



The Gambia - European Community Cooperation

Joint Annual Report 2002

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1 EXECUTIVE SUMMARY

1 The relationship between the EC and the Gambia deteriorated at the end of 2001, resulting in the absence of the EC Chargé d'Affaires until May 2002. Although this situation was satisfactorily resolved, it resulted in delays in programme implementation and programming. Since then dialogue at political level with President Jammeh and his Government has been fully restored and is now very satisfactory.

2 Key events in the political realm during 2002 were the establishment of a contested Media Commission, a difficult relationship between Gambian and Senegalese Transport Trade Unions that created cross-border trade problems, limited Ministerial portfolio changes and the enacting of the Local Government Bill followed by local elections won by APRC (President Jammeh's party) candidates.

3 The economic situation declined sharply in 2002. The Dalasi depreciated by 66% against the Euro, which was accompanied by a sharp rise in the cost of living not matched by an increase in income and salary levels. The poor rains in 2002 also led to a sharp forecasted fall in the output of the main agricultural products. As a result, a rise in the percentage of persons living below the poverty line can be expected (already at 68% in 1998).

4 As far as government policy is concerned, implementation of structural reforms is a key element. However, the divestiture programme and the passing of key enabling legislation (notably the Finance & Audit Bill for Local Government) have been delayed, impacting on progress in focal sectors for EC support. The second tranche of the PRGF IMF Programme that should have been released during the third quarter of 2002 still has not been released at the time of writing.

5 Despite all this, major progress was achieved in the EC Gambia development co-operation. Only small balances remain available on the 6th and 7th EDF. The secondary commitments under the 8th EDF stood at 63% of the primary commitments in December 2002, up from 40% at the end of 2001.

6 During the year, the Support to Decentralised Rural Development Programme (SDRD), one of the two major programmes of the 8th EDF, was restructured. Progress was registered in all components of the programme, with the installation of nine solar systems, the completion of 91 community projects and the definition of an exit strategy for microfinance. To complete activities, the EC has approved an extension of the validity period of the Financing Agreement of the programme until June 2004.

7 Progress on the Support to Education Sector Programme was slow due to the problems (which have been resolved at the time of finalising this report) in a tender for school construction. In the transport sector, a €M31 Financing Proposal that includes the rehabilitation of five trunk roads and technical support for the Road Authority was prepared, and is currently under review in Brussels.

8 In 2002, the 2nd tranche of €M3.7 under the 1st Structural Adjustment Support was released and a Financing Agreement for €M4.225 approved. Under Stabex, an external evaluation of EC support to the groundnut sector was carried out, which indicated the need to restructure the activities in the programme. A Framework of Mutual Obligations corresponding to new Stabex allocations in respect of 1997-99, and targeting support to Gambia-Groundnut-Corporation divestiture has been sent to EC HQ for approval.

9 As in the previous years, in 2002 The Gambia benefited from a number of Regional EC funded Programmes. The regional solar programme, which complements NIP resources, performs well, while other regional programmes (Procordel and Pace) have shown difficulties in management and implementation, which unnecessarily overburdened the Support Unit to the NAO and the EC Office.

10 Budget-Line support remains small, limited to four NGO Co-financed projects.

11 2002 also saw progress in possible access to the EIB funding: the Bank began a process of reviewing investment proposals and developing linkages with local banks to target small and medium enterprises.

12 As far as In-Country dialogue on cooperation matters is concerned, relations between the EC office and its Gambian partners is characterised by a real spirit of partnership and openness. However, the lack of human resources at both the NAO services and the EC Office severely limits the amount of time that can be devoted to key strategic issues, given the complexity of the programmes.

13 The disbursement rates of the two main 8th EDF programmes (SDRD and SESP) should improve: the SDRD has a realistic programme for the remaining one year, and the tendering problems in the SESP programme solved. However, problems may be expected with the current Budget Support programme given the fact that the country is presently off-track with the IMF and the Financing Agreement for this programme expires at the end of 2003.¹

14 The recruitment (in process) of additional staff at the EC Office (clearly understaffed at present), a new, reinforced NAO-Support Unit and training on EDF procedures and project-cycle management should substantially contribute to the speeding up of the use of available resources.

15 The 9th EDF Country Support Strategy was approved in 2002 and signed in March 2003. There are two focal sectors (Transport and Decentralised Rural Development) and one non-focal (Capacity Building).

16 The Transport Financing Agreement (with €M31, with €M21 from the NIP Gambia) is expected to be finalised at the beginning of 2004 at the latest.

17 In the Rural Development Sector, a separate Financing Agreement (€M5) should be approved by the end of 2003 or early 2004 for the Water Supply component, given that such a proposal can be prepared relatively quickly, enabling us to commit at least €M5 in early 2004 at the latest. The preparation of the other component (support to Local Government Authorities) in this focal sector will start very soon, so that the corresponding Financing Proposal can be approved before the end of the current SDRD programme (end of June 2004).

18 In the non-focal sector, a Financing Proposal for a Support to the NAO is presently under review, and documents are already available at the EC Office for the preparation of a Financing Proposal for capacity building of the private sector and civil society organisations.

19 Therefore although the Gambia appears to be slightly behind the original timetable attached to the CSP in 2001 (before the problems in the EC Gambia relations mentioned above), it is expected that primary commitments will be ahead of schedule by mid 2004.

20 The extension of the validity period of the current Budget Support programme (€M4.225, ending in December 2003) has been requested. Should this extension be granted, expected allocation for 2003 under the Flex system (around €M1.8) could be added to that programme, which would contribute to reduce the presently large financial gap in public finances. In any case, implementation of any budget support should now take into consideration the results of the Country Financial Accountability Assessment report carried out in June 2003.

21 With the feasibility study on our support to the transport sector now available, it is possible to develop performance indicators at the level of the specific objectives for this sector. Furthermore, the process of reviewing current status against EC Country Support Strategy Paper performance targets has shown the need to revise certain indicators, which should be done in the coming months.

¹ The Financing Agreement has been extended until the end of 2004.

2 THE POLICY AGENDA OF THE PARTNER COUNTRY

2.1 STRATEGIC FRAMEWORK AND RECENT PROGRESS.

22 The first broad consultations on poverty alleviation in The Gambia started as far back as 1992 and resulted in the launch in 1994 of a multi-sectoral Strategy for Poverty Alleviation (SPA1). Implementation of the strategy was compromised by adverse shocks, including the 1994 military coup, which led to reductions in aid flows and a sudden decline in tourism. The situation was worsened by inclement weather conditions, which reduced agricultural production, and by the impact of important policy reforms in the neighbouring countries in the face of the large devaluation of the CFA franc. The military government's expansionary fiscal policies during the period 1994-96 did not address economic decline, eroding private sector confidence. As a result the poverty situation worsened.

23 However, since 1996 the Government has made attempts to cope with stabilising the economy and restoring private sector confidence. A new strategy framework for the country called VISION 2020 was adopted in 1997, with the essential of transforming The Gambia into a middle income country through a mix of financial services, tourism and export-orientated agricultural and manufacturing industries. The development of the VISION 2020 is now being enhanced by the revitalisation of the Strategy for Poverty Alleviation supported by a High Level Economic Committee (HLEC)

24 Starting in 1998, the Government embarked on a new economic programme aimed at structural reforms in the areas of external tariff, the financial and public sectors, the legal and regulatory framework, financial resource management and good governance. This programme was endorsed and financially supported under a three-year ESAF from the IMF signed in June 1998 and renewed international donor support was given to The Gambia.

25 The Gambia's primary development agenda is to eradicate poverty and promote sustainable and equitable development through a stable macro-economic environment, as expressed in the second PRSP (locally called the Strategy for Poverty Alleviation, or SPA II), completed in April 2002. The Government's development strategy is two pronged: a) To bring about macroeconomic stability in order to stimulate a rapid growth of incomes and employment; and b) To build human capital to enable the poor to take advantage of new social opportunities through improved access to education, health and other services.

26 PRSP/SPA II priorities are focused on attaining a high level of economic growth, with a special focus on the critical areas of private sector development, agriculture, natural resources, tourism, trade and industry. A broad scope of prioritised public actions for poverty reduction has been adopted within a policy matrix linking identified poverty issues to policy responses, planning targets and delivery strategies. The PRSP/SPA II has five pillars: (i) enhancing the productive capacity of the poor; (ii) improving access to and performance of social services; (iii) building capacities at local levels for people centred development management; (iv) promotion of participatory process and good governance (v) provision of economic and social infrastructure support to the poor.

27 The objectives of the Macroeconomic Framework (Growth Strategy) are based on the PRSP/SPA II and are aimed at accelerating real GDP growth to 5.6% per annum through developing the productive capacity of the poor. Fiscal policy is aimed at improvements in public resource management and the reallocation of expenditure to the social sectors while reducing overall deficit from 4.25% in 1999 to about 3.5% of GDP in 2000-03. Total revenues are expected to increase slightly to 20.3% of GDP. Measures are being implemented to strengthen the tax and customs administration. Expenditure Reporting will be strengthened at the Accountant Generals Office. Monetary policies aim at containing annual inflation at about 2.5% while maintaining reserves at about 5.25 months of importation. The market-determined exchange rate system will be maintained. Banking supervision and the regulatory framework will be strengthened under new legislation. External Sector Policies aimed at integrating

The Gambia into the world economy will be continued building on the already implemented reductions and streamlining of import tariffs. Medium term outlook for the Balance of Payments is based on projections that the total volume of exports will continue growing at about 8% per annum. The volume of domestic imports is expected to grow by an average of 3% in 2002/03. Tourist arrivals are projected to grow by 5% per year over 2001-03.

28 With regard to external debt, The Gambia has become eligible for the enhanced HIPC initiative in 2000 and reached its completion point in 2002. To date, interim debt relief totals \$4.4 million, granted by the AfDB (with EC funding), the IMF, IDA, and the EIB and EC (€M1.8). The proceeds of the cash flow savings from HIPC relief, estimated at US\$66.6 million in NPV terms (27% of the debt), will be allocated to education (22%), health (18%) and rural development (20%) sector expenditure. A Poverty Reduction Fund and an accounting framework have been established to track HIPC funds and other donor assistance targeted to poverty reduction, and to monitor pro-poor spending. To align sector policies with the PRSP Public Expenditure Reviews (PERs) are being implemented for the Agriculture, Health and Education sectors. PERs and sector reviews are also planned for other sectors.

29 In coherence with SPA II, the Government's medium term economic strategy is to consolidate the gains made so far and to continue to address structural and policy constraints to growth and poverty reduction. In this regard, policies will focus on achieving sustainable growth with macro economic stability, maintaining an appropriate market-based incentive structure, and stimulating private sector activities. The SPA II emphasises that a higher level of economic growth is essential if the target to reduce poverty by half by 2015 is to be attained. Under current projections, The Gambia's GDP per capita would only reach US\$ 500 by 2019, showing the continued need for international concessional assistance.

30 The main priorities for the period 2003-2005 are seven in number: a) the co-ordination and funding of the Social Sectors Investment Program; b) enhancing coverage, efficiency and sustainability of basic social services; c) improving the management of the Public Enterprise Sector for expansion of utility services to the poor; d) co-ordinating direct interventions aimed at addressing the special needs of the very poor and vulnerable; e) providing support infrastructure for economic empowerment and private sector development; f) strengthening participation by non-state actors at the macro and micro-levels of development; g) strengthening monitoring of the poverty program.

2.2 ASSESSMENT OF POLICIES

31 The PRSP/SPA II is a broad, comprehensive and certainly ambitious strategy. Given the Gambia's financial and institutional capacity limitations, considerable effort has been made in promoting participation in the process. Donors have been consulted on the content of the PRSP, and the analysis would suggest the need for the following improvements:

32 There is a need to increase the poor people's awareness on their rights. The SPA II presents a well-organised plan to deepen participation through a series of consultations with community-based organisations. However, beyond the NGO sector there has been a decline in Civil Society Organisations (CSOs) in The Gambia. The comprehensive SPA II presents a national agenda, which offers an opportunity to create a national forum for continuous socio-economic dialogue and to foster social integration. In this respect, debate on the SPA should be extended to those CSO's that do exist, in particular labour unions, press unions and political parties. The recently organised consultations with CSOs and NGOs on the national budget process are a first attempt in this direction.

33 There is a need to go further in assessing the links between alternative policies and their impact on poverty and the distribution of benefits. Public Expenditure Reviews were carried out in 2002 in the Health, Education and Agriculture sectors. These PER should be updated and the PER exercise extended to other sectors during 2003/4.

34 As illustrated by the Country Financial Accountability Assessment draft report (May 2003), the level of financial accountability also needs to be seriously improved in many areas. The Government authorities are currently reviewing an action plan.

35 The monitoring of PRSP targets to assess the effectiveness and efficiency of policies remains difficult. There are gaps in data on poverty, and in general statistics are not available, out of date or inaccurate. The PRSP 'Poverty Monitoring System' should be put into operation, based on clear indicators.

36 The overall effectiveness of the civil service will need to be addressed. Although improvements have been evident in past months, the stability of the civil service in general and individual security of tenure have been eroded over recent years, with a negative impact on institutional memory, know-how and experience. There is a need to improve socio-economic management capacities and the government will have to take measures to make the civil service more secure including tenure, incentives and training.

37 There is a need to detail specific strategic interventions in the social sectors in order to achieve targets. Education policy and performance targets are appropriate and grounded in a well articulated PER, thus enhancing chances of success. The progress made in education should provide an example for other sectors. On the other hand, there is inconsistency in regard to the health policy. While policy focuses on primary and pro-poor, health care funding goes mostly to the tertiary sector. Moreover, the provision of medical resource staff has become highly dependent on external support and finance, with implications for sustainability.

38 A broader approach to rural development is recommended to allow for a better integration of policy areas to support private enterprise. This should aim to facilitate private sector involvement in the rural areas, to enhance diversification, create economic opportunities and improve marketing. The rural sector needs to be viewed more holistically, moving beyond reform in agriculture to include provision of infrastructure, access to social services, empowerment of women and producers and decentralisation of decision-making. The rural poor are hardest hit by poverty, and as long as this situation persists rural Gambians will continue to drift to the urban areas for employment.

39 In the transport sector several factors have militated against effective roads administration in general and road maintenance in particular. The constraints include insufficient funding, poor equipment, and low institutional and managerial capacity, the absence of private sector involvement in maintenance work and a shortage of qualified local contractors. As a result most roads are in a poor state of disrepair. The National Transport Plan approved 1997, together with subsequent legislation to establish a Gambia Roads Authority (the Bill has recently been passed), makes provisions to address these problems. However, implementation of the NTP is behind schedule.

40 In order to create a better environment for the private sector the SPA II reforms focus on improved legislation to provide legal and institutional frameworks for divestiture increased competition and regulation and improved governance. Several Bills have recently been approved to that effect, including those to strengthen the supervisory role of the Central Bank in improving the soundness of the financial systems and monetary policy. However, the indigenous private sector is to a large degree inexperienced, under-skilled and unorganised.

