2017, before moderating to 1.9 percent in 2018 (slightly stronger than the 1.8 percent growth estimated for 2016). The forecast is 0.4 percentage point and 0.3 percentage point higher for 2017 and 2018, respectively, relative to April. The increase in growth in 2017 mostly reflects acceleration in exports in the context of the broader pickup in global trade and continued strength in domestic demand growth supported by accommodative financial conditions amid diminished political risk and policy uncertainty.

10. Growth in the United Kingdom is projected to subside to 1.7 percent in 2017 and 1.5 percent in 2018. The 0.3 percentage point downward revision to the 2017 forecast relative to the April 2017 WEO is driven by weaker-than-expected growth outturns for the first two quarters of the year. The slowdown is driven by softer growth in private consumption as the pound's depreciation weighed on household real income. The medium-term growth outlook is highly uncertain and will depend in part on the new economic relationship with the EU and the extent of the increase in barriers to trade, migration and cross-border financial activity.
11. In Japan, momentum is driven by the strengthening of global demand and policy actions to sustain a supportive fiscal stance, and is expected to continue in 2017, with growth forecast at 1.5 percent. The pace of expansion is expected to weaken thereafter (to 0.7 percent in 2018), based on the assumption that fiscal support fades as currently scheduled, private consumption growth moderates, and the boost from 2020 Olympics-related private investment is offset by higher imports and slower projected growth in foreign demand. Over the medium term, a shrinking Japanese labour force will curtail GDP growth although, in per capita income terms, Japan's growth is projected to remain close to recent averages.
12. Economic growth in sub-Saharan Africa is projected to reach 2.6 percent in 2017 and 3.4 percent in 2018 (broadly in line with the April forecast), with sizable differences across countries. Downside risks have risen because of idiosyncratic factors in the region's largest economies and delays in implementing policy adjustments. Beyond the near term, growth is expected to rise gradually, but barely above population growth, as large consolidation needs weigh on public spending. Nigeria is expected to emerge from the 2016 recession caused by low oil prices and the disruption of oil production. Growth in 2017 is projected at 0.8 percent, owing to recovering oil production and ongoing strength in the agricultural sector.

RECOVERY IN GLOBAL COMMODITY PRICES

13. The IMF's Primary Commodities Price Index declined by 5 percent between February and August 2017 - that is, between the reference periods for the April 2017 WEO and the current report. Some of the biggest price drops were among fuels: oil prices fell by 8.1 percent between February and August, even as the Organization of the Petroleum Exporting Countries (OPEC) and some non-OPEC oil exporters announced in May that they would extend oil production cuts through the first quarter of 2018. The main drivers of lower prices were higher-than-expected US Shale production and stronger-than-expected production recoveries in Libya and Nigeria. In addition, exports from OPEC countries remained at relatively high levels, even with lower production. Following some strengthening in recent weeks, oil prices stood at about \$50 a barrel as of late August, still lower than in the spring.
14. The IMF's agricultural price index declined by 5 percent between February and August 2017. Cereal prices rallied in June amid concerns over hot and dry weather in the Northern Hemisphere, but then declined substantially in August as forecasts for grain stocks at the end of the 2017-18 season increased unexpectedly. Meat prices increased on stronger-than-expected demand and tighter supplies.

IMPACT ON THE DOMESTIC ECONOMY

15. The impact of global commodity price developments will filter into our domestic economy via the pass through in fuel prices. And as the OPEC cartel continues to reduce production output, this is estimated to trigger increase in the world market price of fuel, rising from US\$47.1 per barrel in 2017 to US\$53.1 per barrel in 2018; this implies an increase of 12.7 per cent over the review period. This is expected to have domestic inflationary pressures on fuel prices in the Gambia.

16. As the Gambia continues to be a major groundnut producer, international groundnut price forecast indicates a growth in price of 3.1 per cent in 2018 compared to the level in 2017. This will ultimately translate into improved prices and incomes for our local farmers.

17. In addition, as the government has managed to secure the required funding for the 2017/2018 groundnut season, this will enhance foreign currency inflows, thus easing potential pressures on the dalasi, thereby ensuring price stability for imported commodities.

DOMESTIC ECONOMY

REAL SECTOR DEVELOPMENTS

Honourable Speaker,

18. The Gambian economy is expected to grow by 3.0 percent in 2017 compared to an actual outturn of 2.2 percent in 2016. The Agricultural sector, a major force of economic growth is expected to rebound to 2.6 percent in 2017 compared to 0.5 percent in the preceding year. Crop-production is also forecasted to grow by 0.9 percent compared to a contraction of 3.4 per cent last year. Whilst Livestock is projected to grow by 3.8 percent compared to 3.2 percent in 2016. Similarly, Forestry and Fishing subsectors are anticipated to expand by 3.0 percent and 4.0 percent respectively in 2017 against 3.0 percent and 3.5 percent a year ago.
19. Industry is also expected to experience a marginal contraction of 0.8 per cent in 2017 compared to a contraction of 3.1 percent last year. The contraction in the industrial sector is due to poor performance in Manufacturing and Electricity, gas and Water supply, all of which are anticipated to record a contraction of 5.1 and 14.0 per cent respectively in 2017 compared to 1.0 and 7.3 per cent growth last year. In addition, the construction sector is also anticipated to record 6.2 percent growth in 2017 compared to -5.9 percent registered in 2016.
20. Service sector growth is anticipated to experience a small set back with growth projected to fall to 4.1 percent in 2017 compared to 5.1 percent last year. Hotel and restaurants subsector is anticipated to record 5.0 percent in 2017 compared to 19.7 percent in 2016. The substantially low performance of the service sector is due to the negative impact of the December political impasse that affected the tourism sector, leading to low occupancy over the period January-March 2017. As tourism constitutes the biggest share of the services sector, this invariably led to a contraction in the growth of the sector. Growth in the communication sector in 2017 is expected to register 13.5 percent compared to 9.3 percent in 2016. While all service sub-sectors are anticipated to experience positive growth, most sectors are projected to register smaller growth in 2017 compared to 2016.

FISCAL SECTOR DEVELOPMENTS

21. On the fiscal front, preliminary estimates of government fiscal operations during the first nine months of 2017 indicates an improvement in the fiscal position of government, with revenue and grants expanding to D10.5 billion compared D6.2 billion the same period a year ago, amounting to an increase of 69.4 percent. Domestic revenue on the other hand, registered a D6.0 billion (14.3 percent of GDP) for the first three quarters of 2017 compared to the same level in the corresponding period in 2016. In relative terms, the tax to GDP ratio declined to 12.4 percent for the review period in 2017, compared to 13.9 per cent in three quarters of 2016. The unchanged level in domestic revenue collection is associated to the impact of the December-January political impasse, which halted economic activities for almost all sectors of the economy. The impact of the impasse lasted up to the late part of March, as businesses remained cautious in their operations.
22. Total expenditure and net lending registered a substantial growth for the first nine months of 2017, expanding from D8.1 billion (18.7 percent of GDP) in 2016 to D18.5 billion (38.4 percent of GDP) in 2017. Year-on-year, this represents a growth of 128.4 percent. It is however important to note that the largest part of the expenditure growth is as a result of increased grants disbursement during the course of 2017.
23. Expenditure on personnel emoluments also rose slightly from D1.6 billion (3.7 percent of GDP) for the nine months of 2016 to D1.7 billion (3.5 percent of GDP) the same period in 2017. Year-on-year, this represents a growth of 6.3 percent over the review period. Interest payments also increased marginally, from D2.4 billion (43.6 percent of tax revenues) in the first nine months in 2016 to D2.5 billion (47.2 percent of tax revenue) in the same period of 2017. In growth terms, interest payment cost registered a 4.2 percent upshot in nine months of 2017 compared to the same period a year ago.
24. Capital expenditure has recorded an unprecedented level of growth in the first three quarters of 2017, expanding from D0.8 billion (9.9 percent of total

expenditure) in 2016 to D11.4 billion (61.6 percent of total expenditure) the same period in 2017. In ratio terms to GDP, it has surged from 1.8 percent in the nine months of 2016 to 23.6 percent the same period in 2017. Over the review period, capital expenditure recorded a growth of 1325 percent, more than the total capital expenditure for the period 2013-2015. It is important to note that, of the total capital expenditure in the review period of 2017, 95.6 percent is externally financed in the form of loans and grants compared to 62.5 percent the same period in 2016.

25. The overall fiscal balance-excluding grants in first the nine months of 2017 registered a deficit D12.5 billion (25.9 percent of GDP) compared to D2.1 billion (4.8 percent of GDP) the corresponding period a year ago. Year-on-year, the fiscal deficit- excluding grants expanded by 495 percent during the period under review. This unprecedented increase in the level of deficit excluding grants is due largely to increase loans disbursement during the review period, rising from D0.2 billion (2.6 percent of total expenditure) in 2016 to D5.7 billion (67.6 percent of total expenditure) the same period in 2017, netting out the increase in loans disbursement, the deficit remains basically unchanged during the periods under review.

