Board Meeting of September 10, 1998
Statement by Juan L. Cariaga

Gambia - Country Assistance Strategy and Third Education Sector Project

We welcome this Country Assistance Strategy (CAS) for the Republic of The Gambia and appreciate the candid explanation of recent development challenges, as well as the description of the opportunities and risks that exist.

The Gambia’s promising efforts to reduce poverty through higher economic growth have been affected in the last several years by adverse external and domestic shocks, inappropriate policy responses, governance and transparency issues, and political instability. Relations with donor institutions were reduced or suspended, and in the case of the Bank, when resumed did not involve new projects. Since then, as a result of The Gambia’s return to more appropriate economic policies, the Bank and others have renewed their development assistance.

It is therefore heartening to learn that today there is a broad based internal consensus on development priorities and the need for further reforms. Gambia’s reform agenda is described by its “The Gambia Incorporated...Vision 2020” and the recently completed Policy Framework Paper (PFP). This indicates government ownership of its program, even if not all issues for discussion with the Bank have been resolved.

We notice, however, that there is an absence of any description about consultations with civil society, NGOs and other interested parties, and would appreciate staff providing additional information. Was there no activity in this area, or is this simply an omission?

This is the first CAS since 1993. Gambia has made substantial efforts to improve political and economic performance, especially through reduction of the budget deficit and through improved fiscal management. As a result, earlier this year IDA approved its first credit in four years for the health sector, while the IMF Board has more recently approved an ESAF program. Other positive developments included an overall GDP growth in 1997 of 5.4 percent and a narrowing of the current account deficit.

Nevertheless, as the CAS noted in straightforward terms, the government and the Bank do not agree in all areas. From the Bank’s
perspective, there seems to be further room for changes in the responsibilities of the state. The relative roles of the public and private sectors have not yet been fully resolved. We appreciate the frank discussion in paragraph 39 and understand that the government may be wary of previous poor results. As the CAS noted, the lack of government ownership, inadequate sequencing and transparency as well as differences in the degree of private participation have contributed to this. However, with such a situation it may be difficult to reach agreement about the design of a feasible privatization program.

For public enterprise reform, the measures proposed include primarily the regularization of debt. Is there any strategy for reducing public sector participation? Would the government regulate activities in the energy and telecommunications sectors? Is there a plan for privatizing the management of tourism or port related services? In view of the country’s mixed experience in the past, these are questions that will bear keeping in mind as the CAS is implemented.

We would expect that recommendations and lessons learned will result from the public expenditure reviews (PER) that are planned to be carried out this fiscal year and onwards.

The high priority given to develop capacity building is appropriate, as is the Bank’s involvement in providing assistance to improve central and local government capacities.

We also support the proposed IDA program for Gambia’s third education sector project, as the first phase of an Adaptable Program Lending (APL) credit.

After the presidential and legislative elections in early 1997, the government undertook a number of welcome measures to implement sound reforms. The CAS highlights several of these, including the necessary adequate legal and regulatory framework for the free trade zone, labor legislation, proposed legislation for some private sector activities and others. We would appreciate staff commentary on the political consensus for passing this legislation and suggest that the next CAS incorporate some description of the political system and risks, if any.

Overall, we support the CAS and appreciate the efforts that have been made as Gambia returns to a development oriented policy supported by the Bank, the IFC and other donors. We agree that the base case scenario is justified by improvements in macroeconomic management and understand the need for front loading of programs after the four-year hiatus. The triggers for the low case and high case scenarios appear reasonable.

Finally, we welcome the attention that has been paid to developing and coordinating partnerships and hope that the results of these projects will be such as to encourage the government and people of The Gambia take the most advantage possible in their efforts at economic progress and poverty alleviation.