41 PRSP/SPA II discusses the National Governance Policy, which was introduced in 1999 and seeks to strengthen the electoral, administrative and political participatory processes, local governments and the judiciary. However, bringing such a policy to full implementation will present real challenges, and it will require inclusive political participation at all levels, adherence to the rule of law, democracy and respect for human rights.

42 As far as risks and sustainability are concerned, the Government is aware of the constraints and potential risks that may impinge on the expected results of the PRSP. Following an analytical review,

gender, environment and governance issues have been incorporated in the final version of PRSP and the development of a specific rural strategy is being given due consideration. The biggest challenge seems to be translating the broad political commitment into concrete actions.

3 UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 POLITICAL SITUATION – BACKGROUND INFORMATION

43 The Gambia became an independent state in February 1965, with the Queen of England as Head of State and the Prime Minister as Head of Government. The country became a republic after a referendum in 1970, with Sir Dawda Kairaba Jawara, party leader of the People's Progressive Party (PPP), as the first President of the Republic. The current President, Dr. Yahya A.J.J. Jammeh, came to power at the age of 29 through a military coup on July 22, 1994. Since then he has been re-elected, in 1996 (56% of the votes), and in 2001 (53.7% of the votes). A military decree, which excluded three former dominant parties to partaking in the elections, was abrogated prior to the last election, which was seen as free and fair.

44 As with the presidential election, parliamentary elections take place every five years. The last parliamentary elections, held in October 2001, were boycotted by one opposition party, the United Democratic Parties (UDP). The current National (parliamentary) Assembly is comprised of 49 members (NAMs). Five NAMs are nominated by the President of the Republic that includes the Speaker and his deputy. Among the 44 elected members, 41 are from APRC (Alliance for Patriotic Reorientation and Construction, President Jammeh's party), two from the PDOIS (People's Democratic Organisation for Independence and Socialism), and one from the NRP (National Reconciliation Party). The Constitution of The Gambia was considerably revised in 1996. Modifications enabling the President to appoint the District and Village Chiefs (Alkalos) were adopted in 2001.

45 The Gambia is composed of five rural Divisions (Western, North Bank, Lower River, Central River, and Upper River Division) and two municipalities (Banjul and Kanifing). Since April 2002, Local Government Councils have been elected by direct suffrage. The population directly elects each Council Chairman.

3.2 POLITICAL SITUATION - LATEST DEVELOPMENTS

46 Relations between the Gambian authorities and the EC office in The Gambia deteriorated towards the end of 2001, which led to the suspension of two heads of projects by the authorities and the absence from the country of the Chargé d'Affaires from December 2001 until May 2002. The problems were solved after the visit to The Gambia of an EC mission led by the Deputy General Director of DG Development.

47 Elections of Local Government Councils were held in April 2002 for the first time in The Gambia, just after the adoption of the « Local Government Act » by the National Assembly. However, to date, the « Local Government Financing and Audit Bill » and some other key legal texts for the functioning of the Local Government Councils have not been passed (due to amendments requested by Cabinet), which prevents the Local Councils assuming all their new responsibilities.

48 A Media Commission was created in 2002. This Commission is chaired by a Judge of the High Court and comprises representatives of various associations (Association of Youth, the Press Union, the Teachers Union, the Supreme Islamic Council, the Gambian Christian Council, the Women's Bureau, and the Gambia Bar Association) as well as of representatives of the Gambia Radio and Television Services and of the National Assembly. This Commission has been granted extended power, including the exclusive power to « *consider and determine complaints against media practitioners* », the power to « *summon any person in The Gambia to produce any document or other things in his or her*

possession », as well as « *to enter on any land or premises* » or fine and imprison journalists. Journalists and some observers in the country consider some provisions of the Media Commission Act as incompatible with the necessary protection of information sources, and dangerous for the freedom of the media. So far the Media Commission is not functioning and the Gambia Press Union, which considers the Media Commission Act as un-constitutional, has announced that they would take the matter to the Supreme Court.

49 On September 23, 2002, the MV Jola, a Senegalese ferryboat plying between Ziguinchor and Dakar, capsized at night a few miles from Banjul, with some 1,400 persons on board. Very few passengers survived and hundreds of corpses were retrieved on the beaches south of Banjul, some of them several weeks after the unfortunate accident. The Gambian authorities and armed forces (with some EC funding) have helped with the emergency response to the situation. President Wade of Senegal made a special trip to Banjul to thank the authorities and those who participated in the operation.

50 During 2002 numerous restrictions were placed on vehicles movements between Gambia and Senegal by the transport unions of both countries, each one claiming that their own bans were in retaliation for bans by the other. Transport unions of both countries lodged complaints regarding the other-country's complex custom and security procedures, heavy fines for seemingly minor traffic offences, and increased number of police (*gendarmerie*) checkpoints.

51 Discussions between the Gambian and Senegalese authorities, regarding the construction of a bridge over the River Gambia have resumed in 2002 and the Gambians have firmed up their position on this topic: (i) the Gambia is not ready to take a loan to finance the bridge; (ii) the bridge should be Gambian owned and Gambian operated, and; (iii) its construction (and financing) should not be dissociated from the construction of infrastructure that would address the problem of increasing salinity in the River Gambia. During the recent visit of the Prime Minister of Senegal in The Gambia (in May 2003), a political agreement has been reached on the matter.

52 In October 2002, The Gambia signed a bilateral agreement with the USA that prevents extradition of their nationals to third countries and protects them from prosecution by the International Criminal Court.

53 Gambian diplomats in post in Libya have been recalled to Banjul for several months, leading to a *de facto* closure of the Gambian embassy in Tripoli.

54 Changes occurred in the composition of the Government in mid-November 2002. President Jammeh relieved the (former) Secretary of State for Agriculture and the (former) Secretary of State for Trade. Mr. Momodou Sallah has been appointed the SoS for Trade, but the Department of State for Agriculture was put (and remains) under the direct supervision of the President of the Republic. At the same time, the (former) Secretary General to the Government was replaced by Mr. Alieu Ngum, formally Ambassador of The Gambia to the European institutions.

55 As far as the US-Iraqi war is concerned, the official position of The Gambia has been the one expressed by the African Union. No mass demonstrations or protests have taken place (one request for an authorization to demonstrate was turned down by the authorities).

3.3 MACRO-ECONOMIC AND STRUCTURAL REFORM PERFORMANCE

56 The Gambia (with a population of 1.3 million) is one of the poorest countries in the world. With a GNP per capita estimated at US\$320 in 2001 (compared to US\$ 510 for Sub-Saharan Africa), it ranked 160th out of 173 countries on the 2001 UNDP Human Development Index. With only a limited natural resource base, agriculture (mainly subsistence farming) represents the mainstay of the economy, providing employment to 75% of the labour force and contributing around one third of GDP in a normal year. The country's farmers, a majority of whom are women, grow rice, millet, corn, and groundnuts

(peanuts), the country's primary export crop. The services sector appears to account for around half of GDP, although the re-export of goods to neighbouring countries is estimated to account for one third of this, with Tourism contributing 20%.

Table 1: Basic Social-Economic Indicators (2001)²

Human Development Index	160 th (Out of 173)
Population	1.3 million
Annual growth	3.1%
Urban population	31%
Life expectancy	53
Infant mortality (per 1000 live birth)	73
Population < 15 years of age	45%
GNP per capita	\$320
GDP Growth	4.7%
Inflation rate	6.3%
External Debt	\$441m
Exports	\$223m
Imports	\$285m

57 With a gradual revival in the tourism industry and agriculture sector, GDP growth remained stable at around 5.7% during the period 1998-2001. However, despite this recent progress, the situation in 2002 illustrates that the economy remains highly vulnerable to adverse shocks, including erratic rainfall, declines in terms of trade and regional instability. During 2002 the economic situation deteriorated sharply, with the economy contracting by 0.6%, although projected to grow by 4.75% as late as October 2002³. The crop failure (especially the drastic decline in groundnut exports) and the depreciation of the Dalasi (66% against the Euro during 2002) have led to a sharp rise in inflation, although this is not entirely captured in official statistics (which show a 15% inflation rate). With price increases of over 50% for staples and transport fares, the average Gambians now find it very difficult to cope, given that incomes have not kept pace with inflation.

58 The Gambia's overall trade balance (World Bank data) continued its negative trend, with the trade deficit growing from \$42m 1991 to \$62 in 2001. Exports and imports increased slightly in 2001 as compared with 2000, rising from USD 212m to \$223m and from USD 270m to 285m, respectively. In the same period, the level of exports increased by about 20% and imports by 24%.⁴

59 The external sector is dominated by re-exports. The Gambian economy is open, has a liberal trade regime, the location of the country and its relatively efficient port facilities make it attractive as a gateway to the West African region.

Table 2: Overall Trade Balance⁵

USD million	1991	2001	1991/2001
Exports	187	223	+20%

² Source: WB data (2002 Gambia at a Glance) and CSD (for GDP growth)

³ The IMF predicted a growth rate of 6% for 2002 in January 2002, revised downwards to 4.75% in October

⁴ According to ACP-EU statistics, in 2002 imports totalled €560m and exports €54m. These figures may omit the full impact of cross border trade.

⁵ Source: World Bank, Gambia at a glance, September 2002

Imports	229	285	+24%
Balance	-42	-61	+45%
Exports/Imports	82%	78%	

60 Agricultural products dominated the export trade with the EU (mainly groundnuts, horticulture and fish), representing about 87% of total exports in 2002 (€21m). During the period exports to the EU decreased by 79% (due to the poor groundnut season). The main trading partners are the UK (26%), followed by the Netherlands (21%), Belgium, Germany and France (averaging 15% each).

61 In contrast, over the same period imports from the EU registered an increase of more than 97% and represent 48% of total Gambia imports. This continues a trend that has seen the export/import ratio decreased systematically from 149% in 1991 to 14.6% in 2001. The main EU exporters to The Gambia are Italy (7% of total imports by value) and the UK (6%). China, followed by Senegal and Brazil are the main importers from outside the EU. The main products by value are cooking oil (7%), followed by tobacco, cars, tomatoes, wheat and milk (5% each).

Table 3: The Gambia Trade Balance with EU – €M (1991-2001)⁶

€M	1996	1997	1998	1999	2000	2001	2002	1991/2001
Exports to the EU								
Agriculture	11.6	10.9	17.2	9.5	9.7	19.1	22.6	+103%
Total Exports to EU	115.1	127.9	108.9	63.1	31.3	20.9	24	-79%
Imports from the EU								
Agriculture	30.9	39.2	46.5	46.2	48.1	59.8	54.7	+78%
Total Imports from EU	80.8	99.4	102.0	98.1	97.6	137.1	119	+97%
Trade Balance	+34.3	+28.5	+6.9	-35	-66.3	-116.2	-95	
Exports/Imports	142%	129%	107%	64%	32%	14.6%	21%	

62 With regard to EC trade, three areas are important: agriculture, fishing, and trade policy. In Agriculture problems of inconsistency between the CAP and the development policies have created imbalances in this region in the past. In particular, the subsidies given to oilseed production could reduce the competitiveness of Gambian oil grade groundnuts. Further, increased standards for Aflatoxin are a further barrier to entry to the EU market. These problems are being given particular attention in the multilateral WTO and APE negotiations.

63 In Fishing, the Gambia currently has no bilateral fishing agreement with the EU Member States, although such agreements have been signed with neighbouring coastal countries. Given that some MS fishing fleets are active around Gambian national waters, it would be appropriate for such an Agreement to be considered by the EU.

64 In Trade Policy, consistency between the Gambian and regional strategy and the EU's trade policy is ensured through the setting up of EPA's in accordance with the Cotonou Agreement, forming an essential part of the EU's trade and development policy.

⁶ Source: EUROSTAT, December 2002

3.4 ACHIEVEMENT IN THE SOCIAL SECTORS WITH A DIRECT OR ENABLING IMPACT ON POVERTY REDUCTION

65 Although reliable data is hard to obtain, basic social indicators show that poverty is pervasive and increasing. In 1992/93 a household economic survey estimated that 34% of the population were poor and that 18% were extremely poor. The latest household poverty survey (1998) now indicates that 69% of households are poor and 51% extremely poor, a significant increase. Since 1998 living standards can be expected to have fallen further, given the rise in the cost of imported staples (rice) following the fall in the value of the Dalasi and the failure of the 2002 groundnut crop.

66 Poverty is predominantly a rural phenomenon. Within the five rural Divisions, between 62-73% are described as 'very poor' (i.e. an income below 75% of the food basket). In contrast, the same figure for the urban area is 19%: average incomes in the greater Banjul area is almost triple that of rural divisions. However, urban poverty is also on the rise.

67 The very high population growth and demographic profile is one cause of poverty and environmental degradation in The Gambia. The population (1.3 million) has doubled over the previous twenty years. High fertility (2.7%) and high immigration (1.5%) contributes to a growth rate of 4.2%. The situation in the urban areas is exacerbated by a continued influx from the rural areas (nearly 40% of the population now live in urban areas).

68 In the Health sector progress towards goals is variable. The Gambia is on track in reducing maternal mortality, which has declined from 1050 per 100,000 in 1990 to 730 in 2002, but it is still double that of Senegal and one of the highest in the world. Infant and under-five mortality (85 and 135 per 1000) are the lowest in the sub-region next to Senegal (63 and 120 per 1000), which has a per capita income twice that of The Gambia. However, little improvement can be noted in the last decade. Life expectancy at 55 years is higher than the 50 years SSA average. However, there continues to be a high prevalence of endemic diseases, particularly malaria, diarrhoea, respiratory infections, and sexually transmitted infections⁷. Moreover, recent infant mortality data (1998 NHPS) shows a reverse in improvements, reaching 144/1000 births.

69 As far as Education is concerned, remarkable improvements have been registered in the sector: The level of literacy at age 15 and above has increased from 26% in 1985 to 37.8% in 2001. However, the level is still low by regional standards, as is the level of attainment: Boys spend less than 6 years in school while Girls spend only four. Government has doubled investment in the education sector, which received 31% of total budgetary allocations from 1990 to 1996. Basic education received 56% of the education budget while secondary received 10%. In the period 1991-2001 there have been significant achievements, with 28% increase in primary school enrolment (from 59% to 87%) and secondary school enrolment that reached 22%. (Planning Unit, DOSE, May 2003).

70 During a recent mission, the Millennium Development Goal indicators were determined. The draft report shows that The Gambia is currently on track to achieve three of the principal goals (hunger reduction, basic amenities and maternal health) and could potentially reach another two (universal primary education and environmental sustainability). However on current trends it is behind on four: reducing the incidence of extreme poverty; gender equality; and child mortality. The following Table summarises some key indicators and targets:

⁷ HIV infections have increased from 0.7% in 1990 to 1.4% in 2000. However, the latest figures suggest that at least 3% of the population is infected with HIV1, the more virulent form.