26. The fiscal deficit including grants also deteriorated to D8.0 billion (16.6 percent of GDP) in the first three quarters of 2017, compared to a deficit of D1.9 billion (4.4 percent of GDP) the same period in 2016. The overall surplus of the primary balance for the nine months of 2017, improved by 12.1 percent, from a surplus of D0.75 billion (1.7 percent of GDP) in 2016 to a surplus of D0.84 billion (1.8 percent of GDP) the same period in 2017.

27. For the first nine months of 2017, total public debt stood at D56.5 billion (120 percent of GDP) compared to D50.1 billion (118.5 percent of GDP) the same period in 2016. In growth terms, the public debt stock grew by 12.8 percent over the period under review. Of the total public debt stock in the first three quarters of 2017, domestic debt accounts for D28.3 billion, whilst external debt constitutes D28.2 billion the same period in 2017.

MONETARY SECTOR DEVELOPMENTS

28. Developments in the monetary policy rate signals improvements in access to affordable financing, with the policy rate falling from 20 percent as at end 2016 to 15 percent at end September 2017. Money supply in September 2017 grew by 22.0 percent compared to 8.3 percent in the same period in 2016, reflecting a significant increase in the net foreign assets of the banking system. Narrow money comprising currency outside banks and demand deposits increased to D12.97 billion (or by 17.7 percent) in September 2017, whilst quasi money, which includes savings and time deposits grew much stronger by 26.4 percent to D13.29 billion in September 2017.
29. The net foreign assets of the banking system increased significantly by 637.8 percent in September 2017 relative to a contraction of 43.0 percent a year earlier. The expansion in the net foreign assets of the banking system was due to the increase in the net foreign assets of both the Central Bank and Deposit Money Banks. The Bank's net foreign assets rose from D858 million in September 2016 to D3.65 billion in September 2017, largely on account of the budget and balance of payment support from the World Bank, IMF and AfDB (African Development Bank). Similarly, Deposit Money Banks' net foreign assets increased to D3.41 billion in September 2017 (or by 103.5 percent), reflecting the increase in their balances held with banks abroad as well as their foreign investments.
30. The net domestic assets of the banking system, on the other hand, decreased to D19.2 billion (or by 6.7 percent) in September 2017 on the back of reduced borrowing by the government from the domestic market. Domestic credit grew slightly to D23.87 billion (or by 2.0 percent) in September 2017. Claims on government net, grew by 3.2 percent in September 2017 relative to a growth rate of 13.8 percent a year ago.
31. Reserve money increased to D9.8 billion in September 2017 relative to D7.60 billion a year ago. Both currency in circulation and reserves of Deposit Money Banks grew by 17.6 percent and 48.6 percent respectively from a year ago.

Net Domestic Borrowing

32. Net domestic borrowing of government from the entire banking system for the first nine months of 2017 recorded a repayment position of D1,492.85 million (2.9 percent of GDP) compared to a net borrowing position of D2, 124.74 million the same period in 2016 (4.8 percent of GDP). The Central Bank financing of government for the three quarters of 2017 recorded a repayment position of D3,360.89 million compared to a net borrowing position of D928.10 million in the same period a year ago. In addition, borrowing from deposit money banks (Treasury bill holdings) registered a net repayment position, recording D525.6 million in 2017 compared to D702.3 million in the three quarters of 2016. As for non-Bank borrowing (treasury bill holdings), government recorded a net borrowing position of D507.2 million in 2017 compared to D480.2 million in the nine months of 2016.

The Money Market

33. In the year to end-September 2017, the total domestic debt rose to D31.3 billion (72.3 percent of Gross Domestic Product) or by 17.5 percent from the corresponding period of 2016. Short-term Treasury and Sukuk-Al Salaam bills (SAS), accounted for 54.8 percent of overall domestic debt.

34. Yields on all the profiles decreased during the period. The 91-day, 182-day and 364-day Treasury bills declined from 17.56 percent, 20.87 percent and 16.97 percent in September 2016 to 5.04 percent, 7.1percent and 8.11percent in September 2017, respectively. Similarly, yields on the 91-day, 182-day and 364-day SAS bills declined from 17.65 percent, 21.82 percent and 18.63 percent in September 2016 to 6.31 percent, 8.6 percent and 9.32 percent, respectively.

Performance in the Banking Industry

35. The banking sector in The Gambia remains safe, sound, profitable and adequately capitalized. The risk weighted capital adequacy ratio of the industry stood at 38.7 percent, higher than the statutory minimum of 10 percent. From January to September 2017, the industry registered a profit of D496.4 million, higher than D484.1 million in the same period last year.

36. Total assets of the banking industry as at end-September 2017 stood D36.2 billion relative D31.3 billion at end September 2016. Gross loans and advances, on the other hand, decreased by 16.5 percent to D4.0 billion in September 2017. Liquidity ratio in September 2017 stood at 99.5 percent compared to 98.5 percent in September 2016 and well above the minimum threshold of 30 percent.

Mobile Money

37. Africell Mobile Money by Africell and Qodoo Mobile Money Financial Services by Qcell have been issued operating licenses by the Central Bank of The Gambia since February 2016. These are mobile money services operated by two major telecommunication companies in the country. The Central Bank collaborates closely with the Public Utilities Regulatory Authority (PURA) to promote effective supervision of these entities with the aim of promoting financial inclusion while protecting the safety of the institutions involved and their customers.

Micro-Finance Industry

38. Total loans extended by Village Savings and Credit Associations (VISACAs) to their members contracted by 6.4 percent to stand at D13.1 million as at end-June 2017. Total deposit liabilities, on the other hand, increased by 1.4 percent to D14.9 million as at end-June 2017.

39. In contrast, Finance Companies registered relatively strong performance during the period. Total deposit liabilities of Finance Companies increased considerably by 19.9 percent to D626.8 million as at end-June 2017 from D522.6 million a year ago. Similarly, total assets, and capital and reserves grew by 16.5 percent and 16.7 percent to D950.3 million and D183.1 million respectively. However, total loans declined by 30.9 percent to D136.4 million from D197.4 million in June 2016.

40. Credit Unions are so far the most vibrant microfinance sector with total assets of the sector reaching D1.1 billion as at end-June 2017 from D931.1 billion a year

earlier. The consistent performance lends credence to the level of organization. Total loans and deposit liabilities of Credit Unions grew significantly to D697.8 million and D887.6 million, or by 5.9 percent and 12.9 percent respectively as at end-June 2017.

Insurance Sector

41. The Gambia's insurance industry is made up of 9 non-life companies and 10 broking companies. The industry is almost 60 percent domestically owned.
42. Total assets of the industry stood at D579 million as at end-June, 2017, 18.4 percent higher than the corresponding period in 2016. Total liabilities rose by 4.2 percent, from D155 million in June 2016 to D161 million in June 2017. As a result, the net worth of the industry (expressed as net asset/shareholders' funds) expanded by 25 percent from D335 million in June 2016 to D418 million in June 2017.
43. In terms of income, the industry recorded an overall premium income of D202 million from both life and general insurance business in the second quarter of 2017 compared to D141 million in the same period in 2016. Insurance penetration, which is a measure of the contribution of the sector to the nation's GDP remains low at just below 1 percent.

EXTERNAL SECTOR DEVELOPMENTS

44. Provisional balance of payments estimates for the first half of 2017 indicates a surplus of US\$3.2 million compared to US\$1.0 million recorded in the same period last year. This is on account of the improvements in both the current, and capital and financial accounts.
45. The trade balance improved from a deficit of US\$104.3 million in the first half of 2016 to a deficit of US\$97.0 million during period under review. Both exports and imports fell by 6.9 percent and 6.8 percent to US\$45.7 million and US\$142.7million in June 2017 respectively.

46. The current account balance improved from a deficit of US\$38.4 million in the first half of 2016 to a deficit of US\$36.8 million in the first half of 2017 mainly due to improvement in services balance and net current transfers.
47. The surplus in the capital and financial account increased from US\$16.8 million in the first half of 2016 to a surplus of US\$ 29.8 million in the first half of 2017. This was as a result of the significant increase in the capital and other investment account during the review period.
48. With much improved fiscal discipline and external financial support, the Dalasi has remained stable since April and gross international reserves increased from 1.6 months of import cover at end-2016 to 3.7 months in November.

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DEVELOPMENTS IN THE PRODUCTIVE SECTORS OF THE ECONOMY

AGRICULTURE AND NATURAL RESOURCES SECTOR

Honourable Speaker,

49. The current government remains committed to transforming the agriculture and natural resource sector into a modern market-orientated commercial sector with well-integrated value chains in order to increase incomes of agricultural value chain actors. Additionally, the Ministry will work to address policy gaps, develop alternative irrigation schemes, develop groundwater extraction and support select value chains.
50. In efforts to increase the incomes of local farmers, the Government has increased the Farmgate price from D15,300/tonne in 2016 to D17,300/tonne in 2017.
51. Innovative financing for agricultural development will be pursued in collaboration with The Gambia's bilateral and multilateral partners with particular emphasis on ensuring that women benefit from the facilities. Other financing strategies will be pursued including the re-establishment of the Agricultural Development Fund/Bank to assure appropriate access and affordability to meet medium and long-term needs for production and commercialization; strengthening and expanding existing linkages between the economic agents and the financial services providers.
52. The Ministry will embark on sensitizing farmers on climate change mitigation and coping strategies will induce farmers to make the best use of early rains and research on early maturing crops as an alternative plan.

