CONTENTS

BOARD OF DIRECTORS AS AT 31ST DECEMBER, 2005

Governor (Chairman)	-	F.L Jatta
Director (MDI)	-	F.J.Jabang
Director	-	M.A.Kah
Director	-	B.J Carr
Permanent Secretary	-	A.Touray

Department of State for Finance & Economic Affairs (EX-Officio)

SENIOR OFFICERS OF THE BANK AS AT 31ST DECEMBER, 2005

Governor	-	F.L Jatta
General Manager	-	M.B.Saho
Adviser to Governor	-	M.Ceesay
Principal Private Secretary	-	A. Bajaha
Legal Advisor	-	E.J.Jagana
Director, Finance Department	-	O.S.Samba (Mrs)
Director, Finance and Supervision Department	-	O. A.Sowe
Director, Economic Research Department	-	B.Saidy
Director, Internal Audit Department	-	M.B.Mboge
Director, Banking Services Department	-	A..Colly
Director, Admin and Human Resource Department	-	H.M.V.Carr
Deputy Director, Internal Audit Department	-	Alasana Fatty
Deputy Director, Admin and Human Resource Department	-	H.S.Joof (Ms.)
Deputy Director, Finance Department	-	O.Corr
Deputy Director, Micro-Finance Department	-	B.Senghor
Deputy Director, Micro-Finance Department	-	F.D.Touray
Deputy Director, Finance and Supervision Department	-	E.Drammeh
Deputy Director, Foreign Department	-	O.S.Jatta
Deputy Director, Risk Management Unit	-	A.B.S.Gaye
Commissioner of Insurance	-	P.A.Sillah
Principal Admin Officer	-	O.K.Janneh
Principal Bank Examiner, Banking Supervision Dept.	-	A.Jallow
Principal Bank Examiner, Banking Supervision Dept.	-	P.Mendy
Principal Economist, Economic Research Dept.	-	B.Kolley

Principal Librarian, Economic Research Dept.	-	F.Jagne (Ms)
Principal System Analyst, IT Department	-	P.L.Prom
Principal Accountant	-	A.O.Jeng
Principal Banking Officer, Banking Services Dept.	-	W.M.Eunson
Principal Banking Officer, Banking Services Dept.	-	M.M.Jammeh
Principal Banking Officer, Banking Services Dept.	-	B.Koita
Principal Banking Officer, Banking Services Dept.	-	J.Sarr
Principal Foreign Department Officer, Foreign Dept..	-	E.A.C.Ndong

KEY ECONOMIC INDICATORS

DEMOGRAPHY	2003	2004	2005
Population(in millions)	1.36	1.4	1.44
Population Density(person per sq km)	127	131	130
Population Growth Rate	2.8	2.8	2.8
OUTPUT			
GDP at Current Market Prices (D'millions)	10005.9	12394.3	13174.0
Per Capita GDP at Market prices	7357	8853	9148
GDP at Constant Market Prices (D'millions)	720.3	767.3	820.3
Agriculture	208.6	230	247.01
Industry	81.9	84.5	88.48
Services	429.8	453.2	484.8
END-PERIOD INFLATION RATE			
January	11.5	18.1	6.9
February	13.3	17.7	5.7
March	14.7	17.1	4.9
April	17.1	15.8	4
May	17.7	15.8	3.4
June	19	15.8	2.3
July	20.2	15.7	1.4
August	21.1	14.7	2
September	18	12.3	2.1
October	17.2	11.4	2
November	16.9	9.8	2
December	17.6	8	1.8
Annual average	17	14.3	3.2

CHANGES IN MONETARY AGGREGATES(%)

MONETARY SURVEY	2003	2004	2005
Money Supply	43.4	18.3	13.5
Narrow Money	63.5	8.2	6.8
Quasi Money	19	35.1	21.5
Net Foreign Assets	64.2	70.0	-0.66
Net Domestic Assets	31.9	-17.6	32.8
Domestic Credit	39.2	-22.6	22.3
Government Net	36.2	-32.5	33.6
Public Sector	358.9	-34.8	16.2
Private Sector	25.4	-22.3	16.2

Central Bank of The Gambia			
NFA	865.6	1768.7	3112.7
NDA	990.3	292.0	2969.0
Reserve Money	62.0	11.0	11.9
Money Multipliuer	2.47	2.6	2.7
Velocity	2.2	2.3	2.1

INTEREST RATES	**2003**	**2004**	**2005**
COMMERCIAL BANKS LENDING RATES			
Agriculture	21.0-36.5	21.0-36.5	21.0-30.0
Manufacturing	21.0-36.5	21.0-36.5	21.0-30.0
Building	21.0-36.5	21.0-36.5	21.0-30.0
Trading	21.0-36.5	21.0-36.5	21.0-30.0
Tourism	21.0-36.5	21.0-36.5	21.0-30.0
Other	21.0-36.5	21.0-36.5	21.0-30.0
Deposit Rates			
Savings Bank Account	8.0-17.0	10.0-17.0	7.0-17.0
Time Deposits			
Three Months	7.0-22.0	8.0-22.0	5.0-14.0
Six Months	8.0-22.0	8.0-22.0	7.0-15.0
Nine Months	8.0-22.0	8.0-22.0	7.0-14.0
12 Months and above	10.-22.0	12.0-23.0	7.0-17.0
Government			
Treasury Bills	31.0	30.0	16.0
Discount Notes	25.5	25.5	25.5
Govt. Development Loans			
20005(H)		15.5	15.5
2005(I)		20.0	20.0
Central Bank			
Bank Rate		28.0	19.0
Rediscount Rate		33.0	30.0

	2003	**2004**	**2005**
NOMINAL GDP	**10005.9**	**12394.3**	**13174**
GOVERNMENT FINANCE (Percent of GDP)			
Domestic Revenue	15.7	20.2	18.6
Tax Revenue	13.8	18.1	17.1
Direct Tax	4.4	4.9	5.2
Indirect Tax	9.4	13.2	12.0
Domestic	2.1	2.4	2.8

International Trade	7.3	10.9	9.2
Non-tax Revenue	1.9	2.0	2.6
EXPENDITURE AND NET LENDING	**2336.5**	**3760.8**	**3721.3**
Current Expenditure	1701.3	2159.0	2419.9
Capital Expenditure	657.8	1625.3	1196.3
Net Lending	-22.6	-23.5	-30.4
Budget Deficit, Excluding Grants			
Without HIPC Assistant	-681	-1080.6	-667.1
with HIPC Assistant	-763.5	-1262.2	
Budget Deficit, including Grants	-490.1	-702.8	-749.6
Deficit Financing	**381.3**	**748**	
Foreign	60.8	690	457.5
Domestic	320.5	57.7	473.3
Government Debt	**17800**	**19461.6**	
Foreign	15700.0	16329.2	
Domestic	2100.0	3132.4	4387.6
EXTERNAL FINANCE (in millions)	**2003**	**2004**	**2005**
TRADE BALANCE	**-1131.8**	-2370.2	-2784.7
Imports	-3999.8	-6185.5	6347.0
Exports	**2868**	3815.3	3562.3
SERVICES	**-337**	-920.5	1009.5
Factor Service Balance	-541.9	-1167.8	-448.2
Non-factor Service Balance	**204.9**	247.3	558.1
PRIVATE TRANSFER	**105.8**	117.5	117.3
CURRENT ACCOUNT			
Excluding official transfers	-1363.1	-2603.2	-2557.6
including official transfers	-510.2	-1414.5	-1724.4
CAPITAL ACCOUNT	**190.5**	2042.5	2045.3
Official Loans(net)	458.1	746.4	489.2
Private Capital (net)	-267.6	1296.1	1556.1
Overall Balance	**-139.4**	-988.3	320.9
Financing/change in official Reserves	139.4	-652	-277.2
Repurchase/Repayments	0	-336.3	-43.8
Purchases/Loans	0	0	0

PART I: DEVELOPMENTS IN THE DOMESTIC ECONOMY

AN OVERVIEW

Growth in GDP (at constant market prices) was estimate at 6.9 per cent compared to 6.6 per cent in 2004. This robust growth performance is reflective of the achievements in all major sectors of the economy over the year.

Agriculture continues to be an important pillar of the Gambian economy with its contribution to GDP estimated at over 30.0 per cent in 2005. Agricultural value-added registered an increase of 7.4 per cent but was lower than the robust 10.3 per cent growth in 2004.

The production of groundnut (the main cash crop) increased markedly by18.0 per cent although much lower than the 29.6 per cent output growth in 2004. Production of other crops, including rice, maize, millet and sorghum rose by 5.0 per cent. Livestock production and fisheries continue to contribute significantly to household income, food security and employment. Livestock population was estimated at 39.7 million compared to a population of 38.6 million in 2004.

Industrial growth in 2005 was estimated at 4.9 per cent relative to 3.0 per cent growth in 2004. The performance of the industrial sector is mainly attributable to the strong growth in all its major sub-sectors including mining, building and construction, manufacturing and, to some extent, production of water and electricity.

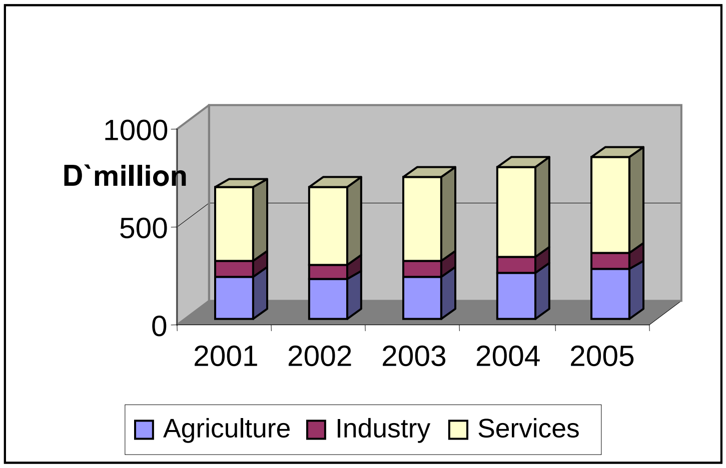
The service sector, which remains the dominant sector of the economy, grew by 7.0 per cent in 2005, slightly higher than the output growth of 5.5 per cent in 2004. The robust output growth of 31.0 per cent of hotels and restaurants largely explains the higher growth rate of the sector over last year.

Tourism is an increasingly important sector of the Gambian economy as a major foreign exchange earner and the proportion of the population it employs. In 2005, air chartered tourist totalled 181,704, more than double the preceding year's total of 90,095 arrivals.

1.0 GROSS DOMESTIC PRODUCT (GDP)

The growth rate of GDP at constant (1976/77) market prices was 6.9 per cent compared to 6.6 per cent in 2004. This robust growth is primarily due to increase in value-added of all the major sectors of the economy.

Figure 1: Sectoral Contribution to GDP at Factor Cost (in D'millions)



(a) Agricultural Sector

Agriculture remains to be the mainstay of the Gambian economy based on its contribution to GDP. It is estimated that agriculture accounts for over 30.0 per cent of GDP and employs over 70.0 per cent of the entire work force of the economy.

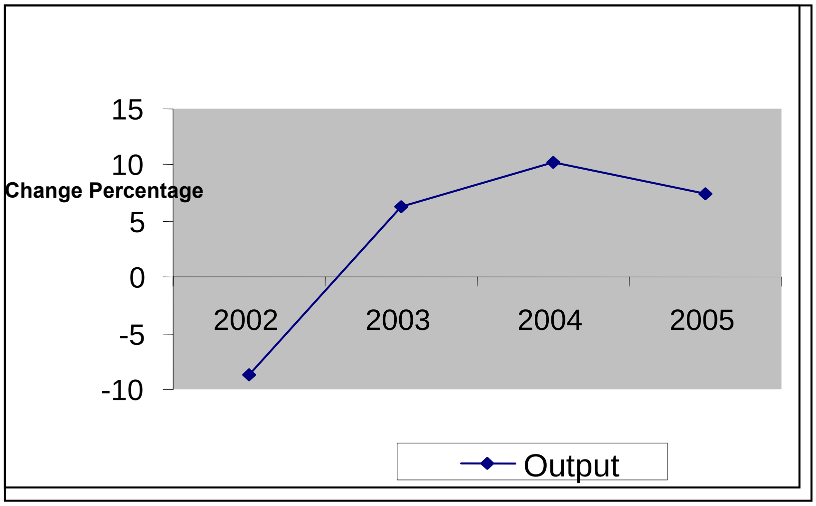
Agricultural industry is estimated to have grown by 7.4 per cent in 2005 relative to the preceding year. This growth rate, although positive, is lower than the robust 10.3 per cent output growth rate in 2004. This is largely explained by the drop in growth rate of groundnut production from 29.6 per cent in 2004 to 18.0 per cent in 2005.

The groundnut sub-sector continues to encounter multitude of constraints, including inconsistent weather conditions and poor marketing arrangements. Thus, production was well below potential. Groundnut production, the basic provider of rural household income, was estimated at 140,660.2 tonnes in 2005 compared to 135,697.0 in 2004. Its value-added was estimated at 18.0 per cent, slightly lower than budget projection of 18.3 per cent.

Output of other crops including rice, millet and sorghum grew by 5.0 per cent, albeit lower than the growth rate of 7.5 per cent in 2004. The livestock and forestry industries both registered a substantial increase in value-added of 3.01 per cent and 3.06 per cent respectively, marginally over the 3.0 per cent projection for both sub-sectors.

The fishing industry recorded 10.0 per cent of value-added. The Sustainable Fisheries Livelihood Programme (SFLP) being implemented in West Africa, including the Gambia is expected to improve the livelihoods of artisanal fishing communities through the development of social and human capital participatory management of natural capital and the development of appropriate fisheries policy and institutional environment. This programme is funded by the Government of Great Britain and Northern Ireland to the tune of US$43 million.