Table 4: Millennium Development Goals⁸

Type	Indicator	1990	2000	2001	2002	2007	2015
Impact	Population below poverty line (%)	60	69				30
	Population below extreme poverty line (%)	33	37				16.5
	Underweight children > 5 years of age (%)	21	17				10.5
	Under five mortality rate (per 1000)	137	135				45

Outcome	Indicator	1990	2000	2001	2002	2007	2015
	Net enrolment ratio in primary education ⁹	44	60			100	
	Primary completion rate	88	90			100	
	Ratio of girls to boy in:						
	- Primary education	47.9	65			100	
	- Secondary education	26	37			100	
	Proportion of birth attended by skilled health personnel	42	54.6			90	
	Children immunised against measles (%) ¹⁰	86	85				
	HIV prevalence among adults (15-49)	0.7	1.2			0.9	<1.0
	Population with sustainable access to clean water (%) ¹¹	48	62				
	Population with access to improved sanitation (%) ¹²		40				

3.5 REGIONAL POLITICS AND PROGRESS IN REGIONAL INTEGRATION

71 Even though President Jammeh has played a peace-making role, the prevailing instability in Cassamance, Guinea Bissau, Guinea Conakry, Sierra Leone, Liberia and Cote d'Ivoire have not helped regional integration. The Gambia promotes regional co-operation and integration and is a member of the African Union (AU); the Economic Community for West African States (ECOWAS); the Committee for Control of Drought in the Sahel (CILSS); and the organisation for the development of the Gambia River basin (OMVG). The Gambia has further shown its regional commitments by sending troops on ECOMOG peacekeeping missions in Liberia and Sierra Leone. It also signed up in 2000 to the Accra Declaration on a Second Monetary Zone for six non-WAEMU West African countries and is committed to meeting economic criteria to join the second common currency by 2003.

72 For further details of the relationship between Senegal and The Gambia, refer to §3.2 above.

⁸ Republic of the Gambia, Millennium Development Goals Review, July 2003;

⁹ Data from Department of State for Education, 2003

¹⁰ UNICEF and WHO (2002)

¹¹ World Bank Country Profile, 2002

¹² Department of Water Resources

3.6 HUMAN RIGHTS, RULE OF LAW, GOOD GOVERNANCE AND FIGHT AGAINST CORRUPTION

73 The 1996 Constitution contains all the elements for good governance: the Judicial, Legislative and Executive structures ensure a non-autocratic system where sovereignty lies with the people. Improvements have taken place over the past years to involve Civil Society (eg, in the preparation of the PRSP), but it needs to be strengthened to ensure that all the necessary checks and balances work properly.

74 Shortly prior to the time of writing, the Geneva-based 'World Economic Forum' ranked the Gambia in third place among the 21 African countries in the public and institutions governance system, which gives an equal rating to the contractual and legal environment and the perceived level of corruption.

75 At the same time, the draft Country Financial Accountability Assessment report of May 2003 stated that "Public financial management is promoted through a reasonably sound budget framework. However, there are a number of serious weaknesses that create a high level of fiduciary risk. There is a high risk that resources are not accounted for properly, they are not used for the intended purpose and that expenditures do not represent value for money". It goes on to say that "these weaknesses include poor resource allocation, non-compliance, limited execution, inadequate monitoring and scrutiny, insufficient capacity, lack of enforcement, non-transparency and poor parliamentary oversight."

76 With regard to Civil and human rights, The Gambia is a relatively well-established democratic constitutional state with a political and administrative system and procedures to provide checks and balances on the exercise of power and rights of individuals. Furthermore, the Constitution provides for the protection of fundamental rights and freedom to be enforced by the courts. The Gambia is a signatory to all major international conventions and declarations on human and people's rights and is generally highly committed to international instruments.

77 However, the capacity to implement even some of its own constitutional provisions remains weak. Human Rights NGOs are quite critical, highlighting restricted press freedoms, restrictions on opposition parties and the practise of Female Genital Mutilation as some of the negative aspects.

78 As far as freedom of the media is concerned, please see §28 above.

3.7 FOOD SECURITY SITUATION

79 While agricultural production was fairly good in 2001, crop production declined markedly in 2002 owing to the poor rains. For instance groundnut production decreased from 155,000Mt in 2001 to only 20,000Mt in 2002. An assessment of the impact of the late poor rains (financed by the EC and other donors) highlighted some of consequences for livelihoods: a shortage of food, cash crops and cattle fodder; inadequate quantities and quality of seed for the 2003 planting season; price increases for most staple food products; negative environmental consequences (bush fires) and difficulties in accessing potable water. Together with the fall in the purchasing power of the Dalasi, this is likely to translate into food insecurity during the second part of 2003. However, the community of donors met the immediate food aid needs.

3.8 OTHER CROSS-CUTTING ISSUES

80 Across all sectors, a lack of human capital is constraining economic growth and the quality of service delivery. The skills shortage is being compounded by a steady flow of qualified emigrants to Europe and the USA. The impact is being felt more in state institutions, where salary erosion has diminished the attractiveness of middle-to-senior level government posts. Rectifying this requires capacity building, but it also needs to be accompanied by wider institutional reforms aimed at retaining

key staff and making government more efficient. Further, to be effective the interventions need to be based on convincing sector strategies, comprehensive functional needs assessments and systematised staff evaluations.

81 In particular, the process of decentralisation poses special problems for capacity building, with its demand for qualified staff to take up the newly created positions within the elected local councils. For councils to exercise their mandate, existing staff will need upgrading and new candidates with appropriate skills recruited and trained. Moreover, if civil society is to play its full role, it will need strengthening at village and ward level. Tackling the social dimensions of rural poverty (particularly in terms of the high dependency ratio and the narrow skills base) will also require long term investments in capacity building and human resource development. These processes can only be gradual, calling for transitional arrangements (i.e. project assistance) while the institutions are being prepared.

82 Statistics indicate a very low prevalence of HIV in general (between 1-2%), although it reaches 20% among immigrant sex workers. As far as gender issues are concerned, the government actively promotes women's issues and has a dedicated ministerial portfolio under the responsibility of the vice-president (a woman). The PRSP is also gender sensitive, and the Education sector offers free education for girls. However, in the rural areas women still undertake the most difficult work and FMG remains a common practice.

83 With regard to the environment, the declining rainfall, increased extraction upstream and higher run-off due to poor agriculture practices has led to a marked increase in salt intrusion up-stream in the River Gambia. This in turn impacts on agricultural production, particularly women's rice production in the low-lying tidal areas. Coastal erosion is also a growing problem, impacting on the tourism sector and threatening road infrastructure. Bush fires and the increasing demand for firewood are also accelerating forest loss and environmental damage.

84 The EC interventions in the rural areas, mainly water supply, have a low environmental risk factor. In addition, the main thrust of the small community forestry projects in the URD involves promoting community forest management and bush fire control, both aimed at mitigating a negative impact on the environment.

85 With respect to the increase in salt intrusion in the river Gambia and the effects on agricultural production, an IFAD financed project implemented by the department of Soil and Water Management Unit aims to mitigate the effects on agriculture, particularly women's rice production. During 2003 a coastal protection project financed by ADB and OPEC and the Government of The Gambia (a loan of €18 m) will largely resolve the coastal erosion problems in the Senegambia and Banjul area.

86 Access to utilities and information technology is imbalanced. While a privileged few enjoy access to the Internet, much of the rural areas lack even electricity.

4 OVERVIEW OF PAST AND ONGOING CO-OPERATION

87 The following Table (5) summarise the financial position for the 6th, 7th 8th and 9th EDF.

88 The NIP was identified within the framework of national priorities and is geared towards poverty alleviation and improvement in living conditions of the people in the rural areas. Within the strategy for poverty alleviation and linked to the process of political and administrative decentralisation, the ongoing 8th EDF is based on two concentration areas: Support to Decentralised Rural Development (SDRD) and the Support to Education Sector Programme (SESP).

89 The actions outside the area of concentration include the Institutional Support to the NAO through the establishment of ECSU, as well as support to transport sector through the provision of technical assistance to the Gambia Road Authority. The 8th EDF also includes macroeconomic support (Structural Adjustment Support Programme), STABEX and a number of Regional Programmes such as PROCORDEL, Regional Solar Programme (RSP I and II), PACE and ARIVA.

90 The Implementation rate was generally fair during the year 2002 and most of the key activities planned were implemented. During the period under review, the Primary commitments under the 8th National Indicative Programme (NIP) reached 77% of the total NIP allocation.

91 The secondary commitments increased from 45% at the end of 2001 to 65% at the end of 2002. Disbursement rate stood at 79% of the secondary commitments. This can be considered good progress, taking into account the delays experienced in preparing and approving major tenders, in particular the SESP school construction project and the procurement of solar equipment and borehole materials for the VWS component of SDRD, major focal sectors of the NIP.

92 The uncommitted amount of around €M5 (17.5%) of the 7th EDF NIP allocation was set aside for the transport sub-sector: the feasibility studies and preparation of the draft tender dossiers for the road construction and rehabilitation works. This was finalised in 2002.

93 For the Regional Indicative Programmes, the rate of payment is around 58% of Secondary Commitment. This is mainly due to the fact that the Regional Solar Programme Phase II started later than planned (see Annex 3).

4.1 FOCAL SECTORS AND MACRO-ECONOMIC SUPPORT

94 The following chapter summarizes the key implementation progress achieved and main constraints faced by European Commission Supported Programmes and Projects (ECSPPs) in the course of the year 2002. Details are provided in the compendium of project profiles attached to the report.

4.1.1 Support to Decentralised Rural Development (SDRD) Programme 8-ACP-GM-006: €M16.8: June 1999-October 2003, request to extend to June 2004

95 The SDRD programme is one of the two focal sectors of the 8th EDF National Indicative Programme (NIP), accounting for almost 60% of the total NIP allocation. The programme's *overall objective* is to reduce rural poverty by improving the socio-economic status of local communities in three-targeted Divisions, whilst ensuring participatory planning and management of development actions. The programme is made up of four main components: (i) Support to Local Government Authorities (LGAs) and community projects; (ii) Village Water Supply (VWS); (iii) Support to Local Government Reform (LGR) and (iv) Support to Village Savings and Credit Associations (VISACA);

96 The Support to Local Government Authorities and community project component represented about 61% of the total commitments during 2002. In order to institutionalise the SDRD within the Local Government Authorities, the Local Government Officers were made the imprest holders. 90 community projects were completed (an increase of 25% of the total number of projects) and 107 projects were still on-going at the time of writing. Training was provided to 700 persons at community and government levels. Seven Local Government staff were sent for overseas training. Two new TA took up their posts in November 2001.

97 Under The Village Water Supply component, most of the planned activities were implemented and targets met. Ten existing solar powered water supply systems were upgraded and 13 new solar systems installed. The planning process for the remaining nine new systems was also completed.

98 As far as the support to LGR component is concerned, Technical Assistance was contracted to organise a series of consultancies in order to assist the DoS to finalise legislation and procedures related to the decentralisation process. The final reports are not available at the time of writing. The delays in the enabling legislation are impeding the process of decentralisation, and limiting the institutional impact of the SDRD Programme.

99 For the Micro-finance component, in 2002 the emphasis was put on formulating an exit strategy for EDF support, based on the principle of institutional self-sufficiency for the 12 member banks and their service providers, given that micro-finance is not a focal sector under the 9th EDF.

100 The SDRD Support Unit concentrated on programming the remaining funds in the areas of water, agricultural producer associations, SPACO and appropriate technology irrigation systems for gardens. It also worked with an international NGO to carry out the assessment of the consequences of the drought, together with the FAO, WFP and UNICEF. A new TA joined the Unit in November 2001.

101 However, during the year the rate of programme implementation was affected by several constraints, notably the difficulties in the relationship between The Government of The Gambia and the EC Office (which resulted in the absence of EC Chargé d'Affaires and the EC Support Unit Coordinator during the last part of 2001 and the first quarter of 2002). This led to delays in the planning of EC interventions.

102 In addition, some dysfunctionment noted in The Programme Management Unit led to the departure of the Programme Coordinator in July 2002. The management structure was modified to confer more responsibility to the various components of the programme to improve efficiency.

103 For the reasons mentioned above, and to enable the programme to reach its original objectives, it has become absolutely necessary to extend the validity period of the Financing Agreement until the original end date of June 2004 and restructure the budget. The monitoring mission that reviewed the programme in January 2003 also strongly recommended this course of action. A request for extension of validity period and reallocation of budget was formally submitted to AIDCO, after having received the backing in principle of EC Management (AIDCO, DGDEV).

104 Subject to the approval of the extension, it will be possible to carry out the following planned activities: the development of Work Programmes for Western Division feeder roads; the construction of extensions to the Brikama and Kerewan AC offices; the rehabilitation and extension of the Kerewan water supply system, and the provision of 50 drilled wells; together with the completion of on-going initiatives. Given that Decentralisation and rural development has been identified as one of the two focal sectors under the 9th EDF (€M15), emphasis will be put on developing a successor Programme building on the lessons learnt from the SDRD.

4.1.2 Support to Education Sector Programme (SESP) 8-ACP-GM-005; €M5; July 1999-June 2004

105 The Support to Education Sector Programme (SESP) has been designed as one component of the "Third Education Sector Programme 1998-2006 of the Government of The Gambia", in coordination with other donors. SESP is a five-year programme, which started in December 1999 under the 8th NIP with the objective of strengthening the Government's five-year education policy programme. The purpose of SESP is to contribute to access to good quality upper and post-basic education to all Gambians by mid 2004.

106 The programme has five main component result areas: (i) The construction of Upper Basic Education Facilities; (ii) Technical Education and Vocational Training (TEVT); (iii) Strengthening

capacity of the Department of State for Education's "Book Production and Material Resources Unit (BPMRU)"; (iv) Establishment of Education Management (EMIS); and (v) Improved capacity of Standards and Quality Assurance Directorate (SQUAD) of the DoSE.

107 During 2002 the performances of the project were slow. The classroom construction has not yet started given flaws in tender dossiers, long delays in approving tenders and the Dalasis' depreciation. The first tender concerning half of the planned construction was eventually launched and then cancelled owing to flaws in the tender. A second tender dossier (concerning the other half of the classrooms) was under review by the EC when it was finally decided, after the review of SESP by a monitoring mission, to restart the whole tendering procedure inline with EDF rules for construction works. At the date of writing the EC Office is approving the new tender dossier.

108 In 2002 the Department of State for Education (DoSE) prepared the Technical Education and Vocational Training (TVET) policy and national training levy. The Cabinet approved the policy and the National Training Bill, and the National Assembly passed it into law. Progress can therefore be expected in 2003-2004. To establish the National Training within the TVET policy framework, DoSE requested an increase of 20% of the FA budget (€M1). EC headquarters has indicated that the approval will be conditional on an improvement in the disbursement rate.