Department of Livestock

53. In response to the lack of livestock data, the Department in collaboration with Food and Agriculture Organization (FAO) conducted the 2016 National Livestock Census, which is ready for validation. The results will be used for policy formulation, decision making and as a benchmark for subsequent livestock surveys.

54. In collaboration with development partners, the Department has provided husbandry and veterinary services under 27 Ram Fattening schemes. In addition, 1440 MT of beef and mutton and 182 MT of eggs from 16-layer farms were produced during the period under review. The Department is also providing veterinary public health services through meat inspection at abattoirs and slaughter facilities all over the country. To reduce morbidity and mortality in our livestock population, the Department has embarked on deworming and vaccination campaigns against various animal diseases in cattle, small ruminants and poultry. Deworming campaigns were also conducted against internal parasites where 30,869 animals were dewormed. The next phase will involve a countrywide mass vaccination of poultry against Newcastle Disease.
55. The Department has established Training and Demonstration Centres at both Head Quarters and Regional Directorates to provide advisory and training services to farmers in order to help increase livestock production and productivity.

Gambia Livestock Marketing Agency

56. The Agency has worked on identifying several communities and conducting feasibility study for the construction of livestock marketing facilities. The Abuko Livestock Show Ground was rehabilitated and upgraded with modern lighting facilities with funding from the National Agricultural Land and Water Management Development Project (NEMA) project under the Ministry of Agriculture. Efforts are under way to create a national body of livestock dealers as a Cooperative or Credit Union where members can access finances to promote their businesses.
57. As part of its plans for 2018, the Agency plans to continue the upgrading of the Abuko Livestock Show Ground facility into a trade fair centre that meets the requirement of partners and institutions for staging market promotions and related activities. The Agency has completed the designs with bill of quantities for seven livestock markets and five livestock slaughter facilities across the country for construction. Feasibility studies and Sites identification has been

undertaken for the construction of live bird markets and meat stalls across the country.

58. Given the involvement of women and youth in small ruminants and livestock, the Government has negotiated a US\$25 million project with the Islamic Development Bank (IsDB). The project is expected to be effective by March 2018 and would help enhance dairy farming and meat production.

National Agricultural Research Institute

59. The Institute has strengthened sub regional partnership in the rapid restocking of major seeds and planting material resource base. In the medium term, NARI is pursuing a number of objectives including dissemination of seed quality control pathways, integrated pest management and production of livestock feeds for enhanced aquaculture productivity.

National Seeds Secretariat

60. The Secretariat is a newly established agency, which has received support from projects such as West African Agricultural Productivity Program (WAAPP); Agricultural Value Chain Development Project (AVCDP) and NEMA projects and as well as the FAO to keep the agency on its footing. WAAPP has constructed a new seed laboratory in Abuko and rehabilitated the old one in Sapu, all equipped with modern seed laboratory equipment.

61. As part of its plans for 2018, the Secretariat intends to carry out sensitization programs, registration of more certified seed producers, seek funding for the purchases of certified seed from producers for distribution to farmers, rehabilitation of Sapu rice swamp for expansion to produce more foundation seeds and construct at least four regional seed stores at strategic center for seed storage.

INFORMATION AND COMMUNICATION INFRASTRUCTURE

Honourable Speaker,

62. The Broadcasting Sector has witnessed a significant policy shift with the liberalization of television (TV) broadcasting and promoting media freedom. The Ministry in collaboration with PURA is processing applications for TV licenses following the adoption of the Digital Broadcasting Policy (DBP) by Cabinet. Furthermore, the Policy will guide the implementation process of the Digital Terrestrial Television (DTT) and as well set out a prudent approach towards the Digital Switch Over (DSO) in terms of increased revenue generation and employment opportunities for the country's youth. This policy saw the ushering of the first private TV station – QTV, launched in November 2017.
63. In repealing the repressive Information and Communication Technology (ICT) Act of 2009 and amending media laws, the Ministry would enact a Freedom of Information Act to improve access to information and ensure freedom of expression. The ICT Agency Bill has been drafted and will be presented to the National Assembly for adoption. Following the successful implementation of the ECOWAN Project, GAMTEL is in the process of implementing the National Broadband Network (NBN) Project that is intended to roll out additional fiber to the communities to help solve issues of digital divide locally.
64. GAMTEL has taken over the management of the International Gateway, and Cabinet approval has been granted to liberalize the International Call Gateway effective 2018.
65. As part of efforts to increase ICT gains, a new Post Savings Bank solution will become fully operational by 2018 and data migration is ongoing. Post cash has been introduced and GAMPOST branded cards backed by Visa will be launched in 2018, to help achieve the financial inclusion agenda of government.

TOURISM AND CULTURE

66. Over the years, achievements have been registered towards the fulfillment of the vision to have 500,000 tourists by 2020. This has been manifested in the number of arrivals from 134,560 in 2015 to 161,127 in 2016. Although the political impasse in 2016 had a negative impact on tourist numbers in 2017, the 2018 tourist arrivals is estimated at 200,000, up from 163,000 in 2017. The 2018 winter tourist season is highly promising as seen in the unprecedented increase in the number of flights from 27 to 58 per week.
67. Recently, Government signed a landmark agreement with one of the world's leading tour operators FTI to begin an all-year round operation from 2018. The company will also position a daily flight from Banjul to Germany bringing back the long lost German market. The MOU also provides the company to build two-five star hotels with a capacity of 1000 rooms, much needed by the destination. In addition, the company has agreed to work with Gambia Tourism and Hospitality Institute to train 800 young Gambians to acquire an internationally recognized certificate. This would accord The Gambia the opportunity to afford quality labour to both local and international markets.
68. In a similar vein, the Balafon Group, a local tour operator has signed an agreement with the Thomas Cook Group to build a four star hotel with a capacity of 200 rooms. This agreement will also provide the opportunity for Thomas Cook Group to increase their frequency, currently at ten flights per week.
69. In line with the vision of the new Gambia, the board has appraised over ten (10) projects, six of which are five stars and four are four stars, with a total proposed investment value of D1.7 billion. In addition, this is expected to generate up to ten thousand jobs. The objective is to commission these hotels into operations within the next two years.
70. With regards to cultural developments, a new Cultural Policy is poised to update and replace the 1988 Policy. Between March and April 2017, the National Centre for Arts and Culture (NCAC) with support from United Nations Educational,

Scientific and Cultural Organization (UNESCO) also embarked on the review and update of the management plan of the Stone Circles of the Senegambia, a UNESCO World Heritage Site. Also prioritized for implementation in 2018, is operationalizing an effective copyright regime to enable artists to benefit from their intellectual property rights. The construction of a multi-purpose Cultural Centre has also been prioritized for development assistance.

71. Proposals to introduce formal education of tourism have been supported by the World Bank, the European Union (EU) and the Government of Spain to the tune of over €2 million through its Youth Empowerment Project (YEP). The Gambia was also recently admitted into the International Association of Hotel Schools (EUHOFA) as a full member and has also entered its application as a UNWTO TedQual registered centre.

TRADE, INDUSTRY, REGIONAL INTEGRATION AND EMPLOYMENT

72. The Ministry is conducting a Third Trade Policy Review to ensure that our National Trade policy is compliant with World Trade Organization (WTO) laws. As part of increased harmonization of African trade policy, the African Union Continental Free Trade Area Negotiations (CFTA) is currently negotiating a CFTA among its Members. These negotiations are expected to conclude by December 2017. In January 2017, the Gambia has officially started the implementation of Common External Tariff (CET) as part of ECOWAS custom union initiatives. In order to increase awareness of the initiative, a roadmap for sensitization of stakeholders has also been developed. In collaboration with GIEPA, the Ministry is continuously promoting the utilization of the ECOWAS Trade Liberalization Scheme (ETLS) by Gambian manufacturers and producers to increase access of our local manufacturers to the regional market.

73. Following the 2nd India-Africa Summit, the Government of India and African Governments agreed to establish a Food Testing Laboratory at the National Public Health Lab under the Ministry of Health & Social Welfare (MOHSW) in Kotu.

ECOWAS Regional Competition Authority (ERCA)

74. In line with the decision of the Authority of Heads of States and Government in 2015, the Gambia has signed the Headquarters Agreement in the margin of the Summit of Heads of State and Government in June 2016. This paved the way for the Gambia to take all necessary steps for the effective take off of the Authority.
75. The Government of The Gambia has completed the identification of the Headquarters building and the residence for the Executive Director of the Authority, and will be launched in January 2018 for operations.