Figure 2: Value-added of Agricultural Sector



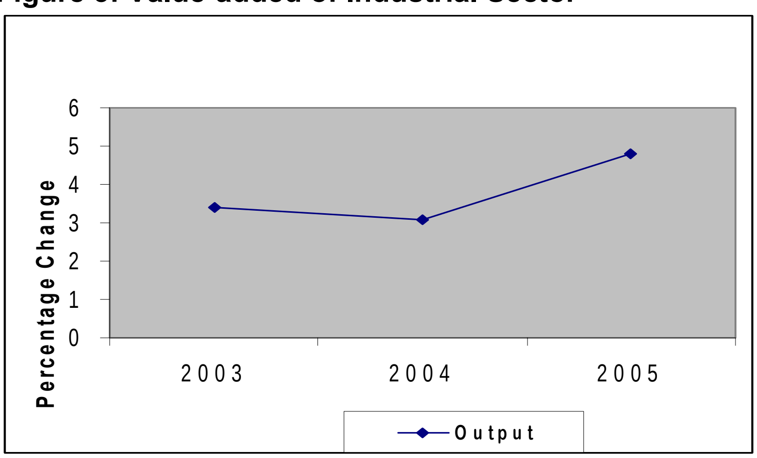
(b) Industrial Sector

The valued-added of the industrial sector grew by 4.8 per cent in 2005, more than the 3.1 per cent growth in 2004. Value-added of all its sub-sectors increased.

The manufacturing sub-sector grew marginally by 4.9 per cent in 2005, lower than the 5.7 per cent output growth in 2004. The weak performance could be attributable to the inefficient energy sub-sector and the small size of the domestic market.

The value-added of building and construction continues to grow at a steady pace due to the high demand for residential and non-residential buildings and the expanding public projects. The sub-sector registered a real growth rate of 5.0 per cent in 2005 compared to the output growth rate of 3.7 per cent in 2004.

Figure 3: Value-added of Industrial Sector



The mining and quarrying industry grew at a strong pace by 9.6 per cent in 2005 relative 9.0 per cent growth in 2004. The marked growth of this sub-sector is mainly explained by the expanding construction industry due to high demand for residential buildings created by the growing population.

The water and energy sub-sector grew only marginally by 0.9 per cent. However, the sub-sector is expected to pick up with the Government now embarking on the rural electrification project, the acquisition of new generators for Brikama power supply system and peri-urban water project in Brufut.

(c) Service Sector

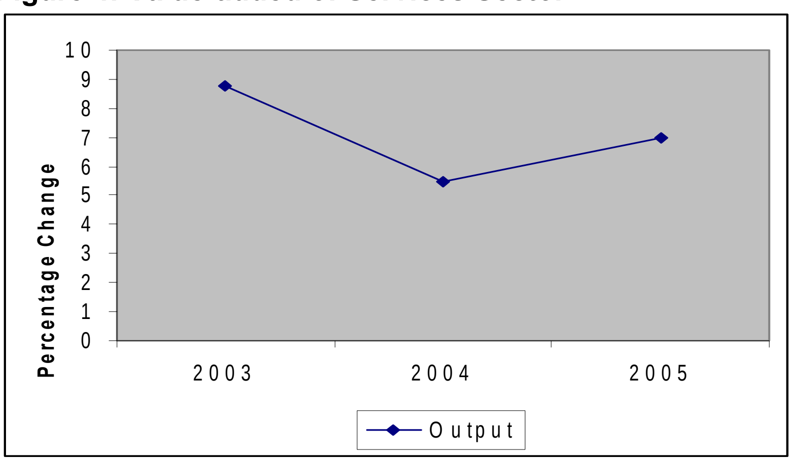
The services sector recorded real output growth of 7.0 per cent in 2005, following the 5.5 percent expansion in 2004. The spectacular performance of the hotels and restaurants sub-sector largely explains the growth in this sector. The value-added of the sub-sector increased by a substantial 31.0 per cent, exactly equal to the budget projection. This is attributable to the boost in the number of tourist arrivals.

Transport and communication industries continue to grow steadily over the years, particularly the telecommunication industry. The communication sub-sector is expected to grow at a stronger pace with the increased network capacity and clientele base of GAMTEL and the GSM service providers.

The distributive trade sub-sector grew markedly by 7.0 per cent in 2005 but lower than the output growth rate in 2004. This was as a result of sluggish growth of value added of groundnut trade due to poor marketing arrangements. The value-added of groundnut trade dropped from 20.1 per cent in 2004 to a staggering 9.0 per cent. Other trades registered 6.7 per cent in 2005 output growth compared to 8.0 per cent in 2004.

Real estate, Government and other services grew by 4.9 per cent, 1.5 per cent and 2.8 per cent compared to 5.0 per cent, 2.0 per cent and 2.8 per cent respectively.

Figure 4: Value-added of Services Sector



2.0 Agricultural Production

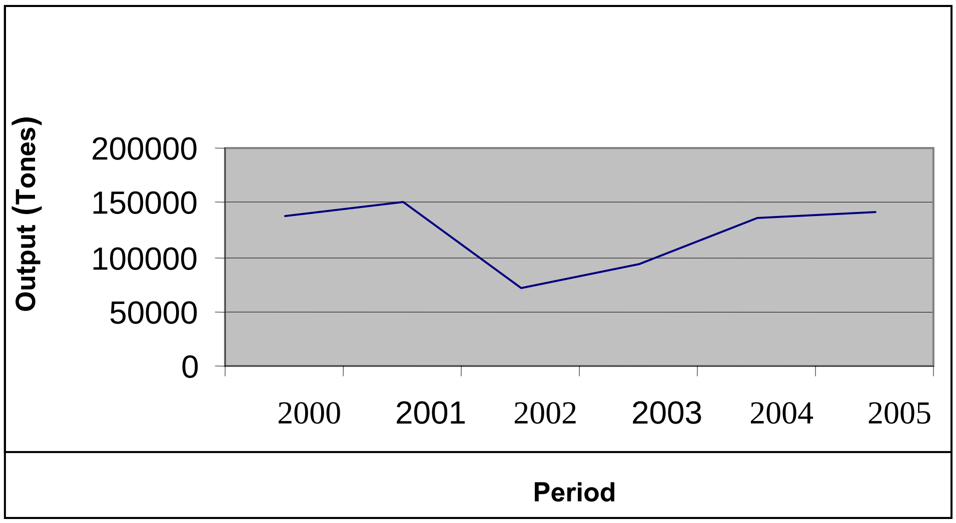
An overall picture of the Gambian economy shows that it is predominantly agricultural. This is particularly true if the significance of a sector is based upon its contribution to the GDP; export earnings and the proportion of the population employed in or dependant on it for their livelihood. Agriculture contributes 30.1 per cent to the GDP and employs over 70.0 per cent of the entire work force.

The performance of this sector in the 2005 crop season was not quite impressive. Groundnut, the main cash crop, recorded an increase in output while production of food crops (cereals) declined markedly.

(a) Groundnut Production

Groundnut production increased both in terms of yield and area cultivated. Total output of groundnut increased to 140,660 metric tonnes or 3.7 per cent while average output (kg/ha) increased significantly by 35.5 per cent. The increase in yield could be attributed to the favourable whether conditions, quality seed nuts and the increase in total area cultivated. The total area planted rose from 116,627 hectares in 2004 to 137,275 hectares or 15.0 per cent.

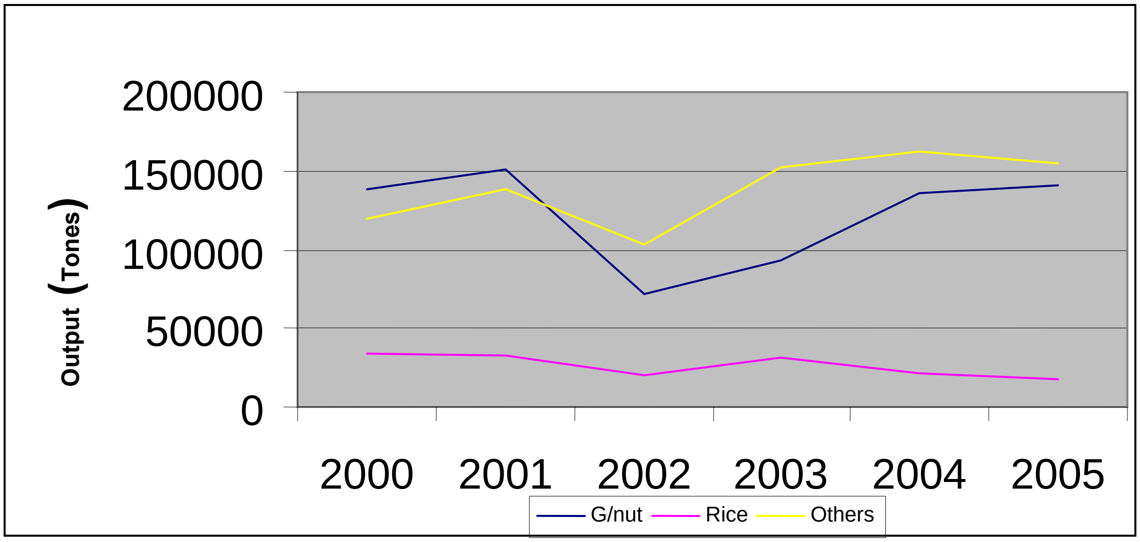
Figure 5: Groundnut Production



(b) Cereal Production

The aggregate output of all cereal crops, which includes sorghum, maize, millet and rice decreased to 199,697.7 metric tones or 6.1 per cent over the previous year. The output of all individual food crops dropped.

Figure 6: Output of Principal Food Crops



(i) Coarse Grains

Coarse grains, comprising millet, sorghum and maize contracted to 181,557.4 metric tonnes or 5.0 per cent despite the surge in area cultivated. The total area cultivated rose from 173,404.9 hectares in 2004 to 177,848.8 hectares in 2005 or 20.2 per cent.

The production of early millet fell to109, 124.9 metric tonnes or 6.3 per cent over the previous year while the average output (kg/ha) dropped by 8.0 per cent. However, the area cultivated increased to 109,875.7 hectares or 1.5 per cent.

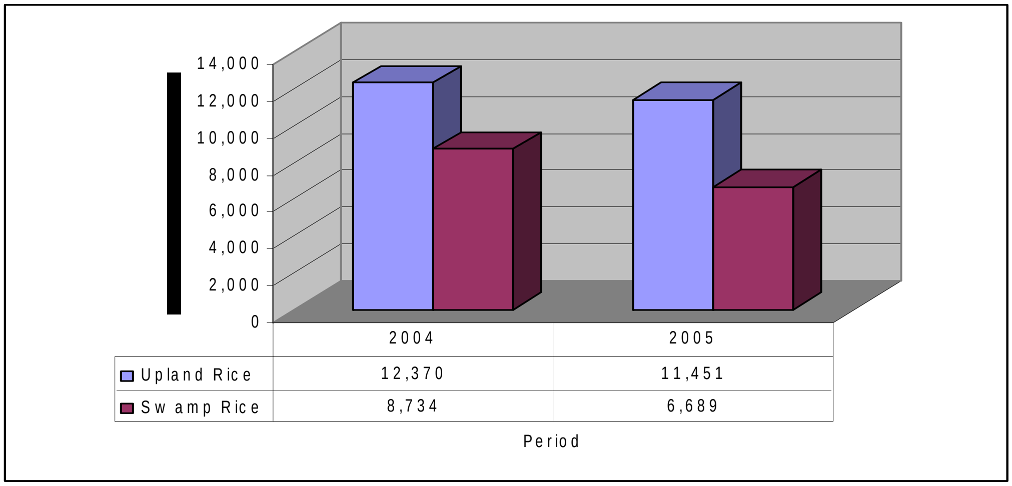
The output of sorghum declined to 28, 463.4 metric tones underpinned by significant decrease in land area cultivated, 22,949.7 hectares or 13.5 per cent. Consequently, the yield per hectare of the crop decreased by 10.26 per cent.

Maize production followed the same trend as other food crops. The total output of maize decreased to 27,703.0 metric tonnes or 5.4 per cent while the total planted area increased to 27,576.7 hectares or 12.2 per cent. The yield per hectare declined markedly by 20.1 per cent.

(ii) Rice Production

The production of rice, the staple food in The Gambia, totalled 18,140.4 metric tonnes in 2005 compared to 21,104.0 metric tonnes, a drop of 16.3 percent. However, the total area cultivated increased to 17,813.0 hectares, or 6.8 per cent in 2005.