109 Book Production and Material Resources Unit (BPMRU) and Standards and Quality Assurance Directorate (SQUAD) officers were also trained as planned and the DoSE offices suitably equipped. Joint external funding agencies supervision missions also undertake reviews of operations every six months. A mid-term review was carried out in October 2001 and an end-of-programme evaluation is scheduled for May/June 2004.

110 Given the delays, the planned activities will not be completed before the end of the FA in June 2004 and an extension of the validity period of the Financing Agreement will be requested to allow the Programme to reach its objectives.

4.1.3 Support to The Transport Sector

7-ACP-GM-31; €M0.63, February 2000-2001, extended to May 2002, €M31 FP under review.

111 The transport sector has been identified as one of the two focal sectors of the 9th EDF, with an indicative allocation of €M15. Two main areas of intervention are foreseen: i) the upgrading, rehabilitation and construction of five trunk roads; and ii) the provision of Technical Assistance to the soon to be created Road Authority. A €M31 Financial Proposal is currently under review at headquarters.

112 A feasibility study for the five road sections was carried out in 2002, financed with balances from 7th EDF (7-ACP-GM-31)¹³. The ToRs of the feasibility study were extended to cover the upgrading of Banjul-Barra ferry terminal, as well as the Sabi-Wellingara road. RRI Beller Consultants¹⁴ of Germany carried out the studies. The final report was submitted in June 2002 and was reviewed and endorsed by the Gambia Government and the EC Office in The Gambia in the last quarter of the year. It is currently under review by the Technical Adviser to the EC Delegate in Dakar.

113 It was originally intended to finance the provision of Technical Assistance to the Road Authority from 8th EDF balances, but the balances have been carried forward to the 9th EDF and have

¹³ A mix-up in the accounts of 7-ACP-GM 021 and GM 031, discovered at the end of 2002, caused delays in the launching of the tenders. This situation has now been resolved.

¹⁴ The contract with RRI Beller Consultants for the Sabi-Wellingara (in Senegal) feasibility study was financed through €80,000 facility.

been included in the above-mentioned Transport Sector Financing Proposal. The tender for the provision of consultancy services for the Road Authority was completed in 2002 and is presently under review at EC Headquarters. However, the award of the contract has been put on hold, pending the establishment of the Road Authority by the Government of The Gambia. A draft Road Authority Bill has been submitted to the National Assembly and approval is expected during 2003. Meanwhile the Department of State for Works has requested the extension of the validity period of the bid.

114 The joint €M31 Financing Proposal, including both the construction of the five sections of trunk road for a total of 250 Km and the provision of Technical Assistance to Road Authority, has been sent to the EC Headquarters for review. €M15 should be made available from the 9th EDF NIP Gambia; €M6 from the 8th EDF NIP balances; €M3 from the 8th EDF NIP Senegal balances; and €M7 from the 9th EDF RIP West Africa (for the construction of joint border control stations and for complementary financing of the required works).

4.1.4 Macro-economic Support

4.1.4.1 Structural Adjustment Support Programme (SASP) 8-ACP-GM-009; €M9.2; September 2000-June 2003

115 The first tranche of the programme (€M5) was released in October 2000, which together with the last tranche of a 7th EDF programme (€M2), was used to settle the internal debt of the Government of Gambia vis-à-vis the company ALIMENTA. A second tranche of €M3.7 (equivalent to GMD 77.4 million) was released in November 2002 to refinance 2002 budgetary expenditures incurred by the GoG in the social sectors (Health and Social Welfare and Education), as well as road maintenance.

116 An amount of €M0.5 was allocated for Technical Assistance and studies, including the monitoring of budgeted expenditures, audits, evaluations of SASP 1 and support to the Divestiture and Regulatory Strategy. Actions undertaken, amounting to €M0.2, included support for the creation of the Gambia Roads Authority; and an financial assessment of the Gambia Cotton Company (GAMCOT), Gambia Groundnut Cooperation (GGC) and its river transport for privatisation. Part of the remaining balance has been used in 2003 to provide support to the GDA (for the privatisation of the industrial assets of GGC), the Country Financial Accountability Assessment (CFAA, in cooperation with WB, ADB and DFID), as well as for auditing the programme.

4.1.4.2 Poverty Reduction Budget Support Programme 8-ACP-GM-17 and 18; €M4.225; June 2002-December 2003

117 The Financing Agreement on the PRBSP 2002 was signed in June 2002. It covers a General Budgetary Support of up to €M4 that will be disbursed through a single tranche, as well as €M0.225 earmarked for Technical Assistance and studies.

118 The single tranche comprises a fixed part (€M1) and a variable part (up to €M3). The release of the first €M1 will depend on the general conditions as laid down in the FA, while the variable amount will depend on the scores obtained against selected performance indicators in the areas of public expenditure management, education and health. A set of indicators and targets were agreed to in November 2002.

Table 7: General Budget Support Indicators

Expenditure Type	2000	2001	2002
Public Expenditures Management			
% of GOG Recurrent Education spending on total GOG recurrent;	24.9	25.08	26
% Of GOG Recurrent Health spending on total GOG recurrent;	13.1	13.7	13.7
Education			
Gross enrolment ratio (basic) (%)	85	87	
Gross enrolment ratio (secondary) (%)	20	22	
Infant mortality rate (0/00)	75	70	
Maternal mortality rate (0000)	10,5	9,5	
Inpatient admission in primary health facilities	67	70	

4.2 PROJECTS AND PROGRAMMES OUTSIDE FOCAL SECTORS

4.2.1 Coordination of European Community Programmes (support to NAO)

8-ACP-GM-007; €M1.9; 4 years (August 1999 – September 2003)

Implementing Agency: Department of State for Finance & Economic Affaires (DOSFEA)

119 During 2002 the Unit played a major role in the preparation of the 9th EDF Country Strategy Paper and National Indicative Programme, as well as in reactivating programmes and project implementation which experienced a slow-down due to the difficulties experienced in the relationship between the GOG and EC during last quarter 2001 up to the first quarter 2002.

120 Although improvements were noted, the establishment of the financial positions of all EDF programmes/projects still remains a concern. To address the issue, a management and accounting software package (Tomate) was introduced and tested in three major programmes (ECSU, VWS and SESP), with promising results. The Unit also undertook regular follow-ups within Programmes. The wider adoption and institutionalising of this package will be pursued under the 9th EDF.

121 To improve efficiency, a restructuring exercise was carried out during the course of 2002, involving the redefinition of job descriptions and a repositioning of staff within the Unit. Given financial constraints, the Unit presently lacks a Financial Controller and a Monitoring and Evaluation Officer, and is obliged to rely on services provided by the TAs recruited under the SDRD programme. The number of staff is insufficient to manage and administer a complex portfolio of Programmes.

122 The capacity to monitor and evaluate programmes in order to keep track of the progress achieved and measure the impact of EDF programmes is still insufficient. Despite this, the ECSU was able to support the various EC funded programmes (ECSPPs) in the utilization of the Logical Framework, the identification of key indicators and the harmonization of the reporting system. The ECSU produced the annual consolidated report of ECSPPs for the year 2001 and provided support for the finalisation of the joint (NAO/EC) Annual report for the calendar year 2001.

123 To address the situation, and taking into account additional activities planned under 9th EDF, the Unit should be reinforced (qualified personnel and improved equipment) under the 9th EDF. The monitoring mission from Brussels in January 2003 supported this approach. At the same time, the Unit should also be restructured to take account of the separation of powers between programming and M&E functions on the one hand, and finance contracts and procurement on the other.

4.2.2 GTA Promotion of Tourism in The Gambia

124 Under the 8th EDF an allocation of €M0.067 was made during 2002 to undertake studies to finalise the establishment of the Gambian Tourism Authorities (GTA) and to carry out a hotel classification. It is envisaged that the hotel sector will be supported with the funds available under 9th EDF for NSA's and public/private partnerships.

4.3 STABEX

125 Stabilisations of Export (STABEX) funds were allocated to cover Groundnuts, Cotton, Sesame and Prawns. A total allocation of €M4.2 was made available. The funds received from Stabex 1996 and 1997 have been/are used to support the Groundnut (€M3) and the cotton sectors (€M0.2). The following table summarises the Stabex allocations in the Gambia:

Table 8: STABEX Financial Situation as at 31st December 2002 (000 Euro)

Programme	Total Amount of Decision	Total FMO*	Total Payments	Balance Euro Account	Balance Local Account
1996 Cotton	466	478	464		14
1996 Shrimps	328	333	333		0
1997 Cotton	133	137	124		13
1997 Groundnuts	2,438	2,648	1,657		991
1999 Cotton	64			64	
1999 Groundnuts	676			676	
1999 Sesame	83			83	
Residual Balances	69			69	
Total	4,257	3,596	2,578	892	1,018

*Includes accrued interest

4.3.1 Agribusiness Service Plan Association (ASPA)

8-ACP-GM-001/002/003/004; €M3.2 million; June 1998 to July 2000

126 Given its importance to the (rural) economy, the main focus of Stabex funds was directed towards the groundnut sub-sector revitalization programme in order to reverse the decline in output. In the cropping season 2001/2002 production is said to have risen to 151,000Mt from a low of 45,000Mt in 1997¹⁵. However, as a result of the poor rain in the season 2002/2003 the production significantly decreased to about 20,000Mt.

127 The programme's overall objective is to build the capacities of farmers and private operators in the groundnut sub-sector to manage the sub-sector activities related to production, processing and marketing. The intervention had three elements: support to the Agribusiness Service Plan Association (ASPA); a Seed Multiplication Programme (SMP) and an Autonomous Credit Project. (ACP).

128 ASPA, a stakeholder organisation composed of producers and operators, was supported to create a forum for operators and stakeholders in the groundnut sector, with the aim of addressing the constraints in production and marketing. This has now been restructured to confer more ownership on the membership, and further support is anticipated under the 9th EDF.

129 ASPA was also mandated by the Government to play a lead role in establishing a price determination mechanism and operating a price stabilisation fund. This component of the revitalisation

¹⁵ Statistics are unreliable and based on estimates. Only the formal trade through the buying points can be captured reliably, but the balance is marketed locally or across the border through informal trading networks.

programme proved difficult to implement for a variety of complex reasons (eg, informal cross border trade with Senegal, the depreciating Dalasi) and should be critically reassessed in 2003 prior to any further EC involvement.

130 ASPA also managed the Seed Multiplication component with NARI. The aim was to bulk up the production of G₄ seeds through a network of contract growers, and to make this improved seed available to farmers through a credit package managed by the Autonomous Credit Project (ACP). During 2002, the SMP delivered 82.3 Mt of seeds to the farmers (down from 431 Mt in 2001) and recovered only 12Mt. This was due to the crop failure following the poor rains in 2002. However, the operational costs were extremely high and it became apparent that a more robust seed multiplication programme managed jointly by seed grower farmers and private operators is required.

131 Stabex funds were also used to support the Autonomous Credit Project for the delivery of the seed credit and fertiliser (the latter provided by DoSA). During the 2002 crop season, credit for 1,735 tonnes of seed was channelled through 92 'Cooperative Produce Marketing Societies (CPMS) buying points. At the end of the marketing season 2002/2003 in April the ACP had managed to recover only 168Mt, also attributed to the 2002 crop failure. In addition, DoSA did not deliver any fertiliser through the ACP. ACP's overhead costs were also noted to be excessively high.

132 In May 2002 a mid-term evaluation of the Groundnut Revitalization Programme was carried out. It recommended the institutionalisation of the ACP Credit Scheme, the privatisation of the Seed Multiplication Programme and the need to redirect the activities in order to include all stakeholders. In response, the activities planned for 2003 are focused on two main activities: (i) The consolidation of pending tasks by the individual project components, and (ii) and the restructuring of ASPA based on new roles and responsibilities for the stakeholders and accompanying measures to build capacity. A review of the ACP component was also carried out in 2002. The development of an exit strategy for ACP, in accordance with the recommendations of the evaluation report, will be undertaken in 2003

133 Outside of ASPA, the Gambia Divestiture Agency was provided with TA to prepare the Gambia Groundnut Corporation barge fleet for divestiture.

4.3.2 The Cotton Sector **8-ACP-GM-001 and 012; €M0.5 million**

134 Cotton production is a means of diversifying cash crop production and an enhancement of rural income. The Cotton Development Project (CDP) and The Gambia Cotton Company LTD (GAMCOT) have been the main supporters of the cotton sub-sector. Concerned about declining output, in 1999 the Government requested EC support for a study, which recommended continued efforts to develop the industry. The study also proposed improvements in extension support and the inclusion of a credit system for farmers.

135 In response, Stabex funds were used to reverse a decline in production by stimulating production and supporting industrial restructuring. Interim supports were provided for extension services to farmers and TA for GAMCOT. The Gambia Divestiture Agency is also being assisted to undertake a technical and financial appraisal of GAMCOT in preparation for the sale of the Government's stake to the private sector.

136 During 2002 training sessions were held and field demonstrations carried out, and the number of registered cotton farmers for the 2001/2002 growing season rose to 3,429, with 3,117 Ha under cultivation. A total quantity of 11.3 tons of seed and 3,361 bags of fertiliser were delivered by DOSA and GAMCOT.

137 Unfortunately, the unfavourable climatic conditions during 2002 resulted in a decline in production from 600Mt in 2001 to 475Mt in 2002, and a credit repayment rate of only 67.5% (down from 85% the previous year).

138 An evaluation of The Gambia Cotton Company (GAMCOT) was carried out in 2002 in the perspective of preparing for its eventual privatisation.

4.4 REGIONAL CO-OPERATION AND ALL ACP COOPERATION

4.4.1 Procordel (ITC)

7 ACP RPR 093 (REG/6157); €M8 (2.9 ITC); April 2000 to April 2004

139 The collaborative Research and Development Programme (Procordel) covers 13 countries in West Africa. The various National Agricultural Research Systems (NARS) implement the project. The programme operates under the auspices of CORAF (Conseil Ouest et Centre Afrique pour la Recherche en Développement Agricole). The International Trypanosomy-tolerance Centre coordinates the implementation of the programme in The Gambia, Senegal, Guinea, Guinea Bissau, Sierra Leone and Liberia, whereas CIRDES (located in Ouagadougou) coordinates activities in Mali, Ivory Coast, Burkina Faso, Ghana, Togo, Benin and Niger.

140 During 2002 the ITC programme was extended to Guinea Bissau and a set of activities was executed successfully.

141 The overall objective of the programme is to increase the income of crop-livestock farmers on a sustainable basis, and to contribute to improve food security in West Africa. The programme purpose is to help the intermediate and final beneficiaries of the research (decision-makers, outreach agencies, stock breeders) apply the recommendations resulting from the research programme.

142 High priority is given to building and/or reinforcing NARS' research capacity, as well as that of the Centre's technical and scientific staff, in collaboration with African and European Universities. In the course of the year 2002, 140 partners from the region were invited to attend 10 regional training courses held at ITC. As the programme has entered into its second last year of implementation, emphasis was shifted towards transfer of technology to the beneficiaries. This was done in form of packages, delivered as the 'Training of Trainers' for extension workers.