TRANSPORT, WORKS AND INFRASTRUCTURE

Honourable Speaker,

76. The Ministry has recently developed and validated the National Transport Policy and the National Building & facilities Policy. With respect to its projects, the Ministry is supervising the construction of an ultra- modern International Conference Center supported by People's Republic of China at the tune of US\$50 million, to be completed within two years. Other infrastructure developments at the planning stage are the Basse-Fatoto- Koina Highway, the Basse -Wulli Bridge and The Fatoto- Passamass Bridge. The Government of the Gambia has secured a three-year project of US\$ 86.6 million for the reconstruction of the Laminkoto-Passamass road.
77. The Ministry plans to construct 400km of rural roads selected from all regions of the country and intends to build and rehabilitate over 500 km high-class roads in the urban areas. This will include the Greater Banjul Belt Road and the Abuko By -Pass Road among others.
78. With regards to maritime operations policies, two new legislations were introduced at the National Assembly for ratification. This includes the Maritime Labour Conventions (MLC, 2006) and the International Convention on the Standards of Training, Certification and Watch keeping (STCW-F). The Banjul Port Expansion project includes a number of measures to increase the

throughput capacity of the Port to 372 million tons per year, among which include quay expansion of capacity to 50 tons, rehabilitation of the existing north and south terminals, rehabilitation of the shipyard and development of deep-sea port. It will include modernization of container terminal with container handling equipment, the upgrading of access roads and vehicle parking facilities.

79. The Airport improvement phase II project is at completion, having achieved a number of the proposed reforms. The Gambia International Airlines approved the launch of two airlines in The Gambia in 2017 namely Fly Mid Africa and TransAir. Both Airlines have since commenced operations, linking cities in the sub region. It is anticipated that with the operations of these Airlines, tickets prices will be competitive, efficiency will increase and employment will be ameliorated.

ENERGY AND PETROLEUM

80. As part of efforts to maximize gains from our natural resources, the Ministry has an active joint venture partnership between Erin-FAR Energy, which is expected to finalize exploration and begin drilling next year. The Government is investigating the activities of operators in minerals and sand mining including ilmenite, zircon, and rutile. The revelations of the commission will lead to the regularization of the status of the licenses in the interest of the Gambian people.

81. The performance of the energy sector has been disappointing. With generation capacity below the required 70 MW for supply stabilization, the Ministry has registered technical losses of about 26 percent. With the support from Development Partners, the Government has prepared an Electricity Sector Roadmap taking into account emergency plan measure for 2017 to stabilize the grid and chart the medium to long-term path to 2020 and beyond. By end December 2017, about 40MW would added to the generation capacity through engines rehabilitations and commissioning. The second phase (2018-2020) will close the generation gap with a corresponding investment on transmission and distribution (T&D), as well as negotiating the first Independent Power Purchase

(IPP). The third phase will scale up generation through IPPs to 300MW targeting energy mix 60:40 percent of HFO and Renewable Energy.

82. An MOU and Power Purchase Agreement (PPA) for electricity importation from Senegal was signed on 25th August 2017. Coverage will expand as some sections/gaps within the transmission lines (Illiyasa- Farafenni) are connected and the inter-connection point of Amdalaye completed. The Rural Electrification Extension Programme is progressing well which will see electrification of additional 44 rural communities by expansion of the network and add 2.5 MW HFO generation capacity in Basse and Farafenni installed. Furthermore, the Government of India has also provided a concessional loan of US\$22.5 million to bring electricity to over 80 communities including the Kiangs. The National Renewable Energy Action Plan (NREAP) 2015-2030 is in line with targets of the ECOWAS Renewable Energy Policy and the Gambia intends to achieve 24 MW and 70 MW of installed renewable energy capacity by 2020 and 2030 respectively.

SOCIAL SECTORS OF THE ECONOMY

BASIC AND SECONDARY EDUCATION

Honourable Speaker,

83. A significant surge in enrollment has been registered at all levels. Lower Basic School enrollment increased from 308,729 in 2016 to 329,828 in 2017 representing an increase in Gross Enrollment Ratio (GER) from 104.0 percent to 108.6 percent. Similarly, upper basic school enrollment increased from 90,838 to 94,357, translating into an increase in GER from 66.8 percent to 67.4 percent, with senior secondary school enrollment increasing from 56,001 to 60,310 representing an increase in GER from 44.0 percent to 45.9 percent.

84. Between 2016 and 2017, the numbers of schools at all levels have increased from 1,508 to 1,564, to meet the increasing demand of educational services. Additionally, as part of ongoing efforts to improve educational quality, there has been a significant increase in the number of qualified and trained teachers at all levels.

HIGHER EDUCATION, RESEARCH, SCIENCE AND TECHNOLOGY

85. The Ministry intends to focus on staff development, mainly those in the tertiary and higher education institutions. It is also envisaged that in the short-term the three public tertiary institutions (GTTI, MDI and Gambia College) will be transformed into degree awarding universities. These institutions will as well be linked with centres of excellences such as GIMPA, Ibadan, University of Sierra Leone, Huddersfield University, Lagon, etc. for collaborative teaching and award of degrees.

86. The Ministry is coordinating the PhD and MSc training of 134 personnel from various MDAs in Science Technology Enginery Mathematics (STEM). It is also providing Masters training in statistics and computer science, which will provide Government the opportunity to address issues around data analysis and e-governance; as well as experts training on water engineering and sanitation, food science technology, electrical-electronic, civil and mechanical engineering.

HEALTH AND SOCIAL WELFARE

87. The Ministry of Health and Social Welfare has developed a Health Financing Policy document as a framework for health financing in terms of governance, resource mobilization, distribution and use of funds in The Gambia. The Ministry has successfully launched the National Tobacco Control Act in 2017, with a view to increase advocacy on tobacco control efforts.

National Nutrition Agency

88. In collaboration with the Ministry of Health and Social Welfare, on the US\$21.18 million Maternal and Child Nutrition and Health Results Project (MCNHRP) using the Result Based Financing Approach is being implemented in 37 health facilities and 345 communities in North Bank West and East Central River, Upper River and Lower River Regions in the country. This project when fully implemented will contribute to the reduction of maternal and child morbidity, mortality and under nutrition, thereby contributing to the attainment of the Sustainable Development Goals to end preventable deaths and disability through Universal Health Coverage, improving nutritional status and building resilience of vulnerable households and communities.

89. This year the MCNHRP is supporting 900 vulnerable households of the targeted 5000 households with inputs such small ruminant, poultry, food processing and gardening materials to build their resilience. This is complemented by The Building Resilience through Social Transfers for Nutrition Security in The Gambia (BReST), an EU funded €3 million project facilitated by United Nations Children's Fund (UNICEF). The Project is being implemented by the National Nutrition Agency (NaNA) with support from the Department of Social Welfare in collaboration with the Ministry of Health and Social Welfare to support lactating mothers in selected facilities with monthly cash transfer. NaNA also continues to implement its routine programmes such as sensitizing and educating the public on nutrition; counseling and educating diabetic and hypertensive patients; coordinating the implementation of the routine vitamin A supplementation and deworming, a child-survival intervention, which continues to reach over 80% of the children under five years of age.

YOUTH AND SPORTS

90. As part of achievements in Youth and Sports matters in 2017, the Ministry carried out training on Guidance and Counseling for youth Returnees' management and the formulation of The Gambia Programme of Action for Youth (GPAY 2018 -2019) at the National Youth Conference in 2017. Additionally, two hundred and twenty individuals have graduated from a three-year capacity building training course from the Presidents International Award Scheme.
91. In 2018 and beyond, the National Youth Service Scheme (NYSS) will accelerate piloted Apprenticeship training programmes to provide soft marketable skills for a sustainable livelihood. A National Service Corps will also be piloted to provide young university graduates the opportunity to undergo six months to one year national service as part of the civic responsibility and also gives these graduates practical knowledge and experiences in the job market.

MOFEEA GAMBIA

CROSS CUTTING SECTORS

JUSTICE

Honourable Speaker,

92. The Ministry of Justice shall adopt measures and strategies consistent with the transitional justice outlook to reflect a future-oriented approach, without overlooking the past. At the national conference on Justice and Human Rights held in The Gambia on 23 – 25 May, 2017 numerous amendments were proposed for the 1997 Constitution with a wide consensus. A Constitutional Review Commission (CRC) shall therefore be established with the objective to draft a new constitution of the 3rd Republic of The Gambia, taking into account the need to establish clear demarcations between the executive, legislature and judiciary and the provision of appropriate and workable checks and balances between these organs of State. The CRC shall complete its work within a period of 18 months and a maximum of two years.
93. Reform of the administration of justice system shall be approached in a holistic manner but priority shall be given to the reform of the criminal justice system during the transition period. There shall be a comprehensive review of all existing criminal justice legislation with particular focus on laws intended to stifle freedom of expression and assembly.
94. The Truth, Reconciliation and Reparations Commission will be established by December 2017 with the principal objective to foster social cohesion, encourage national reconciliation, and recognize the suffering and restore the dignity of the thousands of victims.
95. A Commission of Inquiry has already been established and is currently looking into the financial and business-related activities of the former President and his close associates. The Ministry will also enter into strategic partnerships with international organizations, foreign governments and institutions with the requisite expertise and experience in tracking stolen assets. The Ministry shall work closely with the Ministry of Finance and Economic Affairs; and other relevant government departments in order to conduct a comprehensive audit

exercise of businesses and financial interests linked to the former President and his close business and family associates. Another Commission will be established into the inquiry of unlawful seizure, destruction or interference with private property by the former government.