Figure 7: Rice Production

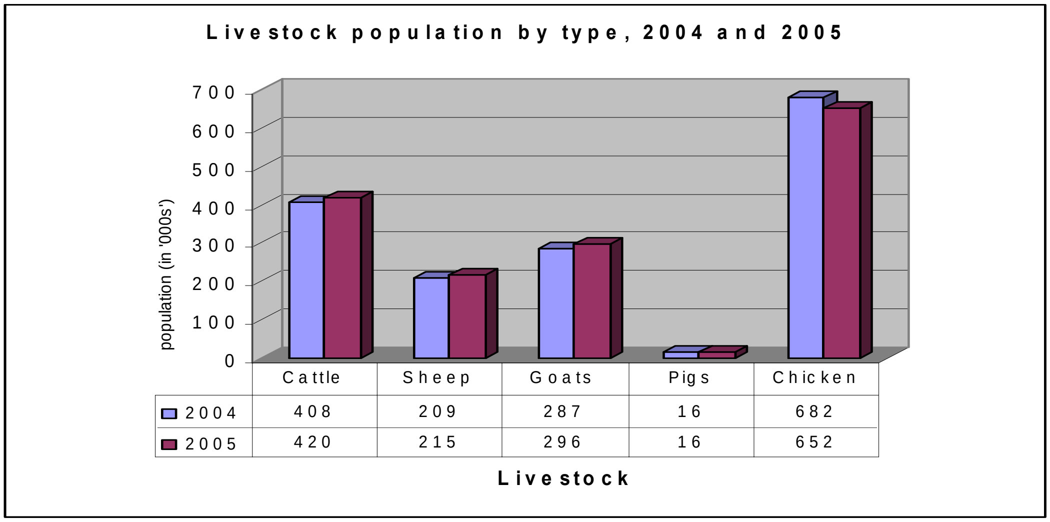


Upland rice cultivation increased from 9,343.0 hectares in 2004 to 11,471.75 hectares while output decreased substantially to 998.0 metric tonnes, or 32.6 per cent. Similarly, production of swamp rice decreased significantly to 6,689.32 metric tonnes in 2005 from 8,734.0 metric tonnes in 2004, a drop of 30.6 per cent. The total area cultivated also dropped to 6,341.3 hectares or 14.6 per cent.

(c) Livestock

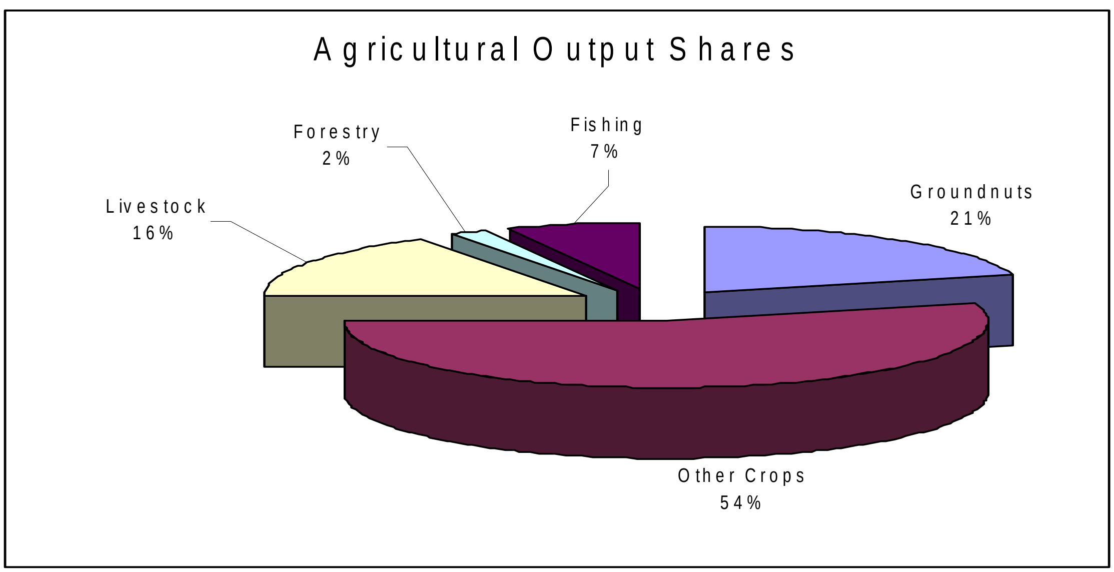
The livestock sector forms 16.0 per cent of agricultural contribution to GDP and continues to substantially contribute to household incomes, food security, and employment especially in rural Gambia. The livestock population was estimated at 1.6 million in 2005, compared to 1.9 million in 2004. The data shows a drop across all species of livestock but more severe in the duck, turkey, pig and cattle populations. The duck population dropped from 37,670 in 2004 to 8,745 in 2005. Similarly, the turkey population fell from 1,595 in 2004 to 513 in 2005. These represent percentage decrease of 76.8 percent and 67.8 percent respectively. Likewise, the population of pig and cattle declined from 24,694 and 425,029 in 2004 to 14,032 and 276,764 respectively in 2005.

Figure 8:



To further develop the sector, Government is committed to improving the traditional systems of production as well as increasing access to livestock services. The Department of Livestock (DLS), in collaboration with its partners, is promoting breed improvement programmes in a bid to enhance the genetic potential of indigenous livestock. These include the distribution of cockerels, poultry, broilers and layers. Two cattle superior breeding programmes and a three-tier small ruminant breeding programme have been established and superior breeds were distributed to small farmers.

Figure 9: Agricultural Output shares



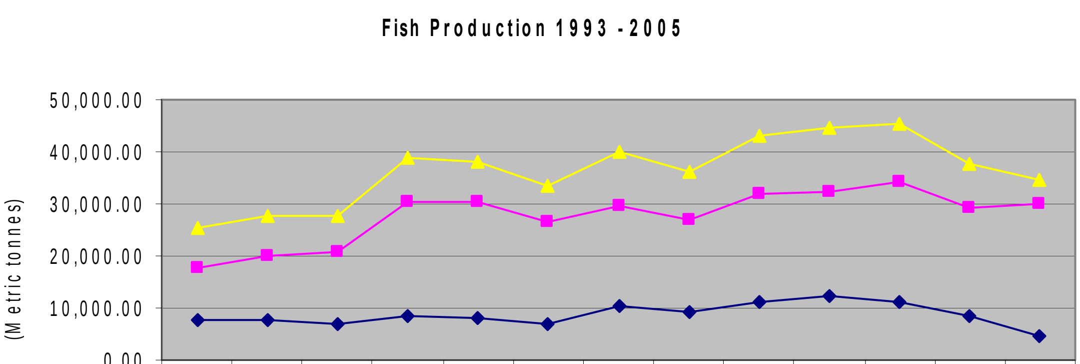
(d) Fisheries Sector

The Gambia is endowed with abundant marine riverine resources. According to recent surveys conducted by the Fisheries Department, the maximum sustainable yield (MSY) for pelagic fish resources is between 65,000 and 75,000 metric tonnes and demersal fish resources between 15,000 and 17,500 metric tonnes.

Fish output continues to decline for the past two years. It declined from 45,370 metric tones in 2003 to 37,692 metric tonnes in 2004 and then further down to 34,794 metric tonnes in 2005. These represent year-on-year drops of 16.9 percent and 7.7 respectively. The decline in total output in 2005 was due to the huge decline in catches made by the industrial sub-sector which experienced a drop from 8,375 metric tonnes in 2004 to 4,625 metric tonnes in 2005. The Artisanal sub-sector has slightly improved on its output at 30,169 metric tonnes from 29,317 metric tonnes in 2004, representing a 2.9 percent rise.

The artisanal sub-sector is primarily engaged in relatively extensive low-input fishing related practices. Industrial fishing, on the other hand, is relatively limited. Only 20 companies were registered in 2005, but only 8 invested in on-shore processing factories and 6 have so far been certified to export products into European Union Countries.

Figure 10: Fish Production



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Industrial	7,736.30	7,751.60	6,937.10	8,371.69	7,987.95	7,011.67	10,249.3	9,236.60	11,198.00	12,160.00	11,005.00	8,375.00	4,625.25
Artisanal	17,559.75	19,916.73	20,799.1	30,509.8	30,242.9	26,533.4	29,743.2	26,867.0	32,016.0	32,336.0	34,365.0	29,316.9	30,169.0
Total	25,296.0	27,668.3	27,736.2	38,881.5	38,230.8	33,545.15	39,992.5	36,103.6	43,214.0	44,496.0	45,370.0	37,691.9	34,794.2

Years

Faster development of the fisheries sector is hindered by myriad factors, including the absence of a fisheries port to boost the industry, inadequate storage facilities, illegal fishing, poor marketing infrastructure and inadequate and high cost of electricity.

To exploit the full potential of the sector, the rehabilitation and construction of fisheries infrastructure through the Gambia Artisanal Fisheries Development Project was intensified in 2004. The on-going FAO funded Sustainable Fisheries Livelihood Project also provides support particularly with respect to developing and improving policies and institutions for improved livelihoods and food security. To develop the capacities of post-harvest stakeholders as well as strengthen institutional linkages to promote responsible use of fish resources, Government in collaboration with development partners such as Arab Bank for Economic Development in Africa (BADEA) is working on providing technical assistance and equipment for fish hygiene and fish quality control.

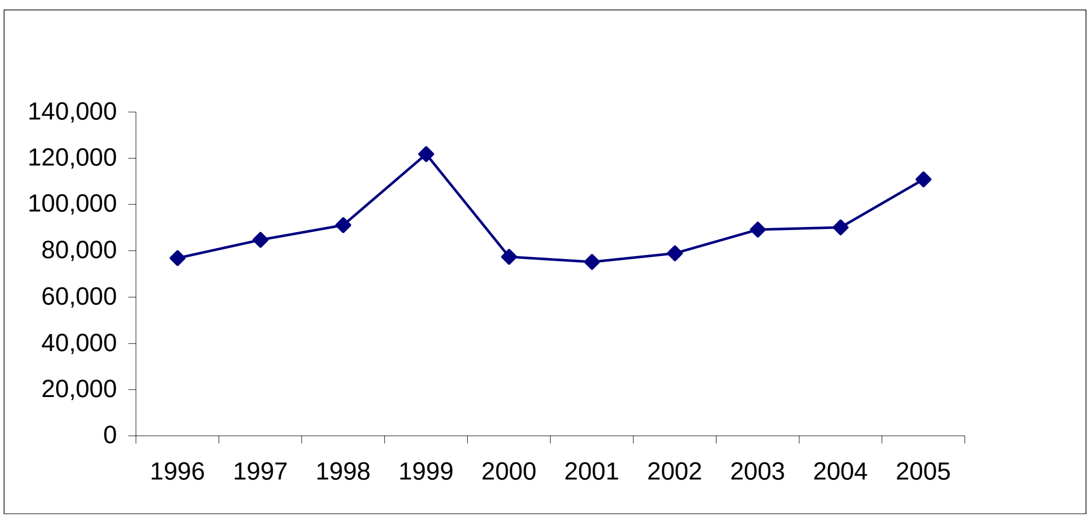
3.0 TOURISM

(3.1) Developments in the Tourism Industry

Tourism is of crucial importance to The Gambia's quest for sustained economic growth and poverty reduction through job creation.

Data from the Gambia Tourism Authority (GTA) indicate that air chartered tourist arrivals in the year ending December 2005 totalled 110,815, an increase of 23.0 percent from last year. Tourist arrivals in January 2005 totalled 14,474, 12.7 percent above the figure recorded in January 2004. Britain, the largest source market accounted for more than 50.0 percent of total arrivals followed by the Netherlands, Germany and Sweden.

Figure 11: Air Chartered Tourist Arrivals



As reflected in the balance of payments, average out-of-pocket expenditure (excluding hotel accommodation, breakfast and meals) is projected at D500.00 a day, the same as in the previous year. The average length of stay also remains unchanged at 13 days. Total out-of-pocket expenditure is estimated at D720.30 million compared to D585.6 million in the previous year. Income from hotel beds totalled D860.7 million compared to D768.3 million in 2004. Income from arrival fees is also estimated at D27.6 million, up from D24.6 million in the previous year. As a result, travel income is estimated at D1.6 billion in 2005 from D1.4 billion in 2004 reflecting increased number of tourist arrival.

Table 1:

Total income from Air Chartered Tourists	**2003**	**2004**	**2005**
Number of Air-Chartered Visitors	89,116	90,098	110,815
Average out of pocket expenditure (GMD)	500	500	500
Average length of stay	13	13	13
Hotel rate per night (GBP)	12	12	12
Departure fees(GMD)	170	170	170
Tourists Arrival Tax(GBP)	5	5	5
Average Exchange rate (GMD/GBP)	51.9	54.66	49.78
Income from Hotel Beds (D' 000s)	721,519	768,262	860,554
Total out of pocket expenditures(D' 000s)	579,254	585,637	720,298
Income from Arrival fees(D' 000s)	23,126	24,624	27,582
Income from Departure fees(D' 000s)	15,150	15,317	18,839
Total income from Air-Chartered Tourists(D' 000s)	**1,339,048**	**1,393,839**	**1,627,272**

4.0 INFLATION

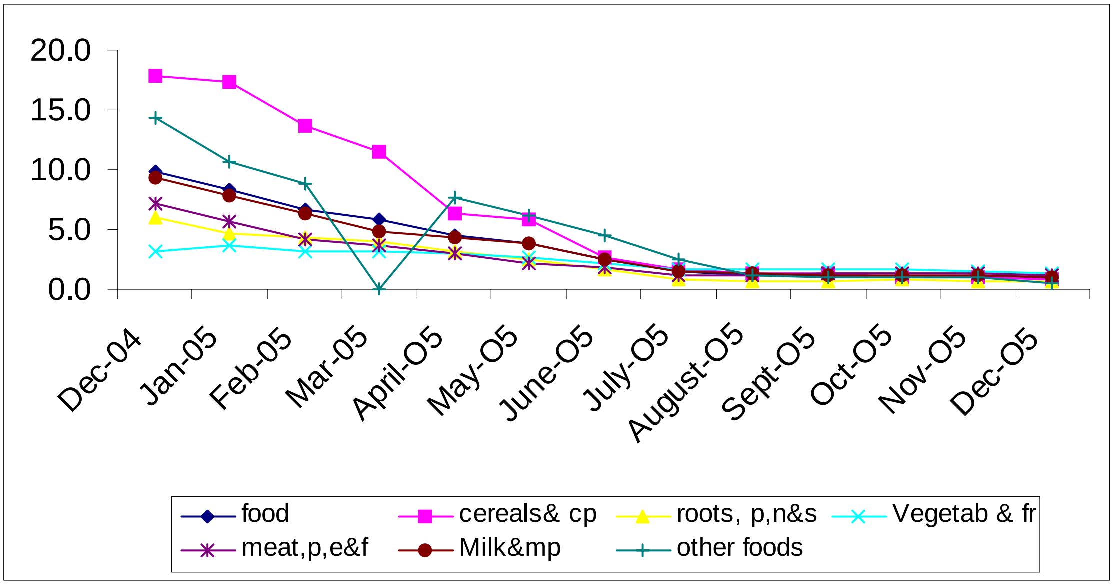
(4.1) Consumer Price Index (CPI)

End-period inflation, measured by the consumer price index of low income population of Banjul and Kombo St Mary area, declined from 8.0 per cent in December 2004 to 1.8 per cent at end-December 2005. Average inflation rate (12 month moving average) was 3.2 per cent compared to 14.2 per cent a year earlier.