143 The use of funds from the PROCORDEL budget for ITC running costs has caused some queries in the course of the year. These queries were investigated by an audit for EC- funded projects during the period from 1993 to 2001, with a positive outcome. However, the programme is experiencing considerable delays in producing financial reports, and the ECSU are providing support to solve the situation.

144 According to the FA two missions by two independent experts to the two Centres were foreseen to take place every year. The corresponding contract was to be awarded by EC Headquarters, but no mission has taken place to date.

4.4.2 Pan African Control of Epizootic (PACE)

8-ACP-GM-006; €M72 million (€M0.6 for the Gambia) 4 years, November 1999 to October 2004;

145 The Programme aims to reduce poverty among those involved in livestock farming by improving productivity and food security among the livestock owners by controlling epizootic diseases. 32 Sub-Saharan countries are involved in the PACE Programme. In The Gambia the programme is overseen by a Coordination Unit, comprising of a Coordinator and support staff, which work in close collaboration with the Department of Livestock (DLS) extension Network.

146 The Gambia PACE programme started implementation only in August 2001, almost two years after the start of the regional Programme. In part this was due to the staggered start for the 32 countries, but it also reflected local difficulties in preparing the first Work Programme. Moreover, The Gambia did not benefit from the previous Phase of PACE, owing to the political circumstances in 1994. All

these factors put PACE Gambia at a comparative disadvantage with other participating countries when comparing progress.

147 During the second year of implementation, the epidemic-surveillance network for Rinderpest and other transboundary diseases (e.g. African Swine Fever, Foot and Mouth Disease) was developed and weekly inspections were carried out in 17 markets and 10 abattoirs. A diagnostic capacity for Rinderpest was established and a nation-wide sero-surveillance for Rinderpest carried out on 2,400 blood samples taken from cattle in four Divisions.

148 The programme calls for a focus on institutional development, particularly a policy for the privatisation of veterinary services in order to improve the distribution of veterinary services and drug delivery, and the putting in place of diseases control legislation. To date progress on these issues has been slow, and it is apparent that there is an imbalance between resource allocation between project administration/training and the activities targeting stakeholders, such as farmers and veterinary services. TA resources should be allocated to support the management team to address these issues.

149 The Monitoring team from Brussels that visited PACE in January 2003 made relevant recommendations along the same lines, and also stressed the need to improve M&E capacities and data analysis. A further review of the programme is recommended during 2003.

4.4.3 Regional Solar Project Phase II (RSP II)

8-ACP-ROC-042: RIP/CILSS; Total €M26.6 (€M2.0 from RIP for The Gambia)

6 years starting from October 2001 to September 2007

150 The Regional Solar Project Phase II (RSP II) covers all nine CILSS countries: Gambia, Guinea Bissau, Senegal, Mauritania, Burkina Faso, Mali, Chad, Niger, Cape Verde. The Objectives of RSP-II is to: "Contribute to the improvement of living and health conditions of the rural populations in the region by providing them with sustainable water supply".

151 In The Gambia, the RSP-II will supplement the Village Water Supply component of the SDRD by allowing for an additional six new solar-powered water systems and the upgrading of 15 existing systems. The villages that will benefit from the Programme have been identified through the participatory planning process, and procurement and installation will begin during 2003. This complementary use of both NIP and RIP funds within a Department with a clear strategy and the capacity to deliver is proving highly successful in The Gambia. There are also established norms for cost recovery in place and private sector involvement in maintenance. Theft of solar panels is not a major issue in country, although one case was recorded in 2002.

152 As the project only became effective in August 2002, the series of planned studies (validation, anti-module-theft security measures, water supply criteria and norms, and the assessment of performance of goods and services of the NIP solar equipment) will start at the beginning of 2003.

153 For effective co-ordination, communications with RSP-RCU Ouagadougou could be improved. The main problem is that all documentation is provided in French, which needs to be addressed.

4.4.4 ARIVA: Regional Project to support the strengthening of vaccine independence for Africa €M6.5; November 2000 to June 2004

154 The objective of the programme is to reduce disease transmission by improving the vaccination programme. The programme, which covers eight countries in West Africa (The Gambia, Burkina Faso, Cap-Verde, The Gambia, Mali, Mauritania, Niger, Senegal and Chad), started in July 2001 with the organisation of a Regional Coordination Unit in Burkina Faso.

155 In January 2003, a mission from the Regional Technical Support Unit visited the Gambia and noticed that despite The Gambia's good vaccine coverage rate (80%) compared with other countries in the region, the coverage rate is declining due to an irregular distribution of vaccines and problems in the cold storage chain. This is attributed to the lack of a clear national policy for social mobilisation and the

inadequate means at the disposal of the DoSH. In response, attention will be focused on reinforcing the capacities of national health services, including the provision of equipment, the facilitation of communication and regional exchanges.

4.4.5 CDE

156 The Centre for the Development of Enterprises (CDE) aims at promoting the private sector in ACP countries and transferring decision making from the central to the local level. An appraisal mission was undertaken in Gambia in 2001, following which feasibility studies were carried out during 2002 for three potential investments: timber processing, fishing and a website for GIPFZA (the Gambia Free Zone Authority). A further study for the production of smoked fish for export to EU market was also carried out in late 2002. One company (Senegambia Maritime Company) was also sponsored to participate in a transport forum held in Brussels.

4.5 UTILISATION OF RESOURCES FOR NON-STATE ACTORS (NSA)

157 In order to ensure a wider understanding of the Cotonou Agreement and to encourage the active participation of Non-State Actors, interim financial support was provided to the private sector to sensitise their respective members. A key document was produced reviewing possible EC support to the private sector and civil society under the 9th EDF. Furthermore, a database and directory listing private sector and civil society organisations was established.

158 Through the Co-financing Budget Line (B7-6000) two projects targeting civil society are supported: the local NGO forum, TANGO, and 30 women's groups in the URD (VSO). For more details see § 4.6.

159 The main on-going programme of the 8th EDF (SDRD, €M16.8) is primarily directed to Non-State-Actors: Community Projects, Micro-finance and direct support to Local Government amount for around 78% of the total amount of the programme, i.e. €M13.1.

4.6 BUDGET LINES

4.6.1 Voluntary Service Overseas

160 VSO is working with 30 women's groups in the URD through two local CBOs, largely to help them develop income generation opportunities. The first phase of the project came to an end in December 2002, but a second two-year phase to consolidate training and management was approved, which started January 2003. It is financed through B7-6000.

4.6.2 TANGO

161 TANGO is an association of Non-Government Organisations. It aims to improve the effectiveness and efficiency of local NGOs. Three main activities were supported: improving the knowledge of the Cotonou Agreement within civil society and a regional exchange forum (with interim support from the ECSU); and the establishment of a database for NGOs. The project will run from February 2002 to January 2005, with a budget of €M0.083.

4.6.3 Concern Universal

162 The Western Division Integrated Rural Development Programme (WDIRDP – €M0.34) runs from June 1997 to May 2003. The goal is to reduce poverty and improve food security in the five Foni Districts and in the Kombo East District of the Western Division of The Gambia. The project contributed to higher yields and increased variety of food due to improved agricultural practices, leading so to increased household income and improved nutrition. The project is ending in May 2003.

163 The Farming System Training Programme (FSTP, €M0.413) runs from June 1999 to December 2003. The FSTP seeks to alleviate poverty and food insecurity in the North Bank Division of The Gambia by increasing agricultural production and income in a sustainable way through better use of land and labour resources. Two Gambian NGOs implement the FSTP: the Njawara Agricultural Training Centre (NATC) and the Methodist Mission Agricultural Programme (MMAP), in collaboration with Concern Universal. The project supports the establishment of gardening and water supply and trains 500 women on horticulture and agro-forestry techniques. Given the importance of this farmer training both the local partners and CU are preparing a second phase of the project and possibility of extending it to one other division (Western Division).

164 The West African Regional Training Programme The Gambia (€M0.15) is financed by ECHO and is scheduled to run for one year (April 2002 – May 2003). The project aims to increase the levels of general awareness regarding emergency and disaster response in the Gambia by providing support to the establishment of a Disaster Relief and Emergency Preparedness Secretariat.

165 In order to improve the coherence of EC interventions in The Gambia there is a need to improve the level of information and co-ordination on EC Budget Line financed activities, both current and potential, at the local level.

4.7 EUROPEAN INVESTMENT BANK

166 Under the 8th EDF the European Investment Bank made available €M4 for the Gambia for investments in the energy, communications and agro-industry sectors. Owing to a lack of information in the private sector there were no applications, following which two seminars were held and a visit to the country by the EIB Loan Officer responsible for The Gambia. As a result, three applications were submitted: one by the Government for the purchase of two ferries for the Banjul-Barra route; a fishery project; and one for mobile phone communications (Africell).

167 Further, consultations were held with three leading commercial banks (Trust Bank, Standard Bank and Guaranty Trust) to act as intermediaries to administer loans to SME's in country. This facility is expected to become operational during 2003.

5 PROGRAMMING PERSPECTIVE FOR THE FOLLOWING YEARS

5.1 CRITERIA FOR SELECTION OF FOCAL SECTORS

168 The Country Support Programme was approved in 2002 and signed in March 2003. The EC-response to the development and poverty reduction challenges in The Gambia is designed on the basis of The Government's own development priorities as set out in the PRSP. Furthermore, the response strategy takes into account complementarity with other donors, sectoral policies and financing requirements and lessons gained from the implementation of previous programmes in the The Gambia.

169 Based on the above, and despite the relatively small size of the envelop compared with other countries, two focal sectors for EC support to The Gambia have been selected for the 9th EDF - Rural Development and Transport - on the grounds that there are few other major donors present in the country.

170 The choice of Rural Development as one focal sector is based on the fact that the rural population remains the worst affected by poverty. From the 6th EDF onwards the EC has gained considerable experience in rural development and decentralisation, and has built up partnerships with Local Government and key line departments, notably Water Resources. However, based on the facts highlighted in the PRSP and the CFAA, much remains to be done to address the socio-economic and governance aspects of rural poverty.

171 In the context of the PRSP, transport is recognised as crucial for the development of all key sectors. In particular, it will reinforce rural development by improving access to social services and markets, and lowering transaction costs for cash crop producers and other economic actors. It will also reinforce economic strategies and trade gateway initiatives by improving national and regional linkages. Support to the transport sector is also in line with ACP/EU policy objectives, in view of its vital contribution to economic growth and its positive impact on regional integration. Furthermore, there are no other traditional major donors active in this sector.

172 These programmes will be implemented together with the 8th EDF Education Programme, which experienced delays during implementation (see §4.1.2).

5.2 SYNTHESIS OF FORESEEN PROGRAMMES AND TIMETABLE FOR IMPLEMENTATION

5.2.1 Rural Development

173 The Overall Objective is the alleviation of rural poverty. The Programme Purpose will be to improve socio-economic development and livelihood in rural divisions. The result is expected to be that effective and accountable rural institutions, namely local governments, producer organisations and private sector inter-professional associations are established with enhanced capacities to improve services and livelihoods.

174 A €M5 financing proposal for the intervention in the water sector will be submitted for approval in late 2003, with the objective of being able to commit funds as soon as possible in a sector where the programme will provide continuity with ongoing NIP and RIP programmes. The emphasis will be on the provision of potable water through a mix of solar systems, wells and handpumps, and peri-urban connections. Contractor training and other capacity building measures will be included.

175 €M6 will be used to support capacity building within Local Government Authorities, with an emphasis on finance and administrative systems and human resource development. Consideration will also be given to a feeder road construction sub-component that will exploit synergies with the other focal sector.

176 The balance (€M4) will be used to support private economic interest groups (including producer associations) active in the rural areas outside of local government structures. This will include efforts to agricultural production, processing and trade.

177 The NAO and the EC will discuss the architecture for the Primary commitments, with the expectation that the Financing Agreement (s) will be approved by mid-2004. However, whilst the EC Office recognises the need to engage NSA's according to the provisions of the Cotonou Agreement, it is deeply preoccupied by the additional workload that such a complex programme will generate, given the lack of human resources.

5.2.2 Transport

178 The Overall Objective is to improve transport systems to sustain poverty alleviation, macro-economic development and regional integration.

179 The Programme Purpose is to improve regional and national road networks in rural Gambia and establish sustainable systems for road maintenance at the national and local level.

180 The Result will be that maintenance and rehabilitation work is carried out on sections of the West African Coastal and Trans-Gambia Highways and on the Soma to Basse section of the national trunk road. Investments will be made in strengthening the Gambia Roads Authority to ensure regular road maintenance.

181 The Financing Proposal, for the construction of the five sections of trunk road for a total of 250 Km and the provision of Technical Assistance to the Road Authority, has been sent to the EC Headquarters for review. Of the total planned budget of €M31, €M15 will be made available from the 9th EDF NIP Gambia; €M6 from the 8th EDF NIP Gambia balances; €M3 from the 8th EDF NIP Senegal balances; and €M7 are requested from the 9th EDF RIP West Africa (for the construction of joint border control stations and complementary financing of the works). Approval is expected in the first semester of 2004 at the latest.

182 In line with the EC's role in the transport sector, further feasibility studies are foreseen to identify additional sections of road for rehabilitation. A further study will also appraise the River Gambia and its potential as a transport link, including options for river crossings (bridges, ferries) at strategic points. At the same time the River's potential for irrigation and tourism will also be taken into consideration

183 Should the need arise, additional funding may be sought after the mid-term review in 2004.

5.3 NON FOCAL SECTORS

184 A €M2 Financing Proposal is being prepared for the continued support to the NAO services, which will involve a reinforcement of the human resources and a re-organisation of certain functions. Given that the current FA ends in September 2003, the new FA must be in place by this date.

185 €M3.2 are also available to support the private sector: support to key actors with a role in economic management and the enabling environment (the Chamber of Commerce, the Dostie, GDA and GTA); civil society capacity building, and; the promotion of small and medium enterprise (training and management). Given the links between the three target groups, consideration will be given to combining the interventions within one Financing Agreement. Should this merger prove to be feasible, a FA could be expected within the first quarter of 2004.

5.4 CO-OPERATION WITH THE EIB

186 In conformity with orientations laid down in the Cotonou Agreement, the Bank intends to put more emphasis on private sector development for its future operations in The Gambia. Given the small and medium size of most corporate investment in the country, this will have to be achieved mainly in collaboration with the local banking sector, which operates in close contact with final beneficiaries and has a good position to take primary responsibility in managing the relationship with small and medium scale investors. Provided sufficient interest exists from the part of well-managed local banks, the Bank intends to offer them financial instruments with incentive (availability of long term resources and risk sharing where appropriate) to develop longer-term financing operations to the benefit of small and medium sized enterprises.

187 The efficiency of such collaboration will, however, be subject to the local banks' general willingness to engage in medium and long-term financing operations for private clients. The EIB therefore welcomes any action aimed at improving the functioning of the country's financial markets and the legal and regulatory environment for commercial banks' financing operations. Direct interventions could also be envisaged where larger amounts are involved that exceed the intermediation capacities of local banks.