INTERIOR

96. The Government through the Ministry of Finance and Economic Affairs will endeavor to provide support for continued development of the police, Immigration, Fire and Rescue Services, Prison, the Gambia Commission for Refugees and The National Drug Law Enforcement Agency. The Government of the Gambia placed a great importance to internal security priorities and the protection of our borders.
97. The international community including ECOWAS, AU and EU, under the Resolute Support Mission, will keep on supporting the Ministry of Interior with training, advising, and assisting, along with equipment, logistical and technical support.
98. There has been an increase in the number of private security companies, which is a significant source of employment in The Gambia. The private security industry can play an important role in reducing crime, enhancing community safety and contributing to sustainable economic growth. However, the industry is largely unregulated and unmapped across the country. The Government is looking at reviewing the Private Security Guard Policy, which will go a long way towards addressing the deficiencies in the sector.

FOREIGN AFFAIRS

99. With the continued commitment towards the interest of the Government of The Gambia, the Ministry of Foreign Affairs continues to put efforts to further establish and strengthen ties with various countries which will bring The Gambia back to the international community after decades of isolation.

100. The resumption of diplomatic ties with the People's Republic of China has yielded significant developments. The two countries signed an agreement for the construction of the International Conference Center which is timely for the forthcoming Organization of Islamic Conference (OIC) Summit 2019, scheduled to be held in The Gambia. Site clearing and technical works have already commenced, H.E. Adama Barrow, President of the Republic of The Gambia, laid the foundation stone in September 2017.

101. Thus, in highlighting efforts to foster greater cooperation with friendly countries, the Government of the Gambia signed an agreement with the Kingdom of Morocco to assist in the construction of a new office building for the Ministry of Foreign Affairs. The building is currently under construction and expected to be completed in 2018.

MINISTRY OF ENVIRONMENT, CLIMATE CHANGE & NATURAL RESOURCES

National Environment Agency

Honourable Speaker,

102. In our national efforts to protect the environment, the NEA and the Judiciary are currently working on the Special Environmental Courts initiative for a speedy prosecution of environmental offenders as in line with the enforcement of the Anti-Littering Regulations and the Plastic Ban Order 2015.

Department of Forestry

103. The protection of our forestry resources remains a key priority for Government. So far, over 450 villages are currently involved in the community forestry program and 136 of these communities have attained Community Forest Management Agreements (CFMA) and are implementing their own management plans based on sustainable, sound environmental management procedures.

104. The implementation of the Action Against Desertification Project (AADP), a Great Green Wall for Sahara and Sahel Initiative project is in progress in the three Regions of the Northern Bank of the River Gambia.

Department of Parks & Wildlife Management

105. The Department of Parks and Wildlife Management has reviewed and validated the National Biodiversity Strategy and Action Plan (NBSAP). The NBSAP supports the implementation of the Biodiversity/Wildlife policy for conservation and management of the country's biological diversity.
106. In order to reverse the trend of biodiversity loss, the Government of The Gambia in partnership with its Development Partners has significantly invested in the institutions and human capacities dealing with Biodiversity conservation. The ongoing initiatives have contributed immensely on the sustainable management of the country's meager biodiversity resources.

Department of Fisheries

107. The Government has lifted the embargo imposed on industrial fishing operations and has recently amended the Fisheries Regulations 2008 to include the upward revision of fishing licenses by 25%, which was followed by the issuance of fishing licenses. The Department also carried out industrial fisheries related activities such as the examination of seaworthiness of industrial fishing vessels by the Gambia Maritime Administration (GMA) and the operations of Banjul fisheries jetty. Aquaculture for women and youth is currently being implemented with assistance from FAO.
108. With support from the Government of the Kingdom of Saudi Arabia, the Government has secured a Grant of approximately US\$6 million for the construction of 28 drilled wells, equipped with solar pumps, 28 elevated water tanks and water distribution system. Village Water Committees have been established in all the communities and tasked with the responsibility for implementing the management measures for the sustainability of the water facilities. The Government has submitted a detailed project proposal to the

African Development Bank for the phase II of Rural Water Supply and Sanitation Project (RWSSP) for their consideration.

109. The Project for “Strengthening of The Gambia’s Climate Change Early Warning Systems Phase II” has undertaken the capacity building of local communities on climate change early warning systems, in the fourteen sites around the country. Two transmitters and a tower have been procured and installed for GRTS in Basse and Kudang, along with seven transmitter link systems, which have been delivered to the communities.
110. Broadcasting equipment and trainings have also been provided for six community radio stations to partake in the early warning message dissemination. Nine automatic weather stations have been installed in the existing meteorological stations in the country. The construction of a new hydrological headquarter in Bansang is expected to be completed by the end of the first quarter of 2018.

LANDS AND REGIONAL GOVERNMENT

Community Development

111. The year 2018 will witness the implementation of Community Driven Development Project (CDDP) phase II, with an earmarked fund of over US\$20 million. Furthermore, in responding to the needs of out-of-school youths, the Department supports skills training for women and youth to acquire life and livelihood skills.
112. Youths are continuously trained in Abuko Pottery Studio, Bakoteh, Bureng, Nyakoi, Kerewan, Kulkuleh, Multi Purpose Centres and workshops operated and managed by communities. The aim is to enhance the creation of employment opportunities for women and youths, and discourage the youths from venturing on the dangerous back way journey to Europe.

113. In 2017, the Department has developed a draft Community and Rural Development Policy Framework for The Gambia to ensure coordinated and equitable access to development resources to enhance rapid development.

114. Within the framework of the MOUs with NEMA and Gambia Commercial Agriculture and Value Change Management Project (GCAV) and National Nutrition Agency (NaNA), the Department will continue to provide training for target beneficiaries (mainly Farmer Associations and Village Development Committees) on group management and enterprise development. This will enhance good governance at the level of the groups or associations and ensure project success at community level. A training manual has been developed based on a training needs assessment and profiling of the affiliated groups.

PERSONNEL MANAGEMENT OFFICE

115. In pursuing its mandate to manage and control the wage bill among other human resources functions, the Personnel Management Office with the support of Integrated Financial Management Systems (IFMIS) Additional Financing II Project embarked on a comprehensive Nationwide Staff Audit from March 27th to May 31st 2017. The exercise revealed a total number of 3,146 “ghost-workers” in addition to other payroll malpractices. A report with a cabinet paper was prepared and submitted for cabinet consideration. The office has finalized the implementation plan with stakeholders to execute the recommendations of the report once approved by cabinet.

116. To enhance “equal pay for work of equal value,” the office will be conducting job evaluation and grading exercise for all positions within the civil service in the 1st Quarter of 2018. This will lead to a comprehensive civil service audit and address inconsistencies in the grading between jobs of equal weight and status.

117. In a bid to institutionalize sustainable and comprehensive public sector reforms, the Office in collaboration with stakeholders validated the Civil Service

Reform Strategy 2018 – 2027, which has been submitted to Cabinet for consideration. Key amongst these reforms strategy is the provision of adequate and relevant capacity at all levels for necessary institutional strengthening in a bid to reposition the public service for an effective service delivery.

WOMEN'S BUREAU

118. The Bureau seeks to address eight priority areas such as capacity building for Gender Mainstreaming; Poverty Reduction, Economic Empowerment and Livelihoods Development; Gender and Education; Gender and Health, Adolescent Sexual and Reproductive Health and HIV/AIDS; Gender and Human Rights; Gender and Governance; Gender and the Environment and Women's Empowerment.

OMBUDSMAN

119. During the year under review, the office was granted unrestricted access to all prisons and detention centres by the new government in order to advise on the conditions of prisons and detention centres and to take complaints from prisoners in line with the Optional Protocol on the Convention Against Torture (OPCAT). Training has been conducted with all security institution to sensitize them on the Ombudsman Act and to also sensitize Ombudsman staffs on the Acts of the various security institutions.

120. The Office has also started executing section 223 of the Constitution "Declaration of Assets to the Ombudsman". This has started with Government Ministers declaring their Assets to the Ombudsman, and will continue with Senior Government Officials by December 2017 in order to foster transparency and accountability in Government Ministries.