(4.2) Food Inflation

Food consumer price inflation declined to 0.9 per cent compared to 9.9 per cent in December 2004. Prices of all food sub-groups declined. ‘‘Cereals and cereal products’’, ‘‘ roots, pulses, nuts and seeds’’, ‘‘ vegetables and fruits’’, ‘‘meat, poultry, eggs and fish’’, ‘‘milk and milk products’’ and other foods consumer price inflation decelerated to 0.8 per cent, 0.6 per cent, 1.3 per cent, 1.1 per cent, 1.1 per cent and 0.6 per cent compared to 17.8 per cent, 6.1 per cent, 3.1 per cent, 7.1 per cent, 9.3 per cent and 14.3 per cent respectively in the previous year.

Figure 12: Food Inflation December 04– December 05



(4.3) Non-Food Inflation

Non-food consumer price inflation also decelerated to 3.8 per cent compared to 3.9 per cent at end-December 2004 as a result of the significant decline in the prices of " housing", and "fuel and light", to 0.5 per cent, and 4.6 per cent compared to 3.4 per cent and 9.1 per cent respectively in the preceding year. On the other hand, the consumer price inflation of " clothing, textiles and footwear" and "miscellaneous items" rose to 2.9 per cent and 5.0 per cent from 1.5 per cent and 2.4 per cent respectively in December 2004.

Figure 13: Non-Food Inflation December 04-December 05

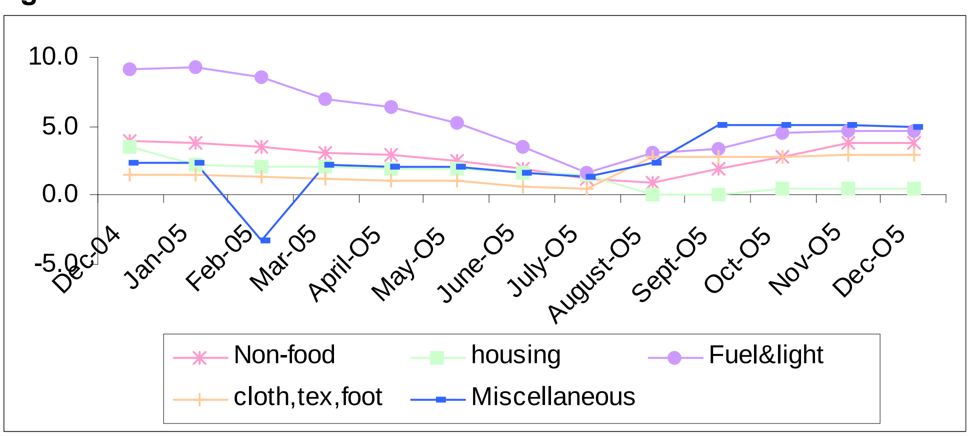
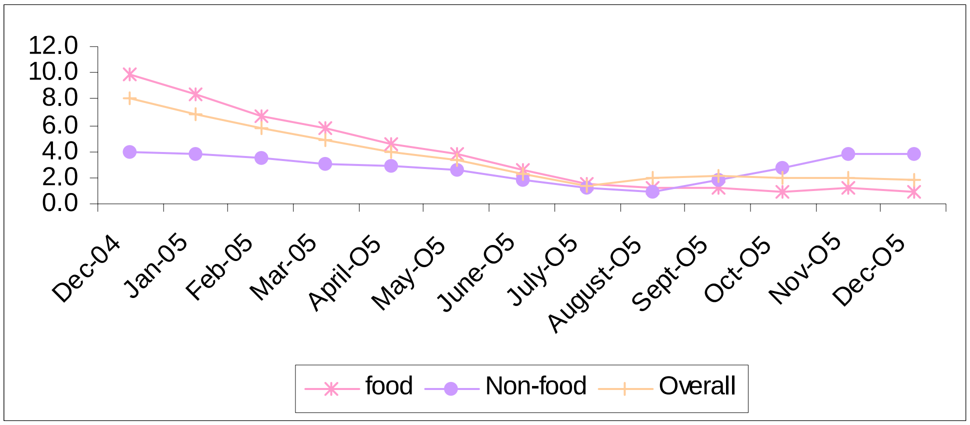


Figure 14: Consumer Price Inflation December 04- December 05



(4.4) Core Measures of Inflation

The measures of core inflation attempt to strip out the effects of temporary disturbances (noise) from the headline inflation in order to uncover underlying inflation.

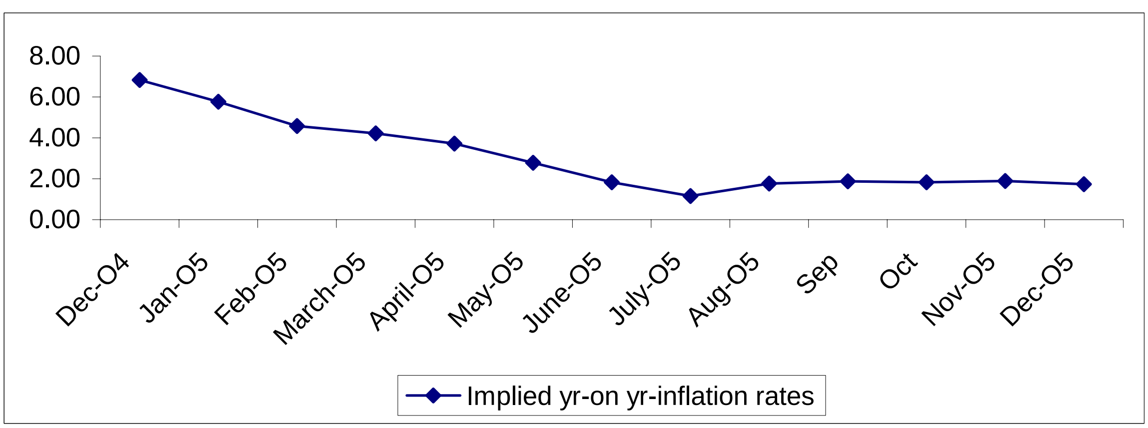
The so-called noise in headline inflation is stripped out by excluding prices of energy and utilities (fuel, light and transportation) and volatile food items.

The first measure of core inflation (Core 1), which excludes energy prices (fuel, light and transportation) declined from 6.8 per cent in December 2004 to 0.7 per cent in December 2005.

Table 2: Core 1: (excluding energy and transportation)

	Dec-o4	Jan-05	Feb-05	Mar-05	Apir-05	May-05	Jun-05	Jul-05	Aug-05	Sep-O5	Oct-O5	Nov-05	Dec-05
Estimated core CPI	2261	2263	2264	2265	2266	2267	2268	2270	2273	2296	2271	2300	2300
yr.-on yr.-inflation rat	6.8	5.8	4.6	4.2	3.7	2.8	1.8	1.9	1.7	1.2	0.9	1.9	0.7

Figure 15: Core 1 Implied year-on-year inflation

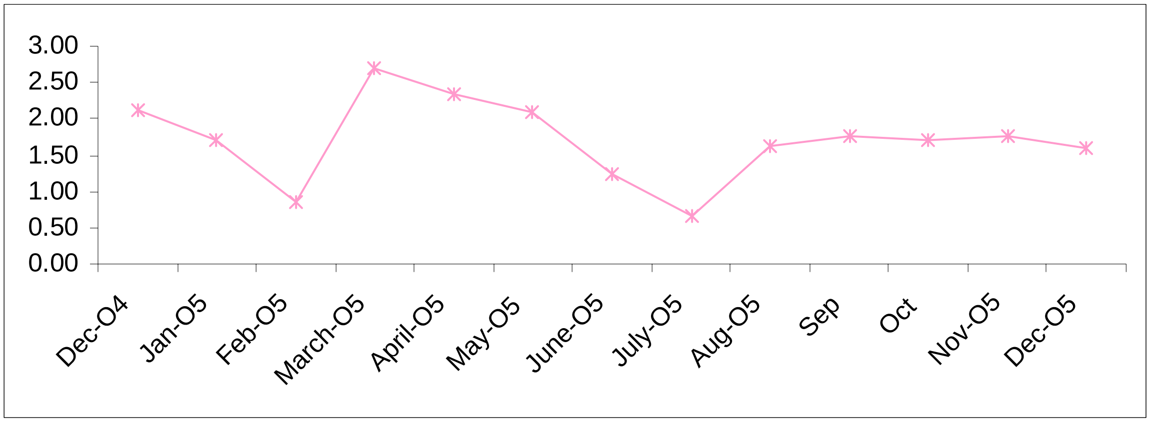


Core 2 which strips out prices of energy and utilities and volatile food items (''meat, poultry, eggs and fish'', ''tobacco and tobacco products'', ''cereals and cereal products'', and ''processed foods'') also decelerated from 2.1 per cent in December 2004 to 1.6 per cent in December 2005.

Table 3: Core 2: (excluding prices of energy and volatile food items)

	Dec-o4	Jan-05	Feb-05	Mar-05	Apr-05	may-05	June-05	Jul-05	Aug-O5	Sep-O5	Oct-O5	Nov-05	Dec-05
Estimated core CPI	1095	1096	1096	1097	1097	1097	1098	1098	1099	1111	1099	1112.5	1112.4
yr-on-yr inflation	2.1	1.7	0.9	2.7	2.4	2.1	1.3	0.7	0.7	1.7	0.5	1.8	1.6

Figure 16: Core 2: Implied year-on-year inflation



5.0 MONETARY POLICY AND OPERATIONS

(5.1) Monetary Policy

The objective of the Bank's monetary policy is to attain low and non-volatile inflation, exchange rate stability and to support Government's economic policy. In pursuing the objective of price stability, the Bank has been following a money targeting regime, with broad money as the intermediate target and reserve money as the operating target.

In July 2004, a Monetary Policy Committee (MPC) was formed. The MPC is chaired by the Governor and includes the General Manager, Heads of Banking and Financial Supervision, Economic Research and Banking Services Departments, and two representatives of the Department of State for Finance and Economic Affairs (DOSFEA). The MPC deliberates to consider the monetary policy stance and signals its intentions by announcing the level of the rediscount rate, the policy rate. The key macroeconomic targets are to reduce inflation to 4.5 per cent, achieve real GDP growth rate of 5.0 per cent and build-up gross official reserves to 4.7 months of import cover.

The Monetary Policy Committee being successful in reducing inflation to low single digit level (that is from 11.4 per cent in September 2004 to 1.8 per cent in December 2005) and maintaining the stability of the exchange rate, gradually lowered the rediscount rate from 29.0 per cent in February 2005 to 19.0 per cent in December 2005.

(5.2) Monetary Policy Instruments

The Central Bank uses the following instruments in the conduct of monetary policy, open market operations, interest rates, reserves requirements and discount and rediscount windows.

(5.2.1) Open Market Operations

Open market operations continued to be the primary instrument of monetary policy, with the Treasury bill rediscount rate serving as the key signaling mechanism. The objectives of open market operations are to mop up excess liquidity achieve positive real interest rates and contribute to price stability.

(5.2.2) Treasury Bills

Gambia Government Treasury bills were primarily used to conduct open market operations. With a view to significantly reduce inflationary pressures, open market operations were intensified causing outstanding stock of Treasury Bills to increase to D3.8 billion in 2005, or 26.2 per cent from 2004.

(5.2.3) Foreign Exchange Intervention

Central Bank intervenes in the Foreign Exchange Market (that is, the buying and selling of foreign exchange) for the following reasons: to defend the exchange rate; to achieve the desired level of international reserves to anchor the domestic currency; to pay for imports and to meet debt service obligations. In 2005, the Bank purchased foreign exchange amounting to D924.87 million.

(5.2.4) Interest Rates

Following the advent of the MPC, the Bank shifted to using the rediscount rate of Treasury bills as the policy rate instead of the Treasury bills discount rate. This move was informed by the realization that the rediscount rate provides a better signaling mechanism about policy stance.

The rediscount rate was 29.0 per cent at the beginning of 2005. The rate fell by 4.0 percentage points to 25.0 per cent in July 2005. It closed the year at 19.0 per cent, reflecting deceleration in inflationary pressures.

(5.2.5) Reserve Requirements

Commercial Banks are legally required to maintain reserve deposits with the Central Bank. The commercial banks hold the required reserves on a bi-weekly basis but are allowed to go below the required ratio at times, provided that on average the ratio is maintained. Balances held to fulfil the reserve requirement are not compensated and banks that fail to honour the requirement incur a penalty on the shortfall equivalent to 3.0 percentage points above the policy rate on a daily basis. The reserve requirement was maintained at 18.0 per cent of deposit liabilities throughout 2005 reflecting the tight policy stance of the Central Bank.

(5.2.6) Rediscount and Discount Window

The Central Bank rediscounts Treasury bills in the rediscount window at a penalty equivalent to the policy rate. Also, banks in need of short-term liquidity may borrow from the Central Bank discount window at the market rate.