188 In addition to private enterprise investment, the EIB may also be able to support public infrastructure projects – such as river ferry capacities (thereby complementing the Community's foreseen interventions in regional transport infrastructures), water and electricity supply and telecommunications – depending on the promoters' good management performances and quality of governance and on the financial and commercial viability of the projects. Schemes with private sector involvement will be given priority.

189 The NAO and the EC Office share the opinion that an EIB mission should visit the country in the near future to consolidate the cooperation.

6 ANNUAL OPERATIONAL REVIEWS – SPECIFIC THEMES

6.1 THE SPEEDING UP OF THE USE OF OLD EDF RESOURCES

190 The disbursement rates for the 7th and 8th EDF, have, in general been high (please refer to Tables 5, 6, and 7 and Annex 3). However, no primary commitments have been made for the 9th EDF.

191 The balances of the 6th (uncommitted €M0.383 and de-committed €M0.83) and 7th EDF (€M1.045 uncommitted and €M0.73 de-committed, or 2% of the NIP) have been carried forward to the 9th EDF.

192 Under the 8th EDF, €M6.47 remains uncommitted, largely due to the delays in enacting the Transport sector reforms. With regard to secondary commitments, Structural Adjustment, Stabex and Support to the NAO are on track. The recently extended SDRD, with disbursements standing at 47% of the primary commitment, is also expected to achieve its targets by June 2004. However, €M0.5 may be de-committed. The Education sector disbursement rate (only 10% of the primary commitment) is also expected to rise rapidly with the conclusion of the construction tenders.

193 At the time of writing, the previous EDF balances total €M9.22, made up of €M8.4 in uncommitted funds and €M0.8 from de-commitments. Notwithstanding the relatively good performance, measures are being taken to speed up the use of these funds. A series of technical meetings are planned to review and speed up the administrative closure of old projects, contracts and work programmes and the de-commitment of funds.

6.2 SETTING INDICATORS AND TARGETS FOR FOCAL SECTORS

194 The indicators and targets were determined during the preparation of the CSP two years ago. The comparison of targets and results can be found in Annex 1.

195 However, there is a strong need for revision and refinement in order to develop indicators that can measure impact at the level of the specific objective and the results. This will be done as soon as possible in January 2004 following the 2003 Review.

196 The MDG targets were only established in mid 2003 (see Table 4). They will form the basis of the 9th EDF targets for all sectors. To assist, the SDRD is supporting SPACO to review and strengthen the Poverty Monitoring System that will track SPA II indicators in the four main sectors (Education, Health, Works and Agriculture).

6.3 DIALOGUE WITH NAO AND NON-STATE ACTORS

197 At the political level, relations between the EC and the Gambia deteriorated in late 2001 - early 2002, leading to the absence of the EC Chargé d’Affaire until May 2002. After a visit led by the Deputy Director General, DG DEV, the impasse was resolved and the Chargé d’Affaire able to complete his mandate. In September 2002 a new Chargé d’Affaire took up his post, and relations have continued to improve. The dialogue with the President has now been fully re-established, with four bilateral meetings held in the last six months, and is now very satisfactory.

198 As far as the dialogue with DoSFEA is concerned, it is characterised by openness and a willingness to share information. However, information is not always readily available owing to the lack of capacity within the Departments of State, other technical agencies and collaborative partner institutions.

199 The relationship between the EC and the NAO is also characterised by a real spirit of partnership and openness. However, the complexity of the issues, the burden of routine administrative and operational tasks and the lack of human resources at both the NAO, its services and the EC, severely limits the amount of time that can be devoted to key strategic issues.

200 Within the limits of the time available, and given the number of government Department with a direct stake in the EC cooperation programme (DoSLG&L; DWR; DoSE; Dept of Works; Dostie...), the EC Office has been able to hold a number of consultative meetings with government counterparts.

201 At the local level, given the emphasis on decentralisation, the Charge d’Affaire has visited the Area Councils in all three target rural divisions, and encouraged them to maintain direct links with the EC Office.

202 To establish contacts and improve information flows, the Charge d’Affaire visited the National Assembly; a local NGO forum; the main NGOs; and the Chamber of Commerce. These contacts will be extended, and to encourage the active involvement of NSAs in the implementation of the CSP and its evaluation, the EC would strongly support the creation of broad-based fora to facilitate dialogue. In this context, once the present report is approved it will be distributed to all the main stakeholders and partners, including other donors.

7 CONCLUSION

7.1 POLITICAL SITUATION

203 The relationship between the EC and the Gambia deteriorated at the end of 2001, resulting in the absence of the EC Chargé d’Affaires until May 2002. Although this situation was satisfactorily resolved following a visit to The Gambia of a mission led by the Deputy-Director General of DG DEV, it resulted in delays in programme implementation and programming. Since then dialogue at political level with President Jammeh and his Government has been fully restored and is now very satisfactory.

204 Key events in the political realm during 2002 were the establishment of a contested Media Commission, a difficult relationship between Senegalese and Gambian Transport Trade Unions that created cross-border trade problems, partial reorganisation in the Government, and the enacting of the Local Government Act followed by local elections won by APRC (President Jammeh’s party) candidates. The year 2002 was also marked in The Gambia by the capsizing of the Senegalese ferry ‘Jola’ off the Gambian coast, with the loss of at least 1,200 lives on September 23, 2002.

7.2 ECONOMIC SITUATION

205 The economic situation declined sharply in 2002. The Dalasi depreciated by 66% against the Euro, which, given the dependence of the country on imports, was accompanied by a sharp rise in the cost of living not matched by an increase in income and salary levels. The poor rains in 2002 also led to a sharp forecasted decline in the output of the main agricultural products. As a result, a rise in the percentage of persons living below the poverty line can be expected, which was already at 68% in 1998.

206 As far as government policy is concerned, implementation of structural reforms is a key element. However, divestiture has been overly delayed. The move towards administrative decentralisation was also held back by delays in passing key enabling legislation, notably the Finance & Audit Bill, as a result of which the functions of the Area Councils are limited, and with it progress in a focal sector for EC support. The second tranche of the PRGF IMF Programme that should have been released during the third quarter of 2002 still has not been released at the time of writing.

7.3 EC-GAMBIAN COOPERATION: MAIN RESULTS AND ACTIVITIES

207 Despite all this, major progress was achieved in the EC Gambia development co-operation. Only small balances remain available on the 6th and 7th EDF. The secondary commitments under the 8th EDF stood at 63% of the primary commitments in December 2002, up from 40% at the end of 2001.

208 During the year, the Support to Decentralised Rural Development Programme, one of the two major programmes of the 8th EDF, was restructured. More responsibility was devolved to component managers and the Local Government Officers appointed as imprest holders. Progress was registered in all components of the programme, with the installation of nine solar systems, the completion of 91 community projects and the definition of an exit strategy for microfinance. To complete activities, the EC has approved an extension of the validity period of the Financing Agreement of the programme until June 2004, as well as budget redistribution.

209 Progress on the Support to Education Sector Programme was slow (disbursement was only 3.2% of the primary commitment in 2002), due to problems (which have been resolved at the time of writing) in a tender for school construction. In the transport sector, a Financing Proposal that includes the rehabilitation of five trunk roads and technical support for the Road Authority was prepared, and is currently under review in Brussels.

210 In 2002, the 2nd tranche of €M3.7 under the 1st Structural Adjustment Support was released and a Financing Proposal for €M4.225 approved. Under Stabex, an external evaluation of EC support to the groundnut sector was carried out, which indicated the need to restructure the activities in the programme. A Framework of Mutual Obligations corresponding to new Stabex allocations in respect of 1997-99, and targeting support to Gambia-Groundnut-Corporation divestiture has been sent to EC HQ for approval.

211 As in the previous years, in 2002 The Gambia benefited from a number of Regional EC funded Programmes. The regional solar programme, which complements NIP resources that are used for the same purpose within the Support-to-Decentralised-Rural-Development programme, performs well, while other regional programmes (Procordel and Pace) have shown difficulties in management and implementation, which unnecessarily overburdened the Support Unit to the NAO and the EC Office.

212 Budget-Line support remains small, limited to four NGO Co-financed projects.

213 2002 also saw progress in possible access to the EIB funding; the Bank being in a process of reviewing investment proposals and developing linkages with local banks to target small and medium enterprises.

214 As far as In-Country dialogue on cooperation matters is concerned, relation between the EC office and its Gambian partners is characterised by a real spirit of partnership and openness. However, the lack of human resources at both the NAO services and the EC Office severely limits the amount of time that can be devoted to key strategic issues, given the complexity of programmes implementation issues and the burden of routine administrative and operational tasks.

7.4 KEY PERSPECTIVES FOR THE FUTURE

215 With the extension of the Support to Decentralised Rural Development Programme until June 2004 (together with a restructuring of the programme budget) and the tendering problems solved in the Support-to-Education programme, disbursement rate on these two main 8th EDF programmes are expected to be very satisfactory in the near future. However, problems may be expected with our present Budget Support programme given the fact that the country is presently off-track with the IMF and that the Financing Agreement for this programme expires at the end of 2003.

216 As far as the 9th EDF is concerned, the Country Support Strategy was approved in 2002 and signed in March 2003. There are two focal sectors (Transport and Decentralised Rural Development), and projects under non-focal sector focus on capacity building. The Transport Financing Agreement (with €M21 from NIP Gambia) is expected to be finalised at the beginning of 2004 at the latest. In the Rural Development Sector, a separate Financing Agreement (€M5) should be approved by the end of 2003 or early 2004. The preparation of the other component of this focal sector will start very soon, so that the corresponding Financing Proposal can be approved before the end of the current SDRD programme (end of June 2004). In the non-focal sector, a Financing Proposal for a Support to the NAO is presently under review, and documents are already available at the EC Office for the preparation of a Financing Proposal for capacity building of the private sector and civil society organisations.

217 Therefore although the Gambia appears to be slightly behind the timetable as attached to the CSP prepared in 2001 (before the problems in the EC Gambia relations mentioned above) and not revised since, it is expected that primary commitments will be ahead of schedule by mid 2004.

218 The extension of the validity period of the current Budget Support programme (€M4.225, ending in December 2003) has been requested. Should this extension be granted, expected allocation for 2003 under the Flex system (around €M1.8) could be added to that programme, which would contribute to reduce the presently large financial gap in public finances. In any case, implementation of any budget support should now take into consideration the results of the Country Financial Accountability Assessment report carried out in June 2003.

7.5 EFFORTS UNDERTAKEN TO SPEED-UP USE OF RESOURCES AND IN THE REFINEMENT OF RESULT INDICATORS

219 As mentioned above, the disbursement rates of the two main 8th EDF programmes (SDRD and SESP) should improve as a result of solutions brought to existing problems in these programmes.

220 For the 9th EDF, a decision has already been taken to prepare a separate Financing Proposal for the Water Supply component of our support to Rural Development, given that such a proposal can be prepared relatively quickly, enabling us to commit at least €M5 in early 2004 at the latest. The recruitment (in process) of additional staff at the EC Office (clearly understaffed at present); a new, reinforced NAO-Support Unit; and ongoing training on EDF procedures and project-cycle management, should substantially contribute to the speeding up of the use of available resources.

221 With the feasibility study on our support to the transport sector now available, it is possible to develop performance indicators at the level of the specific objectives for this sector. Furthermore, the process of reviewing current status against EC Country Support Strategy Paper performance targets has shown the need to revise certain indicators, which should be done in the coming months.

ANNEXES

- Annex 1 Intervention Framework for 9th EDF
- Annex 2 Indicative Timetable for Commitments
- Annex 3 Summary of Commitments and Disbursements for 2002
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 - 8th EDF NIP Financial Status
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- Annex 4 Map of The Gambia (including roads planned for rehabilitation)
- Annex 5 List of Acronyms

ANNEX 5

ACP
ACP
ADB
AFPRC
APO
ASPA
APRC
AU
BADEA
BPNRU
CDE
CFAA
CILLS
CIRDES
COLEACP
CPMS
CSO
CSP
CSS
DDF
DFID
DOSE
ECO
ECOWAS
ECSPPs
ECSU
EDF
EIB
EUMS
EPA
ERP
ESAF
FA
FAO
GDP
GGC
GRA
GTZ
HLEC
HoD
IBSC
IDA
IMF
ICT
ILRI
ITC
JICA
HIPC
MDFT

List of Acronyms

African, Caribbean, Pacific
Agriculture Credit Programme (in the ASPA context)
African Development Bank
Army Forces for Provisional Ruling Council
Agriculture Producer Organisation
Agric-business Service Plan Association
Alliance for Patriotic Reorientation and Construction
African Union
Arab Bank for Economic Development in Africa
Book Production materials and Resources Unit
Centre for Development Enterprise
Country Financial Accountability Authority
Committee for Control of Drought in the Sahel
Centre de Recherche-Dev. sur l'Elevage en Zone Sub-Humide
Pesticides Initiative Programme
Cooperative Produce Marketing Societies
Civil Society Organisation
Country Strategy Paper (plan)
Country Support Strategy
Divisional Development Fund
Department for International Development
Department of State for Education
European Commission Office
Economic Council of West African States
European Commission Supported Programmes and Projects
European Commission Support Unit
European Development Fund
European Investment Bank
European Union Member State
Economic Partnership Agreement
Economic Recovery Programme
Extended Structural Adjustment Facility
Financing Agreement
Food and Agricultural Organisation
Gross Domestic Product
Gambian Groundnut Cooperation
Gambian Road Authority
German Technical Development
High Level Economic Committee
Head of Delegation
Institution Building Support Committee
International Domestic Agency
International Monetary Fund
Information and Communication Technology
International Livestock Research Institute
International Trypanosomy-tolerance Centre
Japanese International Co-operation Agency
Heavily Indebted Poor Country
Multi-Disciplinary Facilitation Team

M&E	Monitoring & Evaluation
MSU	Management Support Unit
NAO	National Authorizing Officer
NARI	National Agriculture Research Institute
NASACA	National Village Savings and Credit Association
NBD	North Bank Division
NBD-FP	North Bank Division Forestry Project
NGP	National Governance Policy
NIA	National Intelligence Agency
NIP	National Indicative Programme
NTP	National Transport Plan
OAU	Organisation of African Unity
OMVG	Organisation for the Development of The Gambia River basin
PACE	Pan African Control of Epizootic
PCU	Programme Coordination Unit
PDF	Programme Development Forum
PER	Public Expenditure Review
PICC	Programme Implementation Consultative Committee
PMU	Programme Management Unit
PPP	People Progressive Party
PRA	Participatory Rural Appraisal
PROCORDEL	Collaborative Research Programme on Trypanosomiasis
PRSP	Poverty Reduction Strategy Paper
PSD	Programme for Sustainable Development
RIP	Regional Indicative Programme
RSP	Regional Solar Programme
RVT	Rural Vocational Training
SASP	Structural Adjustment Support Programme
SDRD	Support to Decentralised Rural Development Programme
SESP	Support to Education Sector Programme
SMP	Seed Multiplication Programme
SPACO	Strategy for Poverty Alleviation Co-ordination Office
SPA-II	Strategy for Poverty Alleviation II
SWS	Solar Water System
TA	Technical Assistance
TAC	Technical Advisory Committee
TANGO	The Association of Non-Governmental Organisations
TBA	Traditional Birth Attendance
TIPE II	Training Information Programme for the Environment
TORs	Terms of Reference
URD	Upper River Division
VDC	Village Development Committee
VISACA	Village Savings and Credit Association
VHW	Village Health Worker
WAEMU	West African Economic Monetary Union
WB	World Bank
WD	Western Division
WDC	Ward Development Committee
WP	Work Programme
WTO	World Trade Organisation