INDEPENDENT ELECTORAL COMMISSION

121. The Commission has successfully conducted the 2016 Presidential Election and the National Assembly Elections of 2017. Part of the activities planned for 2018 include local government elections in April 2018, continuous voter education, and seeking the consent of key stakeholders to replace the ballot drums and marbles with the use of ballot papers for elections. An electoral reform is planned after the local government elections, which would pave the way for the successful conduct of the 2021 Presidential elections to be based on more equitable laws and best practices. Additionally, the Commission intends to put in place modalities to enable Gambians abroad to vote in the coming Presidential elections.

122. This is the new Government's commitment under H.E, Adama Barrow, to deepen and strengthen democratic institutions and the rule of law in this country. It will ensure that the Gambian people will enjoy, benefit and prosper in freedom and justice that they fought for bringing in a "New Gambia and New Dawn."

MEDIUM TERM PUBLIC SECTOR REFORM AGENDA

Honourable Speaker,

123. In the course of 2017, government remained committed to fiscal consolidation through its Medium Term Public Sector Reform Agenda. During the first nine months of 2017, the government has implemented the following reform policies:

- The protective measure on flour has been removed and the rate reduced from 47 percent – 20 percent;
- The moratorium of onions and potatoes have been completely abolished
- The protective measure on cement of D1.00 per kilo plus the 5 percent excise tax has been removed;
- Permanent Secretary Business-to-Economy Class travel;
- Consolidation of Government liabilities vis-a-vis the Central Bank into a 30-year bond at a 5% interest rate, which has created fiscal space for investment in priority sectors.

124. In the medium term, the Government is committed to implementing additional reform measures in the area of Vehicle Policy, Embassy Rationalization, Streamlining of Ministries, Departments and Agencies in order to put the macroeconomic fundamentals of the economy on a sound footing by reducing the level of wastage.

125. In 2018, the Government would commence the implementation of a Vehicle Policy that would see adjustments in the following allowances:

- Transport allowances for Grades 1 – 8 would be increased from D500 to D1,500 per month.
- Basic car allowances for Grades 9 – 10 would be increased from D1,200 to D2,000 per month.
- Fuel coupon allowances for Grades 11 and 12 would be monetized at D8,500 and D10,500 respectively

126. While this is not salary restructuring, it will address some of the extremely poor remunerations of the lower cadre. This Government, this New

Gambia and its citizens have no choice but to rise up and meet the dire and humongous challenges that it faces; in energy, inheriting old and broken generators, with three (3) engines breaking down, Transmission & Distribution lines that lose up to 26 percent of the meager power generated; under resources and run down health facilities; archaic axe-and-hoe agriculture; financially broken and looted SOEs.

127. Fellow Gambians, the tasks and challenges of New Gambia are real and require the efforts of all Gambians, our partners and all stakeholders to rise up to meet the daunting challenges. This situation calls for transformational, strict fiscal and monetary discipline, stringent financial management of our meager resources to usher in sustainable economic growth and prosperity.

EXPENDITURE CONTROLS

128. With ongoing fiscal reforms, government will continue to reinforce the implementation of strict expenditure measures aimed at controlling the level of increase in the accumulation of arrears by MDAs. In effect, all Accounting Officers/Permanent Secretaries are hereby advised to strictly restrict their expenditure commitments to their budget appropriation for the year. Beginning 2018, any Accounting Officer who commits over and above their budget limits will be liable for the accumulated arrears and will therefore foot the bill.

GAMBIA REVENUE AUTHORITY

129. The Authority has invested in ICT development to further improve the process and efficiency of revenue collection. The Authority has rolled out the GAMTAXNET System used for domestic tax administration to all tax offices in the country. There are ongoing plans to migrate from the ASYCUDA++ to ASYCUDA World, a web-based and more used friendly system for the administration of international trade.

STATE-OWNED ENTERPRISES

Honourable Speaker,

130. As government continues to restore confidence in State Owned Enterprises (SOEs), the government intends to conduct special audits of all SOEs to uncover all fraud and embezzlement of funds in the past, and stop the substantial leakages, which should go a long way in improving their financial situation. With support from the World Bank, audits of the first five SOEs (GPA, SSHFC, GAMTEL, GAMCEL and GNPC) most affected by the previous regime's embezzlement will start in earnest, and audits of the CBG and of other SOEs will follow. The audits will also provide a solid basis for a resolution of cross arrears between government and the SOEs. The government is also in discussions on a restructuring of the National Water and Electricity Company's (NAWEC) domestic debt with a view towards strengthening management and service delivery functions of the institution. In addition, the government has put in place a mechanism to strengthen SOE oversight going forward.

131. Furthermore, with the introduction of a three-year SOE Reform Action Plan, it is expected that by the end of its implementation cycle, SOEs will be well placed to contribute more to our nation's development in the form of increased contribution to tax revenue, dividend payments, job creation and efficient service delivery. Many will be ready to partner with private sector investors to accelerate growth in the productive capacity and infrastructure of the Gambian economy.

NATIONAL DEVELOPMENT PLAN

Honourable Speaker,

132. The process of developing a new National Development Plan (NDP) was initiated with a landmark Cabinet retreat that took place 5th -7th May 2017, which resulted in a Government compact setting out the priorities and some guiding principles. The Government compact, coalition manifesto and other key documents formed the basis for the revision of the development plan. To expedite the process, Thematic Working Groups (TWG) were revitalized, a high-level policy oversight committee was established, and consultations were held with different stakeholders culminating in a validation workshop of the NDP.
133. The NDP is anchored on eight (8) strategic priorities, and seven (7) critical enablers, key amongst these priorities are: Restoring Good Governance; Respect For Human Rights; The Rule of Law; and Empowering Citizens Through Decentralization and Local Governance; Stabilizing our Economy; Stimulating Growth, and Transforming The Economy; Modernizing our Agriculture and Fisheries For Sustained Economic Growth, Food and Nutritional Security and Poverty Reduction; Investing In our People Through Improved Education and Health Services, and Building A Caring Society; Building our Infrastructure and Restoring Energy Services To Power our Economy; Promoting An Inclusive and Culture-Centred Tourism For Sustainable Growth; Reaping the Demographic Dividend Through an Empowered Youth; and Making the Private Sector the Engine of Growth, Transformation, and Job Creation
134. However, in order to achieve these priorities, The Gambia will require critical enablers to build on the implementation of the NDP. Amongst these are: A public sector that is efficient and responsive to the citizenry; Empowering the Gambian Woman to realize her full potential; Enhancing the role of the Diaspora in Gambian Development; Promoting Environmental Sustainability, Climate Resilient Communities and Appropriate Land Use; Making The Gambia a Digital Nation and Creating a Modern Information Society; A Civil Society that is Engaged and is a Valued Partner in National Development; and Strengthening Evidence-Based Policy, Planning and Decision-Making.

135. For each strategic priority and critical enabler, the plan identifies targeted goals, key results expected, desired outcomes and key interventions required. For the effective implementation of the NDP, government will put in place a robust institutional and coordination framework with clear roles and responsibilities of all stakeholders. Following the finalization of the Plan, government plans to organize a resource mobilization conference to secure financing for the plan early next year. This will be preceded by a national and international sensitization programme.

MOFEEA GAMBIA

FISCAL OUTLOOK FOR 2018

REVENUE

Honorable Speaker,

136. Total revenue and grants in 2018 is estimated at D19.74 billion (37.7 percent of GDP), compared to D11.91 billion budgeted for in 2017 (25.3 percent of GDP). Year-on-year, this indicates a growth of 65.7 percent, due mainly to an unprecedented increase in grants inflows amounting to D10.2 billion compared to a budgeted sum of D3.2 billion in 2017. Domestic resource mobilization is also estimated to improve with domestic revenue projected to D9.5 billion (18.2 percent of GDP) in 2018 compared to a budgeted figure of D8.7 billion (18.5 percent of GDP) in 2017. Similarly, tax revenue is projected to increase to D8.5 billion in 2018 compared to D8.1 billion budgeted in 2017; this indicates a growth of 4.9 percent over the period under review.

137. In addition, non-tax revenue is also anticipated to show great improvement, with a budget of D1.0 billion (1.9 percent of GDP) in 2018, compared to a budget of D0.6 billion (1.3 percent of GDP) in 2017, an increase of 66.7 percent.

EXPENDITURE

138. Total expenditure and net lending is projected at D20.6 billion (39.4 percent of GDP) in 2018 from D12.4 billion budgeted in 2017, representing an increase of 66.1 percent, the bulk of which is budgeted for current expenditure. Expenditure on personnel emoluments is projected to decline from D2.6 billion in 2017 to D2.5 billion in 2018. Similarly, interest payment expenditure is estimated to decline to D2.3 billion (4.4 percent of GDP) in 2018 compared to D2.8 billion (5.9 percent of GDP) in 2017. Capital expenditure on the other hand, is projected to increase to D6.0 billion (11.4 percent of GDP) in 2018 compared to a budget of D1.8 billion (3.8 percent of GDP) in 2017, representing an increase of 233 percent over the review period.