(5.3) Monetary Developments

Monetary policy in 2005 followed a prudent course to ensure sustained deceleration in inflationary pressures, entrench exchange rate stability and support Government's economic policy as enshrined in the 2005 budget. The key macroeconomic targets were to reduce inflation to 4.0 per cent, achieve real GDP growth rate of 5.0 per cent and build-up gross official reserves to at least 4.7 months of import cover.

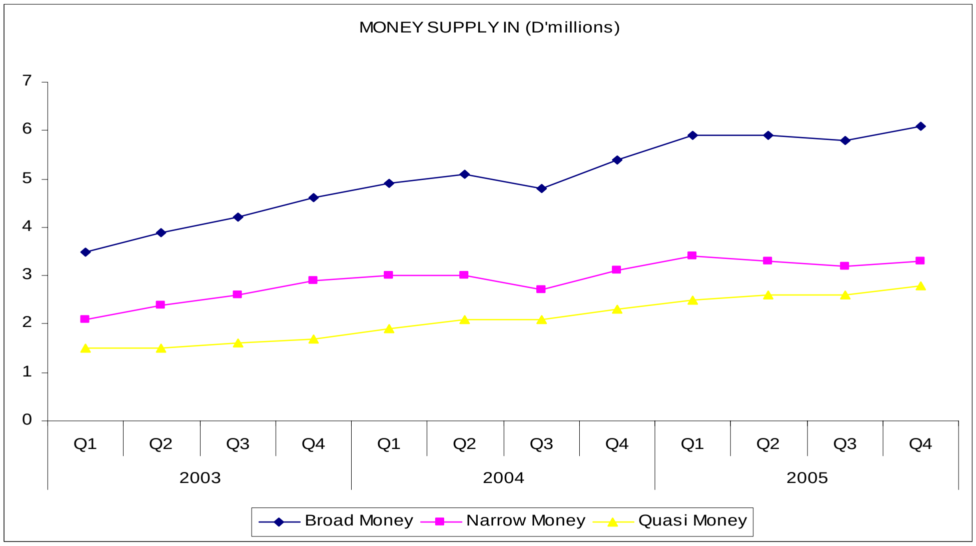
To achieve the inflation target, reserve money and money supply were projected to grow by 14.7 per cent and 9.4 per cent respectively assuming stable velocity and the money multiplier (mm) of 2.2 and 2.5 respectively.

(5.3.1) Money Supply Growth

Money supply grew by 13.1 per cent compared to 18.3 per cent a year earlier. However, the growth rate of money supply was higher than the end-December 2005 programmed target of 9.4 percent. Both components of money supply increased, with quasi money growing at a faster pace.

Narrow money (M1), comprising currency outside banks and demand deposits, increased to D3.3 billion, or 6.9 per cent from the pervious year. Currency outside banks and demand deposits rose by 0.6 per cent and 12.1 per cent respectively. The ratio of narrow money (M1) to broad money (M2), however, declined from 57.2 per cent at end-December 2004 to 54.0 per cent in December 2005.

Figure 17: Money Supply (In D'million)



Quasi-money (time and savings deposits) rose to D2.8 billion, or 21.5 per cent over the previous year. Savings and time deposits increased by 9.5 per cent and 61.4 per cent respectively. Correspondingly, the share of quasi-money to broad money rose from 42.8 per cent at end-December 2004 to 46.0 percent in December 2005.

(5.3.2) Factors Affecting Money Supply

(i) Net Foreign Assets (NFA)

The net foreign assets (NFA) of the banking system declined slightly to D3.2 billion, or 0.7 per cent from the preceding year. This was mainly on account of a decline in the NFA of the deposit money banks by 25.1 per cent to D1.1 billion. Although their foreign liabilities fell by 53.4 per cent, this was offset by 26.6 per cent decrease in their foreign assets.

Table 4: Monetary Survey in (D'millions)				
	Dec-04	**% Δ**	**Dec-05**	**% Δ**
Net Foreign Assets	3195.41	70.0	3174.28	-0.7
Monetary Authorities	1768.69	104.3	2105.93	19.1
Foreign assets	2497.06	29.1	2745.34	9.9
Foreign liabilities	728.37	-31.9	639.41	12.2
Commercial banks	1426.72	40.7	1068.36	-25.1
Net Domestic Assets	2236.55	-17.6	2970.91	32.8
Domestic Credit	2869.53	-22.6	3510.39	22.33
Claims on Government, net	1008.77	-32.5	1348.35	33.7
Claims on Public Entities	223.37	-34.8	259.76	16.3
Claims on Private Sector	1637.39	-12.5	1902.28	16.2
Other items, net	-632.98	163.6	-539.48	16.2
o/w Revaluation account	-442.19	17.5	324.16	173.3
Broad Money	5431.96	18.3	6145.19	13.1
Narrow Money	3107.62	8.2	3320.60	6.9
Quasi-Money	2324.34	35.1	2824.59	21.1

In contrast, the NFA of the Central Bank rose to D2.1 billion, or 19.1 per cent over the previous year. Gross official reserves increase to D2.7 billion or 9.9 per cent while its foreign liabilities decrease to D639.4 million, or 12.2 per cent.

(ii) Net Domestic Assets (NDA)

The NDA of the banking system rose to D3.0 billion, or 32.8 per cent from the previous year. This was on account of 22.3 per cent and 16.2 per cent increases in domestic credit and other items (net) respectively. Credit to private sector rose to D1.9 billion, or 16.2 per cent. Claims on public entities and net claims on Government also increased by 16.3 per cent and 33.7 per cent to D259.8 million and D1.3 billion respectively.

(5.4) Reserve Money Growth (End- December 2004-End-December 2005)

Reserve money consists of currency issued and commercial banks' deposits with the Central Bank. It is a measure of the Central Bank's monetary liabilities and captures the impact of all the Central Bank's operations on banks' liquidity and their potential for credit expansion in the economy. Given the fact that the initial link between monetary policy and the rest of the economy occurs in the market for reserves, monetary policy was conducted by the Central Bank using reserve money as an operating target.

During the year under review, policies were directed at preventing excessive liquidity that might result to a built up in inflationary pressures while at the same time providing enough liquidity to ensure sustained economic activity.

Reserve money grew by 11.9 per cent, slightly higher than the growth rate of 11.0 per cent in the previous year. However, the growth rate of reserve money was lower than the end-December programmed target of 14.7 per cent.

(5.4.1) Supply of Reserve Money

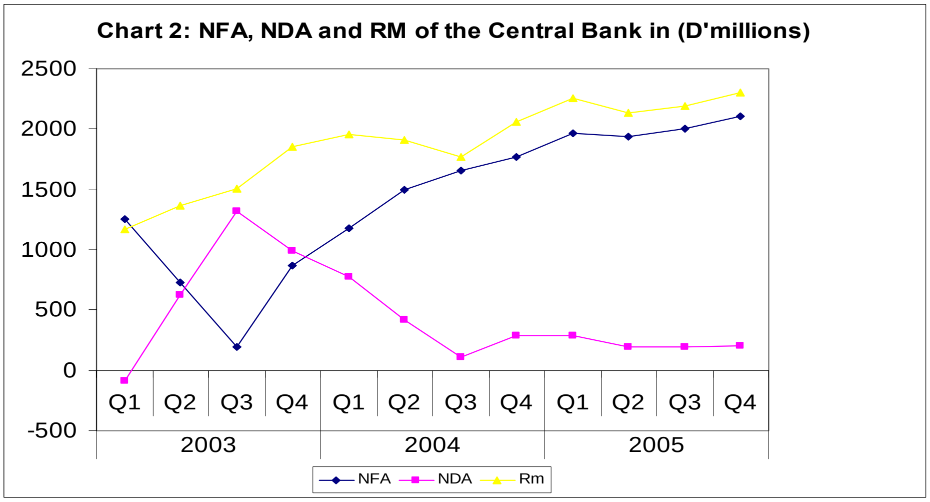
The growth in reserve money was solely on account of the increase in the NFA of the Central Bank, which rose by 19.1 per cent to D2.1 billion from the previous year. Gross official reserves increased by 9.9 per cent to D2.7 billion while foreign liabilities decreased by 12.2 per cent to D639.4 million.

Table 5: Summary Accounts of the Central Bank of The Gambia in (D'millions)

	Dec-04	% Δ	Dec-05	% Δ
Net Foreign Assets	1768.69	104.3	2105.93	19.1
Foreign assets	2497.06	29.1	2745.34	9.9
Foreign liabilities	728.37	-31.9	639.41	-12.2
Net Domestic Assets	292.04	-70.5	200.66	-31.3
Domestic Credit	195.86	-84.1	-29.24	-114.9
Claims on Government, net	-186.78	-122.2	-413.83	-121.6
Gross claims	1376.38	10.0	1270.76	-7.7
Less Government deposits	1563.16	286.4	1684.59	7.8
Claims on Public Entities	136.91	0.0	136.91	0.0
Claims on Private Sector	212.11	-19.1	214.06	0.9
Claims on Deposit Money Banks, net	33.62	427.7	33.62	0.0
Other items, net	96.18	29.7	157.41	337.6
o/w Revaluation account	-442.19	17.5	324.16	173.3
Reserve Money	2060.73	11.0	2306.59	11.9
Currency in circulation (I.e issued)	1485.57	18.8	1537.55	3.5
Reserves of the commercial banks	575.16	-4.9	769.04	33.7

In marked contrast, the NDA of the Central Bank declined by 31.3 per cent to D200.7 million. Central Bank's net claims on Government fell markedly by 121.6 per cent mainly on account of the 7.7 per cent decrease in gross claims against Government. Central Bank's claim on public entities at D136.9 million was unchanged while lending to the private sector increased slightly to D214.1 million, or 0.9 per cent.

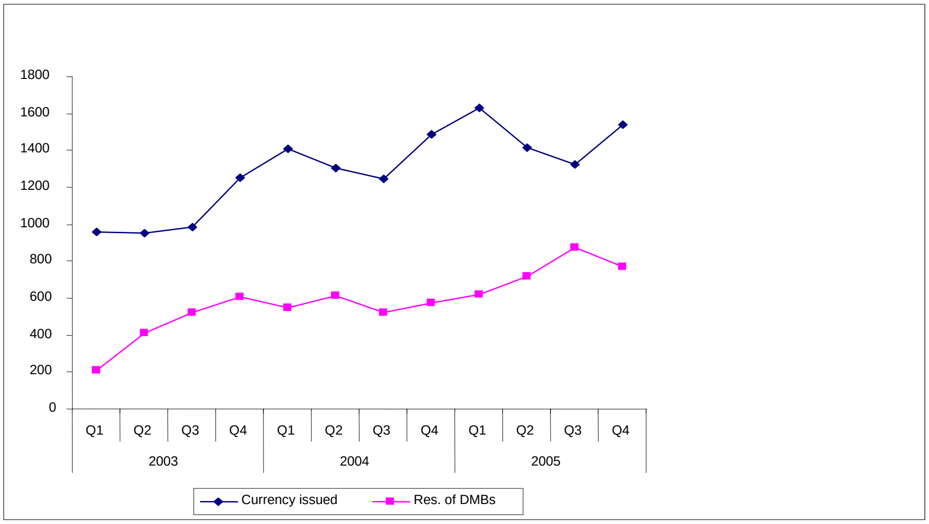
Figure 18: NFA, NDA and RM of the Central Bank in (D'millions)



(5.4.2) Demand for Reserve Money

Currency in circulation grew by 3.5 per cent, lower than the 18.8 per cent in the previous year. Currency in circulation tends to exhibit a seasonal pattern growing at a stronger pace in the fourth and first quarter and at a measured pace in the second and third quarters, reflecting decreased economic activity. Deposit money banks' reserves, however, increased markedly by 33.7 per cent compared 4.9 per cent a year ago.

Figure 19: Components of Reserve Money in (D'million)



(5.5) Money Multiplier (MM)

The money multiplier (mm) is simply the ratio of broad money to reserve money. Put differently, the money multiplier shows how much money one unit of reserve money potentially creates. Money supply can therefore increase either because of an increase in money multiplier, or an increase in reserve money. In essence, an increase in the money multiplier with the same reserve-money would loosen monetary conditions and vice versa.