ANNEX 1

Intervention Framework for 9th EDF

ANNEX 2

Indicative Timetable for Commitments

ANNEX 3

Summary of Commitments and Disbursements for 2002

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ANNEX 4

Map of The Gambia (including roads planned for rehabilitation)

Non-focal Sector: Capacity building

Intervention Logic	Performance Indicators	Assumptions	Current Situation
<p>Macro-economic growth through private sector led development with transparent economic governance and private sector participation.</p> <p>(VISION 2020 & PRSP)</p>	<p>Period: 2001- 2005</p> <p>Growth in GDP 5.6% p.a</p>		<p>Real GDP growth fell 3% in 2002. Projected to rise by 7.5% in 2003, but latest indications suggest this is overly optimistic.</p>
<p><u>Intervention Objectives</u></p> <p><i>Capacity building for:</i></p> <ul style="list-style-type: none"> • Economic reform, • Support to the NAO, • Public-private partnerships • Non-State Actors 	<p><i>Period: 2002- 2005</i></p> <p>Budget deficit maintained at 2%</p> <p>External CA to below 12.5 %</p> <p>Reserves to 3 months.</p> <p>CPI maintained at 2.5%</p> <p>Tourist arrivals increase 5% p.a.</p> <p>Volume exports grows at 8% p.a.</p>	<p>No major adverse shocks.</p> <p>No major increase in population growth rate.</p> <p>Political stability.</p>	<p>Budget deficit at 4.2% of GDP.</p> <p>External account deficit at 12.1%, down from 12.3% in 2001.</p> <p>Domestic debt 33% of GDP, absorbing 20% of government revenues. Interest rates rose to 25%, broad money supply grew by 33%.</p> <p>Gross reserves in 2002 equivalent to 5.3 months of import cover. However, situation has deteriorated in 2003.</p> <p>Dalasis depreciated by 50% against the Euro in 2002.</p> <p>Tourist arrivals buoyant to date and expected to exceed 2002 levels.</p> <p>Re-export trade likely to decline due to impact of exchange controls.</p>

<p>Result 1</p> <p>Strategic training and technical support for Economic Management Capacity.</p>	<p><i>Period: 2002- 2004</i></p> <p>MTEF for economic sectors.</p> <p>Statistics fully updated and revenues maximised.</p> <p>Investment Policies revised.</p> <p>Financial sector reforms carried out.</p> <p>Trade and industrial policies revised.</p> <p>Legal systems reformed to enable private sector growth.</p>		<p>Updating of PERs for health and education about to start and new PERs planned for Works, Local Government and Tourism. These represent the first building blocks to an MTEF.</p> <p>World Bank 'Capacity Building for Economic Management' Programme supporting the Central Statistics Office.</p> <p>'Financial Institutions', 'Insurance' and 'Anti-money laundering' Bills ratified by the National Assembly, aimed at fostering confidence in the Gambian economy.</p> <p>New 'Income and 'Sales Tax' and 'Revenue Authority' Bills in final draft stages for presentation to Cabinet.</p>
<p>Result 2</p> <p>Public- Private Partnerships strengthened, eg:</p> <p>Tourism</p> <p>Vocational training</p> <p>Private Sector and civil society foundations.</p>	<p><i>Period: 2001- 2004</i></p> <p>NVTA 100% established with own consolidated fund for operations.</p> <p>GTA 100% operational with own budget for operations 2003.</p> <p>IBAS reformed and advising SMEs & ISMEs.</p> <p>Private Sector foundation established.</p> <p>Civil Society Forum organised in advocacy role.</p>		<p>Bill passed and Board appointed. DOSE expects a 20% increase in the ceiling of the FA to provide €1,000,000 to establish the institution.</p> <p>GTA self-financing.</p> <p>Study carried out into reform/restructuring of IBAS, but remains a public institution. Aims to enter into medium-term lending.</p> <p>Chamber of Commerce has drawn up a draft constitution. Financing Proposal to be developed under the public/private partnership framework of the 9th EDF.</p> <p>Interim committee working on process of establishing forum. Networked with Senegal. Supported by Programme budget of ECSU.</p>
<p>Result 3</p> <p>Office of the NAO has strengthened capacities.</p>	<p><i>Period: 2002- 2006</i></p> <p>8th EDF is fully committed by mid 2003.</p> <p>9th EDF 60% committed by end of 2003 and 100% by end 2004.</p> <p>Supports from EIB, EBAS, CDE and CTA mobilised.</p>	<p>Political stability.</p> <p>EIB can find structures to support private sector.</p>	<p>€6,000,000 balance of 8th EDF transferred to 9th EDF.</p> <p>€7,000,000 to be committed by Q4 2004 (€2,000,000 for NAO support and €5,000,000 for rural water supply).</p> <p>Roads (€24,000,000) FA approval expected in Q1 2004.</p> <p>Almost 100% will be programmed by end 2004.</p>

Transport Focal Sector

Intervention Logic	Performance Indicators	Original Assumptions	Current Status
<p>Improving access to services, national, regional and international markets.</p> <p>(National Transport Plan 1997-2006)</p>	<p>Approx. 40% of rural population access improved.</p> <p>Pending results of feasibility study to see number of and type of beneficiaries & Gambian Divestiture Agency study on ferry use.</p>	<p>Increased services and facilities under Health & Education Plan.</p>	<p>The feasibility study has been completed.</p> <p>Performance indicators at the level of the general objective need to be developed.</p>
<p><u>Intervention Objectives</u></p> <p>National and regional networks repaired and maintained.</p> <ul style="list-style-type: none"> Promoting public private sector partnerships in key infrastructure.(PRSP) 	<p>Over 50 % of the original paved road network is repaired and in good condition by 2004.</p> <p>Private companies contracted for repairs and maintenance.</p> <p>Private sector ferry service.</p>	<p>No deterring regional or international trade barriers.</p>	<p>No progress to date. Road condition deteriorating significantly on all trunk roads. The Government is waiting for the EC to redo up to 40% of the network, but financing for the balance still not secured.</p> <p>Private sector involved, but contracting erratic owing to financial constraints.</p> <p>Ferry service not privatised.</p> <p>The dispute between Gambian and Senegalese Transport Unions concerning transshipment of goods persists.</p>
<p><u>Results 1</u></p> <p>Gambian Roads Authority (GRA) and Road Fund established.</p>	<p>TA's in place by end 2002</p> <p>75% local staff recruited by Jan 2003.</p> <p>Modus operandi of fund established by Dec 2002</p> <p>Collection of 90% targeted user charges by Mid January 2003.</p>	<p>The new approach will be sustained by the introduction of new road user charges, based on various amendments to current licensing and road taxes and a new fuel levy of 0.5 Dalasis per litre</p>	<p>Road Highway Act passed in September 2002, but no staff or premises in place.</p> <p>Road Fund mechanism not established and no fees being raised.</p> <p>TA contract for RHA awarded, but suspended until both the establishment of the Roads Authority and the approval of the Financing Agreement. Validity period of the offer for TA services will need to be extended.</p>

<p>Results 2</p> <p>Reconstruction of:</p> <ul style="list-style-type: none"> • Barra-Amdalaye • Basse-Sabi • TransGambia • Madina Ba-Selete • Resealing of Soma- Basse 	<ul style="list-style-type: none"> • 19 km completed Dec 04 • 10 km completed Dec 04 • 24 km completed Dec 04 • 14 km completed Dec 04 • 190 km completed Dec 04 	<p>Design status completed by June 2002</p>	<p>Design study completed</p> <p>The Financing Proposal has been submitted to BxIs for approval. Clarification required concerning Regional (RIP) budget component (€5,000,000).</p> <p>Target indicators will need to be revised, based on starting date of FA.</p>
<p>Results 3</p> <p>Construction of new ferry terminal for Banjul and Barra and acquisition of new ferry for Banjul / Barra.</p>	<p>100% completion by June 2004. Finalisation of EIB appraisal report by June 2002</p> <p>Loan approval by December 2002</p>	<p>Separation of ferries and bus services.</p> <p>Public/ private management of ferry services</p>	<p>Feasibility study for the construction of new ferry terminals has been completed. EDF financing will depend on outcome of mid-term review.</p> <p>No progress on privatisation to date.</p> <p>Government has borrowed from commercial banks to buy two new ferries – delivery expected soon. EIB financing might be required for additional ferries</p>
<p>Results 4</p> <p>Financing plan for a bridge on the river Gambia at Farafenni</p>	<p>Launching of all studies by mid 2003.</p> <ul style="list-style-type: none"> • Studies completed by mid 2004. 	<p>Senegalese and Gambian Governments continue support for project</p>	<p>No study carried out, but previous studies (environmental and economic) have been reviewed by two committees created following the political agreement between Presidents Jammeh and Wade in early 2003. Progress on Committees seems slow</p>

Rural Development Focal Sector

Intervention Logic	Performance Indicators	Assumptions	Current Status
<p>Strategy for Poverty Alleviation</p>	<p>Status of Human Development in rural areas: Period 2002 to 2007</p> <p>Human Development Index increased from 0.363 to 0.442.</p> <p>Percentage rural population below Overall Poverty Line from 80% to 65%.</p>		<p>Given the recent impact of consumer price inflation, the situation can be expected to have worsened for many households.</p> <p>The low rainfall in 2002 has also adversely affected crop production, adding to the problems of the rural population.</p>
<p><u>Intervention Objectives</u></p> <p>Effective accountable rural institutions are established with enhanced capacities to improve services and livelihoods.</p>	<p><u>Rural services: Period 2003 to 2007</u></p> <p>Access to water supply increased from 77% to 85%</p> <p>Rural Access to Primary Health Care increased from 80% to 90%.</p> <p>Enrolment primary education from 48% to 55%.</p> <p>Agriculture: Contribution to GDP from 22% to 30%.</p> <p>Percentage of rural popⁿ food poor down from 70% to 50%.</p>	<p>Donor and sector coordination in implementation of the programmes under PRSP.</p> <p>Sector programmes continue contributions to rural areas.</p>	<p>The original indicator is not appropriate, as it includes both rural and urban consumers. The latest data from the DWR indicates that access to rural water is now 65% and increasing. A Water Sector FP is being prepared for the 9th EDF, indicative budget €5,000,000.</p> <p>No data available for Health. Primary level enrolment now at 90%, 3% above PRSP target.</p> <p>Agricultures indicator needs revising: as expressed it is relative, rather than absolute. Agricultural output in main cash crop (groundnuts) declined from 45,000 tons marketed in 2001 to an estimated 8,000 tons in 2002, due to impact of low rainfall.</p> <p>Food insecure population in rural areas estimated at 100% at peak of dry season in 2002 due to poor rains, although falls to 25% after the harvest.</p>

<p>Result 1</p> <p>Local Authorities and communities are strengthened to support and manage local development.</p>	<p><u>Local Authorities: 2003 to 2007</u></p> <p>Six elected LGAs in place with devolved powers capacities for financial & development management.</p> <p>Appropriate funding mechanisms for local development established.</p> <p>12-15 Ward Committees active per division.</p> <p>50% of Village Development Committees are active in each division</p>	<p>Donors respond to Divisional Plans and Divisional Development Fund.</p> <p>Local Government Act approved.</p> <p>Local Government elections held</p> <p>Sectors devolve responsibility and resources</p>	<p>Elected LGAs in place, but no enabling legislation yet submitted to National Assembly (Finance and Audit Bill). Expected November 2003.</p> <p>CFAA report indicates need for improvements in financial management systems. Sahel Report confirms that human resource capacity at LGA level limited.</p> <p>Line ministries not yet committed to decentralisation.</p> <p>Mechanisms for central government subventions (25% of LGA budget) not fully determined. The proposal for a Divisional Development Fund not yet finalised.</p> <p>WDC and VDCs are active</p>
<p>Result 2</p> <p>Producer organisations inter-professional associations are established and economically active.</p> <p><i>(Private Sector & rural strategies)</i></p>	<p><u>APOs & Inter-Prof Orgs: 2003 to 2007</u></p> <p>Six Inter-professional associations established for Groundnuts, Cotton, Sesame, Livestock, horticulture & fisheries.</p> <p>Primary APOs established and effective for these sectors.</p> <p>APOs represented on inter-professional bodies.</p> <p>Essential private sector service and input providers are members of inter-professional associations.</p>	<p>The government withdraws from input delivery and marketing.</p>	<p>Inter-professional body established for groundnuts; fisheries and horticulture being formed. No real progress for remaining three sectors.</p> <p>Co-operative Primary Marketing Societies long established in groundnut sector, but requires restructuring to increase ownership at village level and to redefine role of the apex (Federation of Agricultural Co-operative Societies).</p> <p>EDF financing (through SDRD and Stabex) a series of studies in fisheries, cotton, cashew and poultry to guide strategic interventions with embryonic APOs.</p>
<p>Result 3</p> <p>NGOs and CBOs facilitate income generation projects with communities</p> <p><i>(Non-State Actors Participate 9th EDF)</i></p>	<p><u>Food Security/ Income Generation: 2003 to 2007</u></p> <p>Minimum two projects per division per year financed focused on income generation, womens income, environmental initiatives, and youth initiatives.</p>	<p>NGOs/CBOs motivated and apply for grants.</p> <p>Sufficient numbers of NGOs per division</p>	<p>Financing Proposal for Food Security Projects expected to be approved in Q2 2004.</p> <p>Indicators for this intervention will need to be revised to reflect the developmental goals within the context of what is realistically achievable.</p>