139. Overall, the fiscal deficit is anticipated to increase to D0.9 billion (1.7 percent of GDP) in 2018 from D0.5 billion (1.0 percent of GDP) budgeted in 2017.

TAX REFORMS

Honourable Speaker,

140. The government will implement the following tax reform measures with effect from 1st January 2018.
141. Reduce the import duty on rice from 15% to 0% until 2020.
142. For personal income tax, the top rate will be reduced from 30% to 25%; and the tax-free threshold will be increased from D18,000 per annum to D24,000 per annum.
143. The corporate income tax rate on profits will be reduced from 30% to 27%; and the rate on turnover will be reduced from 1.5% to 1% for audited accounts and from 2.5% to 2% for unaudited accounts.
144. Residential income tax will be reduced from 10% to 8%; and the tariff on commercial rent will be reduced from 15% to 10%.
145. Reduce the excise tariff for new cars from 25% to 20%; and the tariff for used cars up to five years old will be 10% and for cars older than 5 years a tariff of 15% will be placed on them.
146. The government during the year will study the Special Investment Certificates (SIC) and duty waivers to ensure no leakages of tax.
147. This new Government will undertake studies to bring the Government Pensions Scheme in line with global developments in the industry. This will aim to provide pensioners with decent retirement packages and give Gambian workers a better life.
148. While some sectors of the economy have health insurance schemes, the majority of Gambians are without adequate health cover. The New Government

will undertake studies to introduce affordable contributory health insurance schemes.

MOFEEA GAMBIA

CONCLUSION

Honourable Speaker,

149. I would like to conclude by re-iterating that the country is at the cusp of falling into economic crisis if urgent actions to undertake transformative economic reforms do not continue to be implemented. The Gambian economy, its fiscal, monetary, institutional and public financial management systems had all crumbled to the dust with the abuse of the past 22 years of dictatorship and mindless looting of public resources. We are saddled with a huge public sector, with debt-to-GDP ratio of over 120 percent; lending rates of over 15 percent; SOEs that have been pillaged to their barebones; just to name a few.

150. These are the current realities on the ground that were bequeathed to us. They require urgent and difficult decisions to reverse them. It will be remiss of me if I stand here before you today and state that sacrifices will not have to be made in the short-to-medium term. Difficult situations require tough and decisive responses, which the government intends to continue to pursue and intensify in 2018.

151. However, it is my fervent believe that there is light at the end of the tunnel. We have seen some progress already and are building on them. Government has prepared a National Development Plan with implementation commencing in 2018 that highlights our challenges and responds with clear strategies required to address them and put the country on a sound footing of inclusive and sustainable growth and development.

152. Our Development Partners stand ready to join us in our quest to rebuild this country of ours to higher heights. It is the responsibility of each and every Gambian to contribute in any way, shape or form to this rebuilding. I count on every Gambian to join this worthy endeavor to transform our economy and society for all, man and woman, young and old.

On this note, Honourable Speaker, I beg to move

ANNEXES

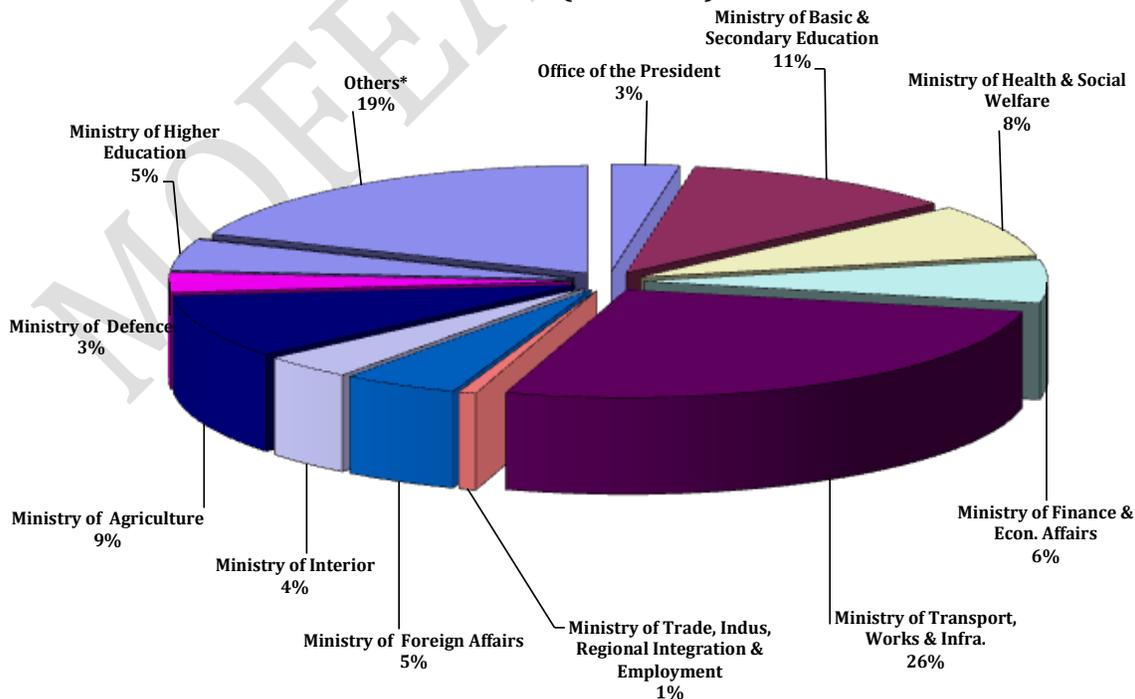
ANNEX 1

SECTOR ALLOCATION FOR 2018 BUDGET

Ministries Recurrent & Development Budget (All Funds)	D' Millions	% of Total
Office of the President	509.61	2.72
Ministry of Basic & Secondary Education	2,089.05	11.13
Ministry of Health & Social Welfare	1,489.94	7.94
Ministry of Finance & Econ. Affairs	1,210.76	6.45
Ministry of Transport, Works & Infra.	4,992.98	26.60
Ministry of Trade, Indus, Regional Integration & Employment	131.75	0.70
Ministry of Foreign Affairs	869.90	4.63
Ministry of Interior	690.52	3.68
Ministry of Agriculture	1,784.43	9.51
Ministry of Defence	552.66	2.94
Ministry of Higher Education	873.46	4.65
Others*	3,574.23	19.04
Total	18,769.27	100.00

*Others: Ministries not listed above

MINISTRIES RECURRENT & DEVELOPMENT BUDGET 2018 (All Funds)

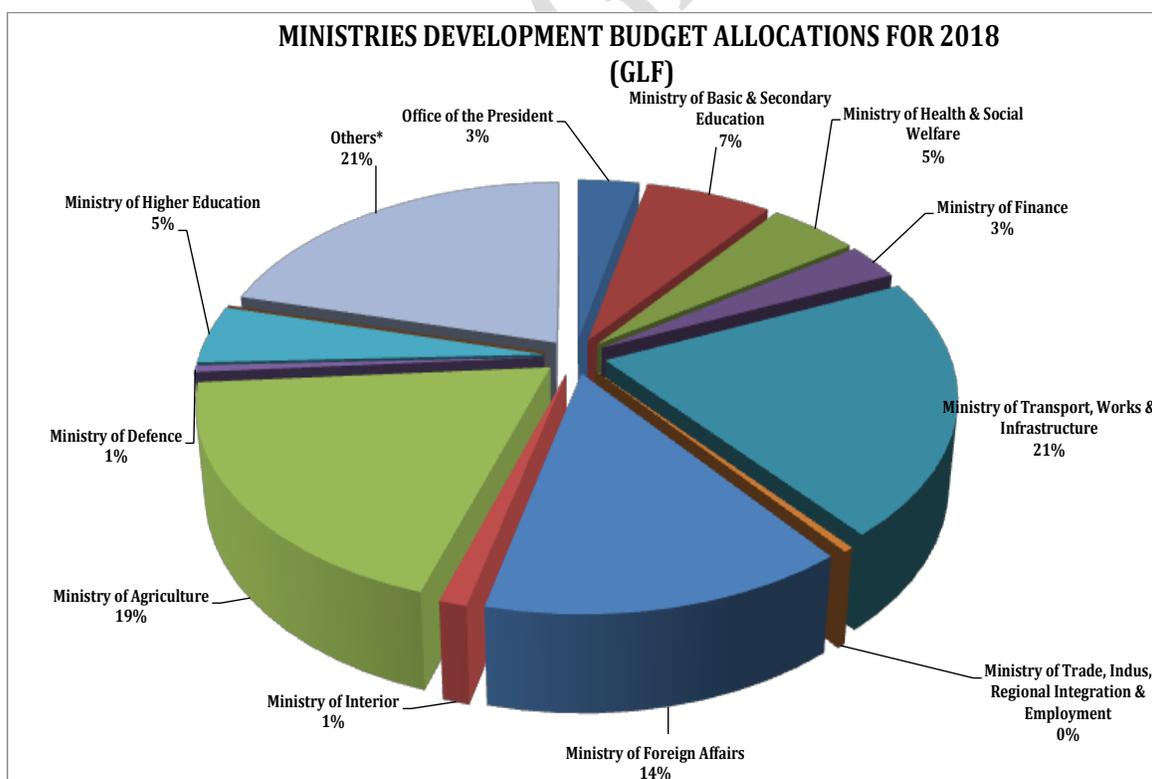


ANNEX 2

MINISTRIES DEVELOPMENT BUDGET ALLOCATION FOR 2018 (GLF)