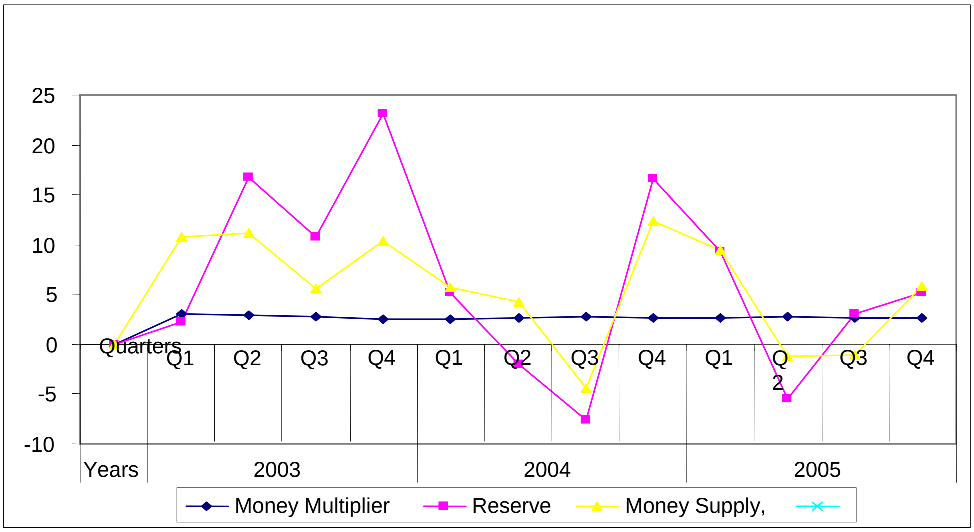
Table 6: Money Multiplier of (M2+) and (M2)

Years	Quarters	Money Supply, (M2+)	Money Supply, (M2)	Reserve Money	Money Multiplier (M2+)	Money Multiplier (M2)
2003	Q1	3,548.30	3,070.83	1,165.31	3.04	2.64
	Q2	3,943.58	3,132.61	1,361.30	2.90	2.30
	Q3	4,163.70	3,204.27	1,507.15	2.76	2.13
	Q4	4,593.03	3,697.81	1,855.88	2.47	1.99
2004	Q1	4,852.19	4,128.92	1,952.47	2.49	2.11
	Q2	5,057.36	4,172.07	1,914.01	2.64	2.18
	Q3	4,835.57	4,376.27	1,768.15	2.73	2.48
	Q4	5,431.96	4,756.59	2,060.73	2.64	2.31
2005	Q1	5,947.56	5,185.32	2,253.47	2.64	2.30
	Q2	5,875.35	5,043.03	2,129.76	2.76	2.37
	Q3	5,808.77	4,998.13	2,193.59	2.65	2.28
	Q4	6,145.19	5,514.57	2,306.59	2.66	2.39

Note: M2+ is broad money including foreign currency deposits (FCDs)
M2 is broad money excluding FCDs

Table 4 shows that the money multiplier of M2+ though broadly stable, increased marginally from 2.64 at end-December 2004 to 2.66 at end-December 2005. M2 money multiplier exhibited a similar pattern increasing from 2.31 in December 2004 to 2.39 at end-December 2005. It is, therefore, self evident that the increase in money supply over and above target was mainly as a result of the increase in money multiplier.

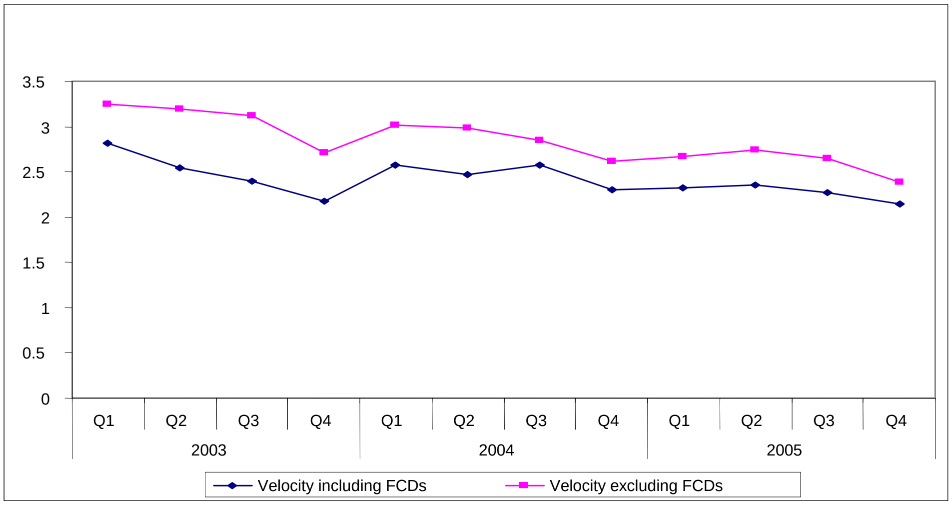
Figure 20: Money Multiplier, Reserve Money and Money Supply



(5.6) Velocity

Velocity is defined as the ratio of national income (GDP) to the money stock. In other words, velocity is the number of times the stock of money is spent, on average, in a given period in financing the flow of nominal spending.

Figure 21: Money Velocity



In the financial programming framework, velocity is assumed to be generally constant. However, in many countries, it rises somewhat with increases in inflation and interest rates, and also slightly sensitive to changes in income.

Table 7: Velocity of (M2+) and (M2)

Years	Quarters	Money Supply, (M2+)	Money Supply, (M2)	Nominal GDP	Velocity (M2+)	Velocity (M2)
2003	Q1	3,548.30	3,070.83	10,006.00	2.82	3.25
	Q2	3,943.58	3,132.61	10,006.00	2.54	3.19
	Q3	4,163.70	3,204.27	10,006.00	2.40	3.12
	Q4	4,593.03	3,697.81	10,006.00	2.18	2.71
2004	Q1	4,852.19	4,128.92	12,472.90	2.57	3.02
	Q2	5,057.36	4,172.07	12,472.90	2.47	2.99
	Q3	4,835.57	4,376.27	12,472.90	2.58	2.85
	Q4	5,431.96	4,756.59	12,472.90	2.30	2.62
2005	Q1	5,947.56	5,185.32	13,824.00	2.32	2.67
	Q2	5,875.35	5,043.03	13,824.00	2.35	2.74
	Q3	5,808.77	4,998.13	13,174.00	2.27	2.64
	Q4	6,145.19	5,514.57	13,174.00	2.14	2.39

As shown on table 7, velocity has been broadly stable. M2 velocity decreased from 3.25 in Q1, 2003 to 2.39 at end-December 2005. M2+ velocity also declined from 2.82 in Q1, 2003 to 2.14 at end-December 2005 indicative of confidence in the domestic currency and low inflationary pressures.

6.0 FOREIGN EXCHANGE DEVELOPMENTS

The inter-bank market for foreign exchange has continued to function smoothly in 2005. The volume of transactions remained high increasing by 22.2 per cent compared to the previous year. Reflecting strong macroeconomic fundamentals and increased foreign inflows, the Dalasi continues to be stable and appreciated against all major international currencies.

(6.1) Volume of Transactions

Transactions volume, that is, purchases and sales of foreign currencies in the inter-bank market totalled D22.6 billion in 2005 compared to D18.5 billion in 2004. Total purchase of foreign currency was D11.2 billion and accounted for 49.6 per cent of overall transactions volume in 2005 compared to D9.2 billion in 2004. Aggregate sales which is indicative of supply of international currencies in the inter-bank market totalled D11.4 billion in 2005, reflecting an increase of 22.6 per cent and accounted for 50.4 per cent of the aggregate transactions volume.

Table 8: Volume of Transaction in the Inter-bank market in (Millions of Dalasis) Yearly

	Year Ending Dec 2003	Year Ending Dec 2004	Year Ending Dec 2005
Purchases	**6.0**	**9.2**	**11.2**
Sales	**6.1**	**9.3**	**11.4**
Total	**12.1**	**18.5**	**22.6**

(6.2) Market Share of Currencies

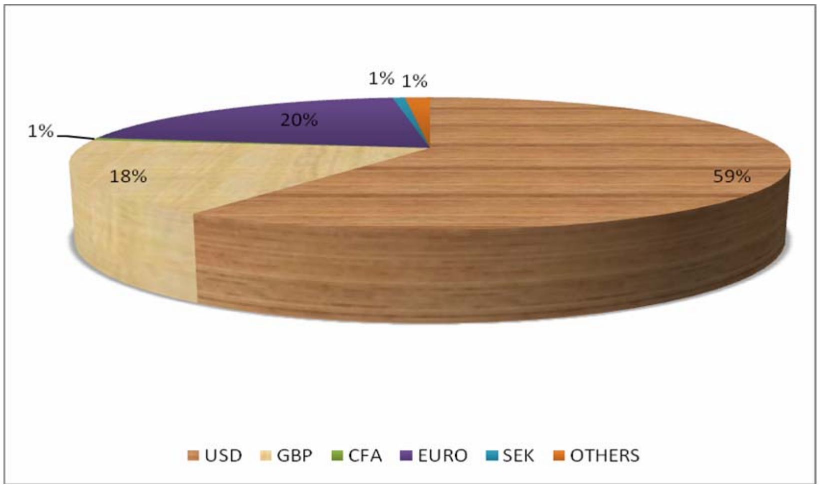
The dollar continues to be the dominant currency in the foreign exchange market. In 2005, it accounted for 58.8 per cent of trading volume compared to 59.9 per cent in 2004. The British Pound had a market share of 17.9 per cent in 2005 relative to 21.6 per cent a year ago. The Euro recorded a market share of 20.1 per cent, higher than the market share of 14.8 per cent in 2004. The Swedish kroner, CFA franc and unclassified currencies registered market shares of 0.7 per cent, 0.6 per cent and 1.4 per cent compared to 0.9 per cent, 0.5 per cent and 2.1 per cent in 2004 respectively.

Table 9: Market Share of Key Currencies traded in the Inter Bank Market

	Year Ending Dec 2003	Year Ending Dec 2004	Year Ending Dec 2005
U.S Dollar	56.6	59.9	58.8
British Pound	21.2	21.6	17.9
CFA	1.0	0.5	0.6
Euro	16.3	14.8	20.1
SEK	1.2	0.9	0.7
Other Currencies	3.8	2.1	1.4

Source: Central Bank of the Gambia

Figure 22: Market Share of key Currencies traded in the Inter-Bank Market as at Dec 2005



Source: Central Bank of the Gambia

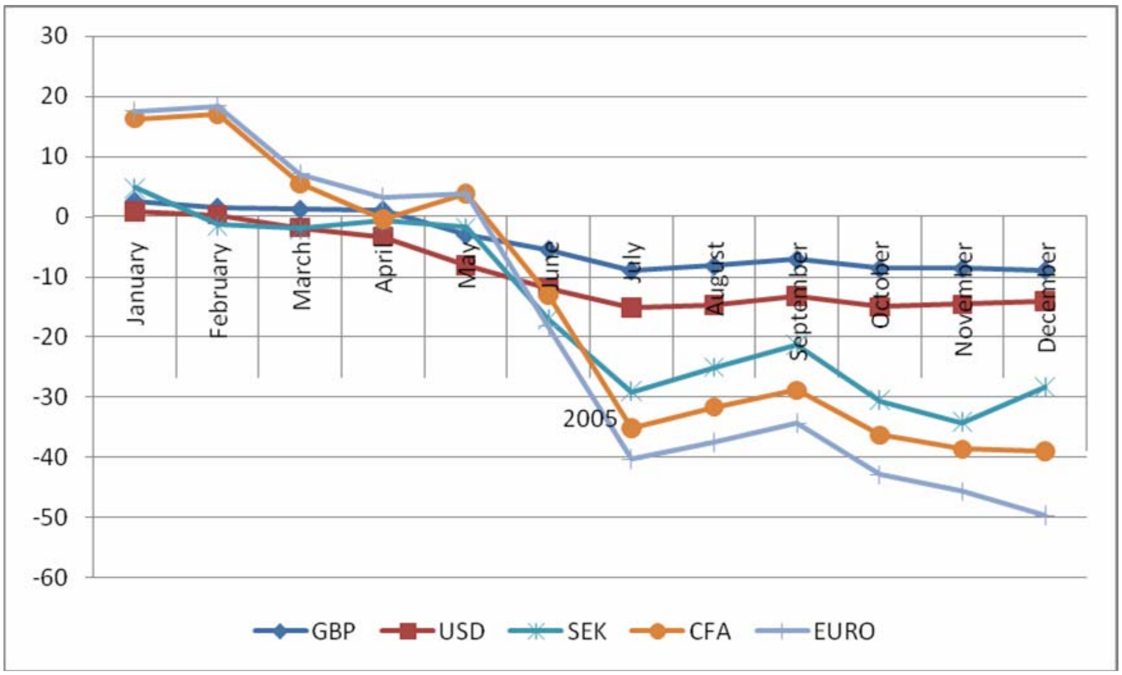
Table 10: Exchange Rate Movements

	2003	2004	2005
GBP	51.90	54.66	49.78
U.S.D	30.96	29.67	28.13
SEK(100)	367.73	404.95	347.07
CFA(5000)	220.19	281.82	251.90
Euro	35.90	37.75	33.71

(6.3) Exchange Rate Movements

Reflecting strong macroeconomic fundamentals and increased inflows, the Dalasi continues to be stable and appreciated vis-à-vis all the major currencies in the inter-bank market. In 2005, the Dalasi strengthened against the Pound Sterling, US dollar, Euro, Swedish kroner, and CFA franc by 8.9 per cent, 5.2 per cent, 10.7 per cent, 14.3 per cent and 10.6 per cent respectively compared to 2004.

Figure 23: Exchange rate Movements



7.0 DEVELOPMENTS IN THE FINANCIAL SYSTEMS

(7.1) Introduction

The financial system in The Gambia consists of the Central Bank as the apex financial institution, 8 deposit money banks, 11 insurance companies, 37 foreign exchange bureaux, 62 village savings and credit associations (VISACAs), 4 credit companies, one post office savings "bank" and myriad savings and credit groups.

(7.2) Banking Sector

The total number of commercial banks increased to 8 in 2005 relative to 7 in 2004. Of the 8 banks, 7 are engaged in conventional banking and 1 in Islamic banking. The total number of commercial bank branches, including head office and branches increased to 31 from 30 in 2004. With economic growth, the activities of the commercial banks have correspondingly expanded. Rapid advances in information and communications technology as well as increased competition have caused banks to improve their information management systems, connecting their branches through computer networking.

Although the banking sector remains highly concentrated, the market share, based on total assets of the two biggest banks was 72.1 per cent compared to 80.0 per cent in 2004. The industry continues to be well capitalised. The average capital adequacy ratio as at end-December 2005 was 53.6 per cent against the minimum regulatory requirement of 8.0 per cent.

According to the Central Bank business sentiment survey, confidence in the banking system was quite robust in 2005 with an average diffusion index of 86.0 per cent. The diffusion index measures the percentage of respondents indicating an increase minus the percentage reporting a decrease.