ANNEX 2: INDICATIVE TIMETABLE FOR COMMITMENTS

Unité AIDCO	Gestionnaire du projet	EDF or LB	Intitulé du projet	Total Available 9 EDF €M	9 EDF Primary Commitments €M	Secondary Commitments												Risk low (1) med(2) high(3)	Cat <2mio €	2004	2005	2006	2007	Total 2003-2007
						2003 Total	2003 Jan	2003 Feb	2003 Mar	2003 Apr	2003 May	2003 Jun	2003 Jul	2003 Aug	2003 Sep	2003 Oct	2003 Nov							
Balances of previous EDF																								
		6	6th	0,47										2,0										
		7	7th	1,78																				
		8	8th	6,98																				
			Total Balances	9,22																		2,0		
Focal Sector 1: Rural Development				15,0																				
		9	40.5% of NIP = €M15	15,0																				
C3	Thiollier F.	9	Support to Decentralisation		8,0												8,0					8,0		
C3	Thiollier F.	9	Water Supply		5,0	5,0										5,0						5,0		
C5	Carreau R.	9	Capacity Building of Rural Associations		2,0																	2,0		
C5	Carreau R.	9	Small and Community Projects		2,0																	2,0		
			Total Commitments for Sector		15,0																	2,0		
Focal Sector 2: Infrastructure				31,0																				
C6	Marinelli S.	9	40.5% of NIP = €M15	15,0																				
		(6+7+8)	+ Balances from 6+7+8 EDF	8,0																				
		9	+ Transfer from Non-Focal sector	2,0																				
		8	+ NIP Senegal 8th EDF	3,0																				
		9	+ RIP WA 9th EDF	5,0																				
			Total Commitments for Sector																			31,0		
Non Focal Sectors				17,0																				
		9	19.0% of NIP = €M19	19,0																				
		9	Transfer to Transport Focal Sector	-2,0																				
		9	NAO Support Unit		2,0	2,0																		
		9	Support to Civil Society		0,5	0,5								0,5								0,5		
		9	Capacity Building for Private Sector		2,0												2,0					2,0		
		9	Unallocated (incl poss regional contribution)		1,7												0,5	0,5	0,7					
		9	Support to SME Mgt training		0,8	0,8								0,8								0,8		
			Total Commitments for Sector		7,0																	7,0		
Total EDF				65,0																		1,7		
TOTAL Planned Commitments						8,3				0,73			2,0			5,0	1,3				43,5	0,5	0,7	53,7

NIP of the 8th EDF - Financial Situation and Status Report of Projects Funded (as at 31.12.02 in EUR)

PROJECT NO. # ACP GM	PROJECT TITLE	Date of EDF Decision	PRIMARY COMMITMENT	SECONDARY	Disbursement	SECONDARY	Disbursement	31 Dec 01	31 Dec 02	Status
				COMMITMENT	AT 31.12.02	COMMITMENT	AT 31.12.02	2002	2002	
NATIONAL INDICATIVE PROGRAMME (NIP)										
5	Support to Education Sector Programme	01/07/1999	5.000.000	1.018.172	511.092	254.130	162.752	7%	10%	On-going
6	Support to Decentralised Rural Development	01/07/1999	16.000.000	10.929.339	7.039.671	4.185.090	2.213.639	32%	47%	On-going
7	Institutional Support to the NAO	01/09/1999	1.900.000	1.848.945	1.228.323	699.900	572.349	34%	65%	On-going
8	Structural Adjustment Prog. Prep of Fin. Proposal	16/07/1999	20.063	22.100	20.063	-	-	100%	100%	Complete
10	UN Conference on Least Developed Countries	13/08/2000	9.090	11.000	9.090	-	-	100%	100%	Complete
11	Support to the Groundnut Sub-Sector	14/08/2000	28.151	28.531	28.317	-1.820	-	83%	83%	Complete
16	Promotion of Tourism in the Gambia	14/02/2001	67.000	66.909	66.544	-11	138	99%	99%	Complete
PROJECTS TOTAL			22.024.303	13.920.998	8.897.990	5.137.389	2.948.875	27%	40%	
BALANCE UN ALLOCATED			6.475.697							
TOTAL NIP			28.500.000							
STRUCTURAL ADJUSTMENT PROGRAMME										
9	Structural Adjustment Prog. (SAFI)	01/09/2000	9.200.000	8.893.486	8.842.892	3.787.576	3.811.386	65%	98%	On-going
17	Poverty Reduction Budget Support Prog. 2002	30/08/2002	3.700.000	-	-	-	-	-	-	Pending
18	Poverty Reduction Budget Support Prog. 2002	30/08/2002	555.000	-	-	-	-	-	-	Pending
TOTAL STRUCTURAL ADJUSTMENT			13.455.000	8.893.486	8.842.892	3.787.576	3.811.386	37%	66%	
STABEX										
1	Stabex 1996 Cotton	18/07/1997	468.271	468.271	468.271	-	-	100%	100%	On-going
2	STABEX 1996 Cravettes	18/07/1997	328.424	328.424	328.424	-	-	100%	100%	On-going
3	STABEX 1997 Cotton	30/08/1998	132.899	132.899	132.899	-	-	100%	100%	On-going
4	STABEX 1997 Groundnuts	30/08/1998	2.438.407	2.438.407	2.438.407	-	-	100%	100%	On-going
12	Stabex 1999 Cotton	27/08/2000	64.328	64.328	64.328	-	-	100%	100%	Pending
13	Stabex 1999 Groundnuts -Shell or Unshelled	28/08/2000	676.358	676.358	676.358	-	-	100%	100%	Pending
14	Stabex 1999 Sesame	28/08/2000	82.997	82.997	82.997	-	-	100%	100%	Pending
15	Stabex Groundnuts	07/12/2000	68.780	68.780	68.780	-	-	100%	100%	Pending
TOTAL STABEX			4.258.262	4.258.262	4.258.262			100%	100%	
REGIONAL INDICATIVE PROGRAMME (RIP)										
B-ACP-TPS-038	Support to Decentralised Rural Development (TPS)1	01/07/1999	1.800.000	80.100	41.544	-	-	2%	2%	On-going
B-ACP-ROC-027	Peace Negotiation in Casamance (ROC-27)	17/12/1999	300.000	240.839	124.899	-	-	42%	42%	Complete
B-ACP-RDC-011	ITC/PROCORDEL		2.856.475	2.484.100	1.803.028	-	-	66%	56%	On-going
B-ACP-RDC-042	Regional Solar Programme Phase II (RSP II)	30/09/2002	2.031.083	335.188	63.492	335.188	63.492	0%	3%	On-going
TOTAL RIP			6.987.568	3.140.227	1.832.961	335.188	63.492	26%	28%	
GRAND TOTAL			46.725.133	30.212.970	23.832.105	9.260.153	6.823.753	38%	61%	

NIP of the 7th EDF - Financial Situation and Status Report of Projects Funded (as at 31.12.02 in EUR)

PROJECT NO. 7 ACP GM	PROJECT TITLE	Date of EDF Decision	PRIMARY COMMITMENT	SECONDARY COMMITMENT	Disbursement	SECONDARY COMMITMENT	Disbursement	31 Dec 01 Disbursement /	31 Dec 02 Disbursement /	Status
				AT 31.12.02	AT 31.12.02	2002	2002	Prim Commit. %	Prim Commit. %	
NATIONAL INDICATIVE PROGRAMME (NIP)										
1	Divisional Development Programme	08/10/1991	17.400.000	17.388.870	17.237.505	11.892	77.816	99%	99%	Awaiting Closure
3	Structural Adjustment (Fuel Import Prog.2)	28/10/1991	1.997.659	1.997.659	1.997.659	0		100%	100%	Complete
5	Training Programme	23/07/1992	800.000	793.038	786.228	-5.620	33.212	84%	98%	Complete
7	CILSS Summit	27/08/1997	27.455	27.455	27.455			100%	100%	Complete
8	Promotion of Tourism	03/05/1993	37.116	37.116	37.116			100%	100%	Complete
19	Butane Gas Study	07/02/1994	16.183	16.183	16.183			100%	100%	Complete
20	South Bank Road Study	29/07/1998	48.752	48.752	48.752			100%	100%	Complete
21	Mandina Ba Bassa Roads Studies	17/08/1994	730.000	-	-	-338.798	150.650	21%	0%	To be re-committed
24	TIFE Phase II Subvention	24/03/1995	500.000	500.000	487.206			97%	97%	Awaiting Closure
26	Electoral Registration Survey	15/12/1995	22.387	22.387	22.387			100%	100%	Complete
27	Electoral Registration Support	15/12/1995	646.323	646.323	646.323			100%	100%	Complete
28	Planning & Implementation Agri. Commodity Prog.	18/09/1998	67.999	67.999	67.999	-1.797		100%	100%	Complete
29	Support to the Education Sector	20/10/1998	24.267	24.267	24.267			100%	100%	Complete
32	Support to the Groundnut Sub Sector	25/04/2000	29.359	29.359	29.359			100%	100%	Complete
33	Denton Bridge Fleet of Vessels	12/05/2000	67.195	67.195	67.195	-10.805		100%	100%	Complete
48	Study to Assist Prog. 8th EDF Sup to Educ. Sector	27/01/1998	39.797	39.797	39.797			100%	100%	Complete
PROJECTS TOTAL			22.454.491	21.716.399	21.535.429	-345.128	39.621	96%	96%	
BALANCE UN ALLOCATED			1.045.509							
TOTAL NIP			23.500.000							
OUTSIDE THE NIP										
4	Greater Banjul Water Supply	21/04/1992	4.300.000	4.300.000	4.300.000			100%	100%	Complete
6	Stabex 91 (Groundnut)	25/09/1992	354.307	354.307	354.307			100%	100%	Complete
10	Training Programme	03/12/1993	65.628	65.628	65.628			100%	100%	Complete
11	Banjul Sewerage & Drainage	03/12/1993	6.570	6.570	6.570			100%	100%	Complete
15	TA to Min of Finance	03/12/1993	8.928	8.928	8.928			100%	100%	Complete
30	Community Management of VWS Systems	01/03/1999	11.439	11.439	11.439	-2.061		100%	100%	Complete
31	Technical Assistance & Feasibility Studies, Design	06/01/2000	630.000	473.798	221.685	473.798	221.685	0%	38%	On-going
TOTAL OTHERS			5.376.872	5.220.670	4.968.557	471.737	221.685	88%	92%	
STRUCTURAL ADJUSTMENT										
2	Structural Adjustment (Fuel Import Prog.1)	28/10/1991	2.000.000	2.000.000	2.000.000			100%	100%	Complete
9	Structural Adjustment		4.200.000	4.200.000	4.200.000			100%	100%	Complete
TOTAL STRUCTURAL ADJUSTMENT			6.200.000	6.200.000	6.200.000			100%	100%	
REGIONAL INDICATIVE PROGRAMME (RIP)										
RPR-744	Pan African Control of Epizootics (PACE)	31/10/1999	664.600	507.517	115.385	276.748		17%	17%	On-going
GRAND TOTAL			34.695.963	33.644.586	32.819.371	403.358	182.064	94%	96%	

NIP of the 8th EDF - Financial Situation and Status Report of Projects Funded (as at 31.05.03 in EUR)

PROJECT NO. E ACP CM	PROJECT TITLE	Date of EDF Decision	PRIMARY COMMITMENT	SECONDARY COMMITMENT	Disbursement AT 31.05.03	SECONDARY COMMITMENT	Disbursement 2003	31 Dec 02		31 May 03		Status
								Disbursement / Prim Commit. %	%	Disbursement / Prim Commit. %	%	
NATIONAL INDICATIVE PROGRAMME (NIP)												
5	Support to Education Sector Programme	01/07/1999	5,000,000	1,016,172	639,218	-	128,134	10%		13%		On-going
6	Support to Decentralised Rural Development	01/07/1999	15,000,000	13,731,025	8,019,713	2,801,696	980,142	47%		53%		On-going
7	Institutional Support to the NAO	01/09/1999	1,900,000	1,847,175	1,420,394	-	1,770	85%		76%		On-going
8	Structural Adjustment Prog. Prep of Fin. Proposal	19/07/1999	20,083	20,083	20,083	-	2,037	100%		100%		Complete
10	UN Conference on Least Developed Countries	13/06/2000	9,090	9,090	9,090	-	1,810	100%		100%		Complete
11	Support to the Groundnut Sub-Sector	14/06/2000	28,151	28,317	26,317	-	214	93%		93%		Complete
16	Promotion of Tourism in the Gambia	14/02/2001	67,000	66,681	66,681	-	228	99%		100%		Complete
PROJECTS TOTAL			22,024,303	16,718,523	10,200,474	2,795,527	1,302,484	40%		48%		
BALANCE UN ALLOCATED			6,475,697									
TOTAL NIP			28,500,000									
STRUCTURAL ADJUSTMENT PROGRAMME												
9	Structural Adjustment Prog. (SAFI)	01/09/2000	9,200,000	8,924,077	8,869,832	30,591	26,940	98%		98%		On-going
17	Poverty Reduction Budget Support Prog. 2002	30/08/2002	3,700,000	-	-	-	-					Pending
18	Poverty Reduction Budget Support Prog. 2002	30/08/2002	655,000	-	-	-	-					Pending
TOTAL STRUCTURAL ADJUSTMENT			13,455,000	8,924,077	8,869,832	30,591	26,940	60%		66%		
STABEX												
1	Stabex 1996 Cotton	16/07/1997	458,271	458,271	458,271	-	-	100%		100%		On-going
2	STABEX 1998 Cravettes	16/07/1997	328,424	328,424	328,424	-	-	100%		100%		On-going
3	STABEX 1997 Cotton	30/08/1999	132,699	132,699	132,699	-	-	100%		100%		On-going
4	STABEX 1997 Groundnuts	30/08/1998	2,438,407	2,438,407	2,438,407	-	-	100%		100%		On-going
12	Stabex 1999 Cotton	27/09/2000	64,326	64,326	64,326	-	-	100%		100%		Pending
13	Stabex 1998 Groundnuts -Shell or Unshelled	28/06/2000	678,358	678,358	678,358	-	-	100%		100%		Pending
14	Stabex 1999 Sesame	28/06/2000	82,997	82,997	82,997	-	-	100%		100%		Pending
15	Stabex Groundnuts	07/12/2000	68,780	68,780	68,780	-	-	100%		100%		Pending
TOTAL STABEX			4,258,262	4,258,262	4,258,262	-	-	100%		100%		
REGIONAL INDICATIVE PROGRAMME (RIP)												
8-ACP-TPS-038	Support to Decentralised Rural Development (TPS)/1	01/07/1999	1,800,000	80,100	41,544	-	-	2%		2%		On-going
8-ACP-ROC-027	Peace Negotiation in Casamance(ROC-27)	17/12/1999	300,000	240,839	124,899	-	-	42%		42%		Complete
8-ACP-ROC-011	ITC/PROCORDEL		2,858,475	2,484,100	1,803,028	-	-	58%		66%		On-going
8-ACP-ROC-042	Regional Solar Programme Phase II (RSP II)	30/09/2002	2,031,093	612,086	63,492	176,898	-	3%		3%		On-going
TOTAL RIP			6,987,568	3,317,125	1,832,961	176,898	-	26%		26%		
GRAND TOTAL			46,725,133	33,215,986	25,161,529	3,003,016	1,329,424	51%		64%		

MAP OF THE GAMBIA

Annex 4

Five road sections for rehabilitation under 9-th EDF:

- 1 Barra-Amdalai
- 2 Madina Ba - Seletti
- 3 Trans-Gambia
- 4 Soma-Basse
- 5 Basse-Sabi