Ministries Development Budget (GLF)	D Million	% of Total
Office of the President	43.18	3.4
Ministry of Basic & Secondary Education	88.98	7.0
Ministry of Health & Social Welfare	62.64	4.9
Ministry of Finance	38.36	3.0
Ministry of Transport, Works & Infrastructure	266.98	20.9
Ministry of Trade, Indus, Regional Integration & Employment	5.00	0.4
Ministry of Foreign Affairs	181.00	14.2
Ministry of Interior	13.89	1.1
Ministry of Agriculture	242.20	19.0
Ministry of Defence	6.95	0.5
Ministry of Higher Education	60.75	4.8
Others*	266.82	20.9
Total	1,277	100.00

*Ministries not listed above

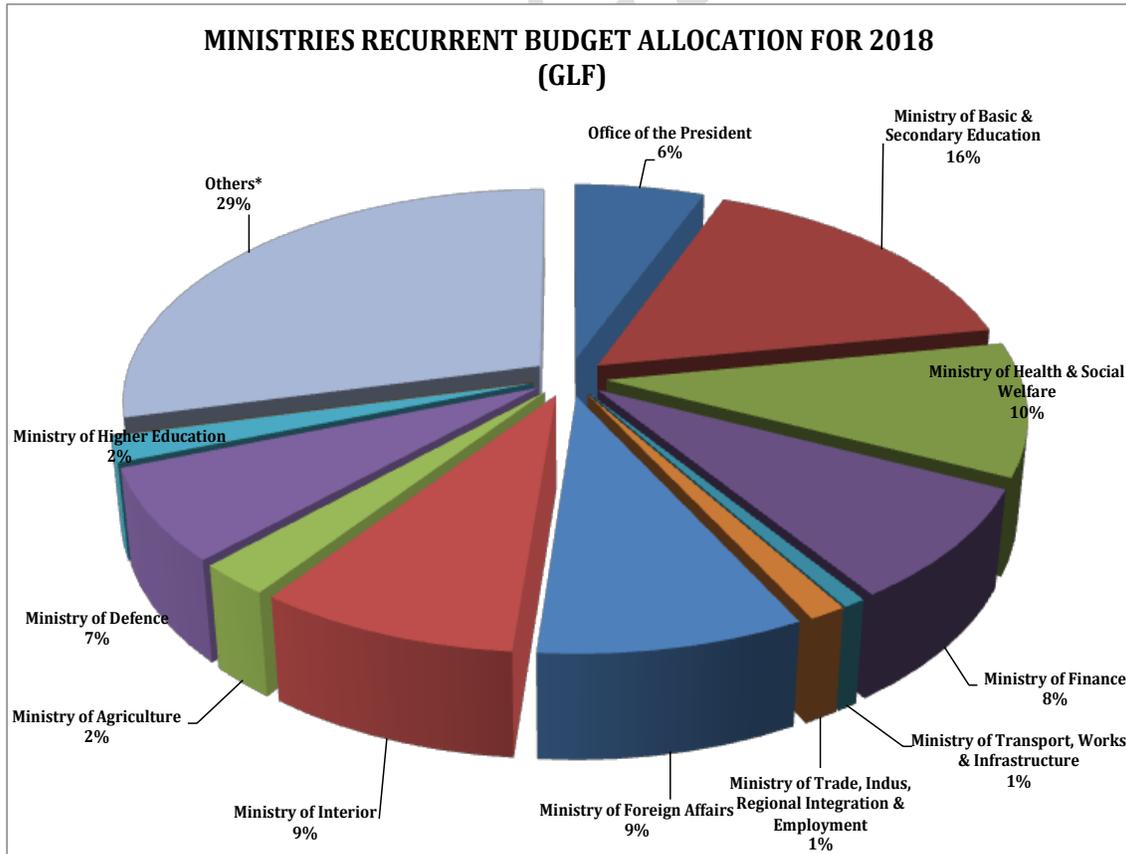


ANNEX 3

MINISTRIES RECURRENT BUDGET ALLOCATION FOR 20178(GLF)

Ministries Recurrent Budget (GLF)	D Million	% of Total
Office of the President	466.44	5.9
Ministry of Basic & Secondary Education	1,279.27	16.2
Ministry of Health & Social Welfare	790.03	10.0
Ministry of Finance	665.57	8.4
Ministry of Transport, Works & Infrastructure	59.59	0.8
Ministry of Trade, Indus, Regional Integration & Employment	96.75	1.2
Ministry of Foreign Affairs	688.90	8.7
Ministry of Interior	676.63	8.6
Ministry of Agriculture	189.90	2.4
Ministry of Defence	545.71	6.9
Ministry of Higher Education	149.94	1.9
Others*	2,278.30	28.89
Total	7,887.02	100.00

*Ministries not listed above

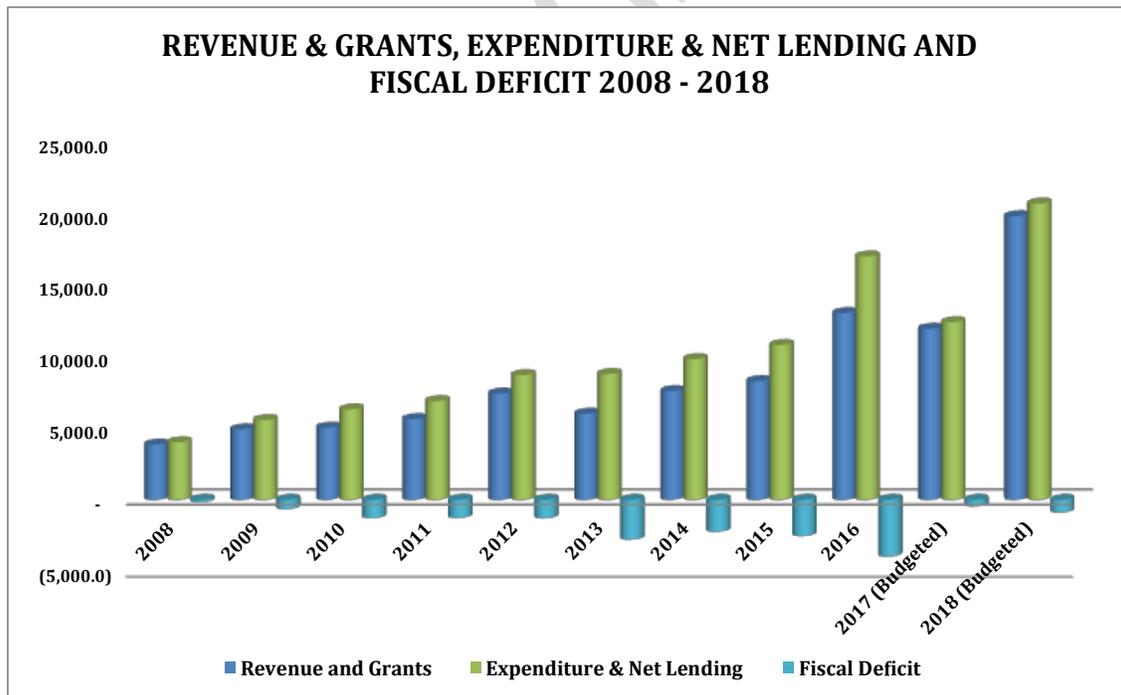


ANNEX 4

Revenue & Grants, Expenditure and Net Lending and Fiscal Deficit 2008 - 2018

Values in D' Millions

	Revenue and Grants	Expenditure & Net Lending	Fiscal Deficit
2008	3,846.0	4,003.5	(157.5)
2009	4,909.2	5,545.8	(636.6)
2010	5,026.0	6,292.0	(1,266.0)
2011	5,619.0	6,871.0	(1,252.0)
2012	7,397.0	8,675.0	(1,278.0)
2013	5,992.0	8,753.0	(2,761.0)
2014	7,566.4	9,785.6	(2,219.2)
2015	8,257.3	10,770.4	(2,513.1)
2016	12,994.2	16,934.8	(3,940.6)
2017 (Budgeted)	11,909.48	12,359.94	(450.5)
2018 (Budgeted)	19,741.86	20,617.93	(876.1)



ANNEX 5

PUBLIC DEBT (PERCENTAGE OF GDP)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Pre)	2018 (Pre)
Domestic Public Debt	25.4	25.0	29.4	33.2	33.3	37.1	46.4	53.9	61.9	60.2	54.2
External Public Debt	40.0	45.0	40.2	44.1	43.7	46.2	58.4	51.4	56.6	59.9	58.7