(7.2.1) Structure of Assets and Liabilities of Commercial Banks

Commercial banks' total assets increased to D7.6 billion, or 16.3 per cent from 2004. All components of assets increased, with the exception of total foreign currency and balance held with banks abroad as well as bills purchased and discounted.

Investments which account for the largest component of gross assets, increased to D1.91 billion, or 48.88 per cent. Correspondingly, the share of total investments to total assets expanded to 24.97 per cent in 2005 from 19.47 per cent in 2004. Bills purchased and discounted decreased to D2.94 million or 66.97 per cent and accounted for less than 1.0 per cent of gross assets.

After recording a robust growth of 16.1 per cent in 2004 due to the increase in the reserve requirement from 14.0 per cent to 18.0 percent of deposit liabilities, balances held with the Central Bank rose to D829.38 million, or 37.86 per cent from 2004. Balances with banks abroad however fell from D1.26 billion to D0.94 billion, or 25.55 per cent from the preceding year.

Loans and advances increased to D1.8 billion in 2005 or 20.32 per cent from the previous year. Loans and advances constituted 23.5 per cent of total assets in 2005 compared to 22.7 per cent in 2004.

Fixed assets and other assets increased to D285.53 million and D530.65 million, or 0.68 per cent and 30.57 per cent but accounted for 3.7 per cent and 6.9 per cent of total assets respectively.

Foreign currency holdings increased from D211.1 million in 2004 to D243.1 million in 2005 while acceptance, endorsements and guarantees rose to D923.9 million, or 15.9 per cent following a contraction of 1.7 per cent in 2004.

Table 11: Deposit Money Banks' Balance Sheet (D'million)

	2005	2004	
Assets	**Amount**	**Amount**	**% Change**
Gambia notes & coins	113.35	69.3	63.56
Total Foreign Currency	164.64	243.1	-32.27
Banks held with Banks Abroad	941.20	1264.24	-25.55
Balance held with the Central Banks	829.38	601.60	37.86
Bills purchased & discounted	2.94	8.90	-66.97
Loans & Advances	1807.58	11502.36	20.32
Investments	1912.04	1284.30	48.88
Fixed Assets	285.53	283.60	0.68
Acceptance Endorsements/Guarantees	1080.38	923.90	16.94
Other Assets	530.65	406.4	30.57
Government Securities	0.00	5.5	-100.0
Total Assets	**5528.0**	**6593.2**	**19.2**
LIABILITIES	**AMOUNT**	**AMOUNT**	% **CHANGE**
Capital & Reserve	904.39	652.5	38.6
Demand Deposit	1896.4	1691.3	12.13
Savings Deposit	1955.59	1786.0	9.50
Time Deposit	869.0	538.4	61.40
Total Deposit	**4720.99**	**4015.7**	**17.56**
Balances due to other bank	30.96	79.2	-60.91
Borrowing from	6.53	129.6	-94.96
Acceptance Endorsements/Guarantees	1080.38	923.6	16.97
Other Liabilities	924.44	920.0	0.48
Total Liabilities	**7667.69**	**6593.2**	**19.3**

Reflecting, gross assets, deposit money banks' liabilities amounted to D7.6 billion, representing an increase of 16.3 per cent from 2004.

Deposit liabilities increased to D4.72 billion, or 17.56 per cent, following a strong growth of 19.3 per cent in 2004. Savings and time deposits increased at a faster pace of 9.5 per cent and 61.40 per cent respectively. Demand deposits also grew by a substantial 12.13 per cent from 2004. Deposit liabilities accounted for 61.6 per cent of total liabilities relative to 60.9 per cent in 2004.

Borrowings and balances due to other banks went down by 94.96 per cent and 60.91 per cent respectively whilst acceptance endorsements/guarantees and other liabilities increased by 16.97 per cent and 0.48 per cent to D1.08 billion and D0.92 billion respectively.

(7.2.2) Deposit Money Banks' Income Statement

Deposit money banks aggregate profit before tax declined to D373.8 million, or 19.96 per cent reflecting increased interest outlays and operating expenses. Operating expenses (salaries, rent, and depreciation) and other expenses rose by 19.7 per cent and 16.5 per cent respectively while provision for bad and doubtful debt rose significantly to D72.7million in 2005.

(i) Revenue

Banks earn their income from both interest and non-interest sources. Net interest income is the difference between the income earned and interest paid to depositors. Non-interest income, on the other hand, comprises in the main, revenue from commission on turnover, foreign exchange transactions and other bank charges.

Interest income was D801.6 million, an increase of 9.5 per cent from 2004. Interest payments grew at a quicker pace of 11.8 per cent to D307.1 million. Consequently, net interest income fell by D28.1 million or 6.2 per cent to D421.7 million. The ratio of net interest income to gross income decreased from 51.6 per cent to 48.2 per cent in 2005. In contrast, the share of non-interest income to gross income increased slightly from 48.4 per cent to 50.8 per cent in 2005.

Table 12: Consolidated Income Statements of Banks

(in millions of Dalasis except %)				
Income Statement	**2004**	**2005**	**Amt. ∆**	**% ∆**
Interest Income	731.8	801.6	69.8	9.5
Interest Expenses	274.8	307.1	32.4	11.8
Net Interest Income	449.8	421.7	-28.1	-6.2
Non-Interest Income	421.3	436.3	15.0	3.6
Gross Income	858.0	871.1	13.0	1.5
Operating Expenses	404.6	484.3	79.7	19.7
Salaries & Other Comp. Benefits	129.1	152.7	23.6	18.3
Other Expenses	187.9	218.9	31.1	16.5
Provision for Credit Losses	7.4	72.7	65.3	880.8
Aggregate Profit before Tax	466.5	373.8	-92.7	-19.9

(ii) Expenditure

Deposit money banks' operating expenditure amounted to D484.3 million, D79.7 million more than in 2004. Salaries and other remunerative benefits, amounting D152.7 million, increased by 18.3 per cent from 2004. Other expenses expanded to D218.9 million or 16.5 per cent whilst provision for bad and doubtful debts totalling D72.7 million, went up considerably in 2005.

(7.3) Loans and Advances to Major Economic Sectors

Outstanding stock of commercial banks loans and advances to major economic sectors rose to D1.98 billion in 2005 from D1.61 billion in 2004. This represents an annual growth rate of 22.8 per cent compared to a decline of 13.5 per cent a year ago. All sectors with the exception of tourism registered an increase over the previous year.

Fishing recorded the highest upswing with a marked growth of 91.9 per cent over the preceding year due to increased credit for marketing. Lending to agriculture and building/construction both rose substantially by 65.9 per cent and 62.1 per cent respectively. Personal loans also increased significantly by 45.3 per cent. Unclassified loans, transportation and distributive trade grew by 24.0 per cent, 4.2 per cent and 4.1 per cent respectively while tourism recorded a drop of 26.7 per cent.

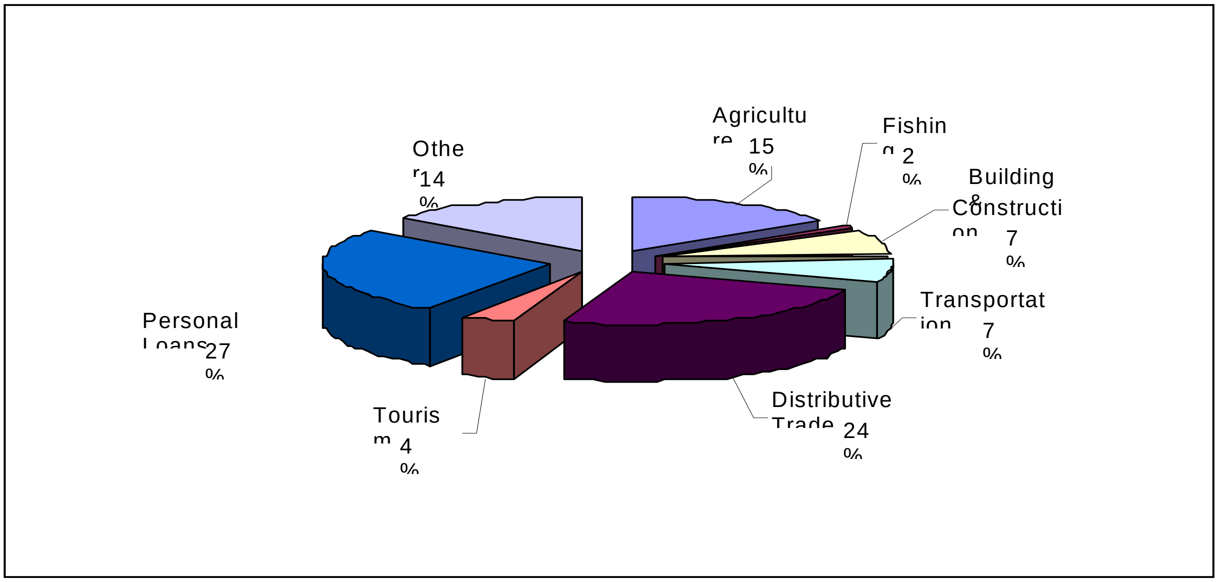
Table 13: **COMMERCIAL BANKS: LOANS AND ADVANCES TO MAJOR ECONOMIC SECTORS**
(End December figures, in millions of Dalasi)

Sectors	**2002**	**2003**	**2004**	**2005**	**% Δ (04-05)**
Agriculture	71.70	139.45	181.40	300.98	65.9
Fishing	5.94	10.50	16.66	31.97	91.9
Mining & Quarrying	0.00	0.00	0.00	0.00	--
Building & Construction	78.36	94.99	89.06	144.38	62.1
Transportation	93.61	150.78	128.00	133.41	4.2
Distributive Trade	539.95	598.19	499.41	478.70	(4.1)
Tourism	21.47	100.12	102.92	75.44	(26.7)
Personal Loans	314.35	399.52	367.57	533.90	45.3
Other	212.03	372.26	228.91	283.85	24.0
Total	**1337.41**	**1865.81**	**1613.93**	**1982.63**	**22.8**

Source: Central Bank of the Gambia

Distributive trade and personal loans continued to dominate access to deposit money banks lending, accounting for 24.1 per cent and 26.9 per cent respectively of total allocation. Agriculture and unclassified loans and advances also attracted substantial portions of 15.2 per cent and 14.3 per cent respectively. Building and construction received 7.3 per cent of allocated credit while transportation, tourism and fishing sectors accounted for 6.7 per cent, 3.8 per cent and 1.6 per cent respectively.

Figure 24: Pie chart of credit distribution



(7.4) Liquidity Position of Commercial Banks

Deposit money banks generally continued to maintain liquidity levels well above the statutory requirements. Total liquid assets of banks declined slightly to D2.15 billion in 2005 or 0.5 per cent from 2004. This is due largely to the decrease in their investments in Treasury bills which accounted for 31.5 per cent of total liquid assets in the year under review. Deposit money banks holdings of Treasury bills fell to D678.48 million or 15.4 per cent compared to the preceding year. Commercial banks reserves on the other hand, increased to D1.5 billion in 2005 or 8.2 per cent from last year. Significant increases were noted in banks deposits at Central Bank (32.8 per cent) and cash holdings (63.0 per cent).

Table 14: Liquidity Position of Commercial Banks *(in millions of Dalasi)*

	2003 December	**2004** December	**2005** December
Total Liquid Assets	**1707.39**	**2,162.68**	**2,150.77**
Reserves	1045.88	1,358.69	1,469.79
Deposits at CBG	592.05	573.89	762.33
Cash Holdings	68.02	68.99	112.44
Foreign Cash Holdings	167.50	203.91	179.51
Foreign Bank Balances	218.31	511.90	415.51
Treasury / CBG Bills	659.01	801.49	678.48
Govt. Dev. Stock (182 Days) 1/	0.00	0.00	0.00
Other Liquid Assets	2.50	2.50	2.50
Required Liquid Assets 2/	1003.59	1,162.15	1,331.22
Excess Liquidity 3/	703.80	1,000.53	819.55
in % of requirement	70%	86%	62%
Required Cash Reserves 4/	596.10	684.18	792.39
Excess Cash Reserves 5/	449.78	674.51	677.40
in % of requirement	75%	99%	85%

Source: Central Bank of The Gambia

1/ Introduced March 21, 1993.

2/ Based statutory requirements of 30% of total liabilities to the public.

3/ Total liquid assets less statutory requirements.
4/ In June 1998 reserves requirements have been unified at 14 percent.

5/ Reserves less required reserves

The required liquid assets of commercial banks, based on a statutory requirement of 30.0 per cent of total liabilities to the public grew to D1.3 billion or 14.5 per cent over the preceding year. Banks continue to maintain liquidity above the statutory level. Excess liquidity amounted to D1.82 billion, or 62.1 per cent of the requirement relative to D1.3 billion or 86.0 per cent last year.

(7.5) Interest Rates

During 2005, interest rates decreased in line with the deceleration in the inflation rate. Money market rates exhibited significant downward movements during the period under review. The rediscount rate, Central Bank's policy rate, fell to 19.0 per cent in December 2005 from 33.0 per cent in December 2004. Similarly, the Treasury bills rate declined to 16.0 per cent from 30.0 per cent.

Interest rates of commercial banks were also revised downwards. Short-term deposit rates dropped from 6.5 per cent at end-December 2004 to a range of 1.25-40.0 per cent at end-December 2005. At end-2005, banks deposit rates range between 5.0-17.0 per cent compared to 8.0-23.0 per cent last year whilst lending rates ranged between 21.0-30.0 per cent compared to 21.0-36.5 per cent.

(7.6) Microfinance Developments

At the helm of the Microfinance Sub-sector, the Central Bank in collaboration with various stakeholders continues to play a pivotal role for the sustainable growth and development of the Microfinance system through its coordination, policy, and supervisory and regulatory framework.

In 2005, the total number of Central Bank registered and monitored Village Saving and Credit Associations (VISACAs) rose slightly to 63 from 62 in 2004. VISACA membership increased by 3.8 per cent from 36,484 in 2004 to 37,866 in the year under review. Mirroring the expansion in membership, total deposits and loans grew to D15.1 million and D20.7 million in 2005 compared to D14.7 million and D16.4 million a year ago.

Membership of Savings and Credit Companies or Finance Companies expanded by 700 to 46,324 in 2005. As a result, overall deposits and assets of finance companies increased to D17.2 million and D45.9 million or 20.3 per cent and 48.1 per cent respectively from 2004. Loans and advances on the other hand, contracted by D1.8 million or 8.5 per cent to stand at D19.3 million at the end of the year under review.

The National Association of Credit Unions (NACCUG) had 67 credit unions as investors in 2005. The membership of the 67 credit unions grew to 22,906 or 13.8 per cent from 2004. Deposits of member credit unions grew to D75.5 million from D61.1 million in 2004. Similarly, lending by Credit Unions to its members rose to D57.2 million from D47.8 million during the same period.

8. BALANCE OF PAYMENTS (BOP) DEVELOPMENTS

(8.1) Introduction

Government's external sector policy in the medium to long-term is aimed at ensuring sustainable BOP as well as build adequate reserves to cushion the economy against external and internal shocks. Foreign currency reserves are projected to cover at least 4.7 months of imports in 2005.

The overall balance of payments is projected at a surplus of D320.9 million compared to D988.3 million in 2004. The current account balance including official transfers is estimated to deteriorate significantly as a result of the projected widening of the trade deficit. In contrast, the balance in the capital account is expected to improve due to the estimated increase in private capital inflows.

(8.2) Current Account

(8.2.1) Merchandise Account

The trade deficit is expected to widen from D2.4 billion in 2004 to D2.8 billion in 2005 reflecting an upsurge in imports. Domestic exports are projected at D608.3 million, a decline of 21.6 per cent, from 2004. Groundnuts and groundnut products accounted for 53.5 per cent of total domestic exports-while re-exports estimated at D2.95 billion, represents 82.9 per cent of total exports.

Imports are projected to expand by 2.6 per cent to D6.35 billion, from D6.18 million in 2004 reflecting the rebound in re-exports, increased public sector investments and the effects of a higher oil import bill. Imports for domestic use are estimated at D4.7 billion compared to D4.35 billion in the 2004 while oil and oil products imports are expected to increase to D1.15 billion compared to D886.8 million in 2004.

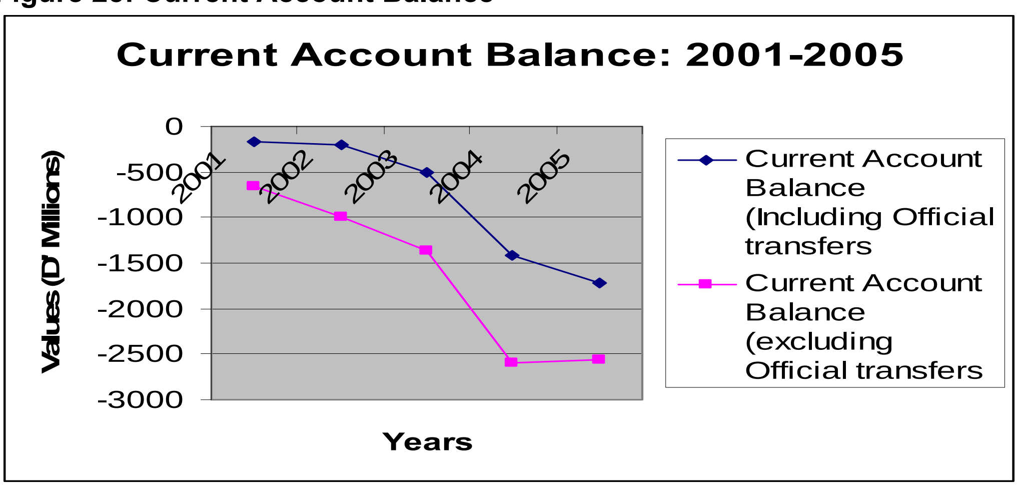
(8.2.2) Services and Private Transfers Account

The balance in the services account (net), comprising factor and non-factor services, is estimated at a surplus of D109.9 million compared to a deficit of D350.6 million in 2004. The factor services balance (net) deficit is projected to improve slightly from D597.9 million in 2004 to D448.2 million in 2005 owing to increased remittance receipts. Net interest income, which recorded a deficit of D1.17 billion in the previous year, is projected to deteriorate to D1.3 billion in 2005, as a result of increased interest payments on external debt.

Non-factor services surplus is projected to increase to D558.1 million compared to D247.3 million in 2004. Travel income is estimated at D2.15 billion, representing an increase of 24.7 per cent while net outflow on account of freight and insurance in expected to increase by 2.6 per cent to D907.6 million, owing to the projected increase in imports.

Private unrequited transfers (net) is projected at D117.3 million while net official transfer (project aid) is forecasted to decline by 29.9 per cent to D833.3 million. Remittances, on the other hand, are estimated to increase to D856.3 million compared to D569.9 million in 2004.

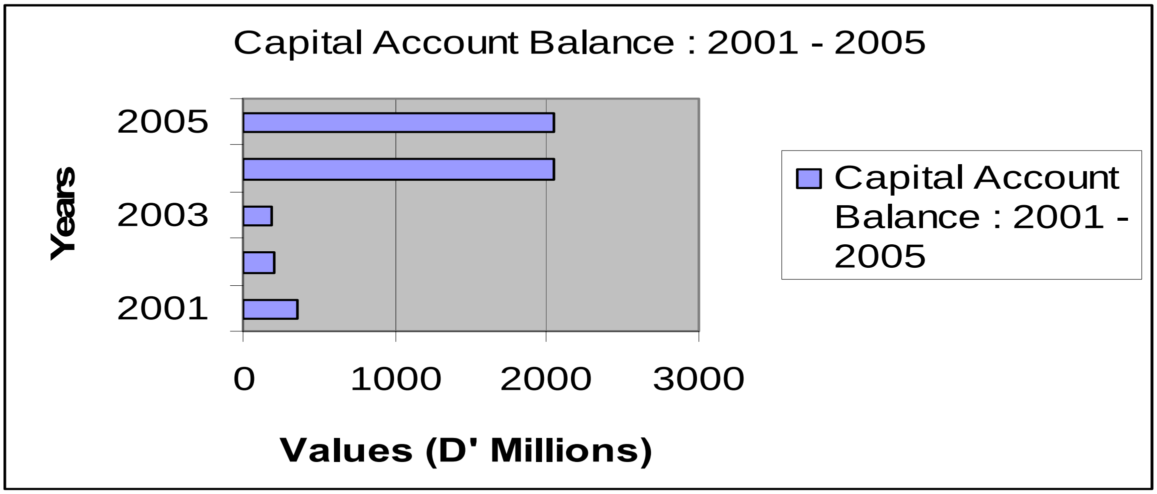
Figure 25: Current Account Balance



(8.3) Capital Account

The capital account is projected at D2.1 billion compared to D2.0 billion in 2004. Official loans (net) are estimated to decrease to D489.2 million, or 34.5 per cent due to the estimated fall in project related receipts from D1.18 billion in 2004 to D911.4 million in 2005. Private capital inflows should increase to D1.56 billion relative to D1.3 billion in 2004 comprising foreign direct investment (net) of D1.3 billion and other investments D251.9 million, respectively.

Figure 26: Capital Account Balance



(8.4) Overall Balance and Financing

The overall balance of payments is estimated at a surplus of D320.9 million compared to D988.3 million in the previous year. Gross official reserves are projected to increase by D277.2 million in 2005. No disbursements from the IMF are expected in 2005 while repayments to the Fund are estimated at D43.8 million. Exceptional financing is projected at zero and The Gambia is expected to be current on its debt service payments.

9.0 GOVERNMENT FINANCE

(9.1) Fiscal Policy

A sustainable and prudent fiscal balance is concomitant with economic growth by means of a reduced need to create money to finance public spending. As an obvious and important result, inflation is also reduced. Budgetary priorities such as curbing Government borrowing, securing debt relief, improving the efficiency of public expenditure and stunting the build-up of expenditure arrears will work to encourage savings which will in turn translate to higher levels of investment and hence economic growth. The 2005 budget was based on the following assumptions: real GDP growth rate of 5.0 per cent; reduction of inflation rate to 4.5 per cent; reduction of the overall fiscal deficits, including grants, to 4.5 per cent of GDP.

(9.2) Total Revenue and Grants

Total revenue and grants decreased to D2.8 billion in 2005 from D3.1 billion in 2004, or a decrease of 9.9 per cent. This was below projection by 4.7 per cent, or D135.8 million.

Domestic revenue rose slightly to D2.5 billion, or 1.7 per cent above 2004, but failed to meet the projection of D2.7 billion. Although tax revenue fell, non-tax revenue rose in the year under review.

Tax revenue, which was 88 per cent of domestic revenue, fell slightly by 0.1 per cent to D2.2 billion. Direct taxes, which constituted 29.9 per cent of tax revenue, rose to D671.3 million, or 10.7 per cent over last year. This fell short of the budget estimate by some D5.3 million. Revenue from capital gains and payroll taxes rose to D21 million and D18.5 million, or 23.5 per cent and 24.1 per cent respectively over last year. Personal and corporate taxes also rose to D233.7 million and D393.1 million, or 12.7 per cent and 7.1 per cent respectively over last year.

Revenue from indirect taxes fell from D1, 638.6 million in 2004 to D1, 572.3 million in 2005, or by 4.0 per cent. This is mainly attributable to the 10.0 per cent fall in tax revenue from international trade, which forms 76.3 per cent of indirect tax revenue. Revenue from customs duty decreased by 19.2 per cent from last year to D614.2 million. Revenue from domestic taxes on goods and services rose by 27.9 per cent to D327.7 million. Revenue from stamp duties and excise duties rose by 10.7 per cent and 17.5 per cent respectively, while domestic sales tax rose by 30.4 per cent to D312.7 million

Non-tax revenue totaled D296.4 million in 2005 which is an increase of 16.9 per cent from the previous year. Government services and charges decreased by 31.4 per cent to D133.9 million while revenue from interest, dividend and property also fell by 35.3 per cent to D35.4 million. Income from pension funds, however, rose by 8.8 per cent to D3.7 million. The major contributing factor to the increase in non-tax revenue was the increase in revenue from the Customs and Excise Department, which was D106.5 million. Last year, no revenue was received from this institutional source.

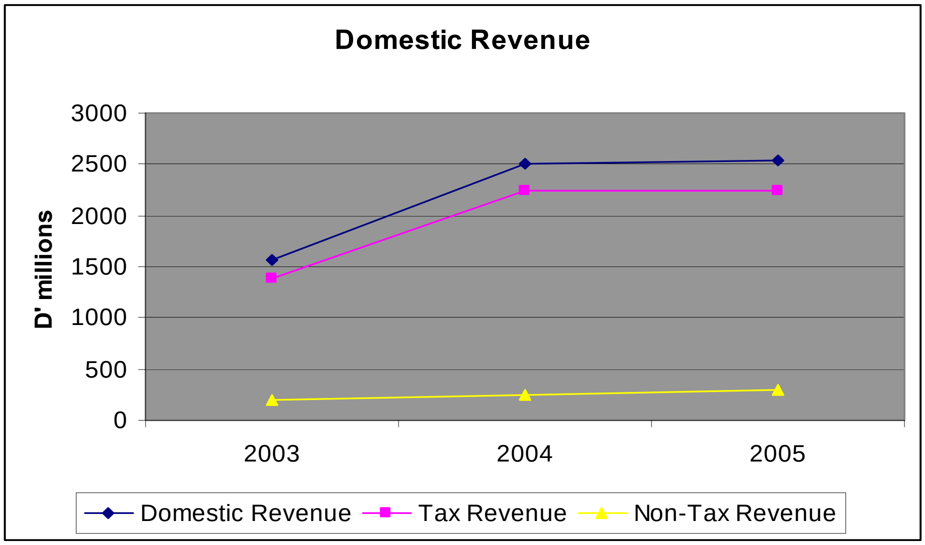
Grants decreased by a massive 154.2 per cent to D220.1 million from D559.4 million in 2004. Project and HIPC grants fell in large amounts, respectively, 50.4 per cent and 88.6 per cent to D203 million and D17.1 million, from D409.6 million and D149.8 million. This is attributable to the fact that HIPC grants provided for interim debt relief had been exhausted by the end of the first quarter of 2005.

Table 15: Revenue and Grants

(in millions)	**2003**	**2004**	**2005**	**2005 (Budget Est.)**	**Variance**
Revenue & Grants	**1799.5**	**3058.0**	**2760.1**	**3063.4**	**(303.3)**
Domestic Revenue	**1573.3**	**2498.6**	**2540.0**	**2817.2**	**(277.2)**
Tax Revenue	1379.8	2245.0	2243.6	2408.5	(164.9)
Direct Tax	441.1	606.4	671.3	676.7	(5.4)
Indirect Tax	938.7	1638.6	1572.3	1731.8	(159.5)
Non-Tax Revenue	193.5	253.6	296.4	408.7	(112.3)
Domestic Tax on goods & services	205.2	291.4	372.7	335.1	37.6
Grants	**226.2**	**559.4**	**220.1**	**246.2**	**(26.1)**

Source: Department of State for Finance and Economic Affairs

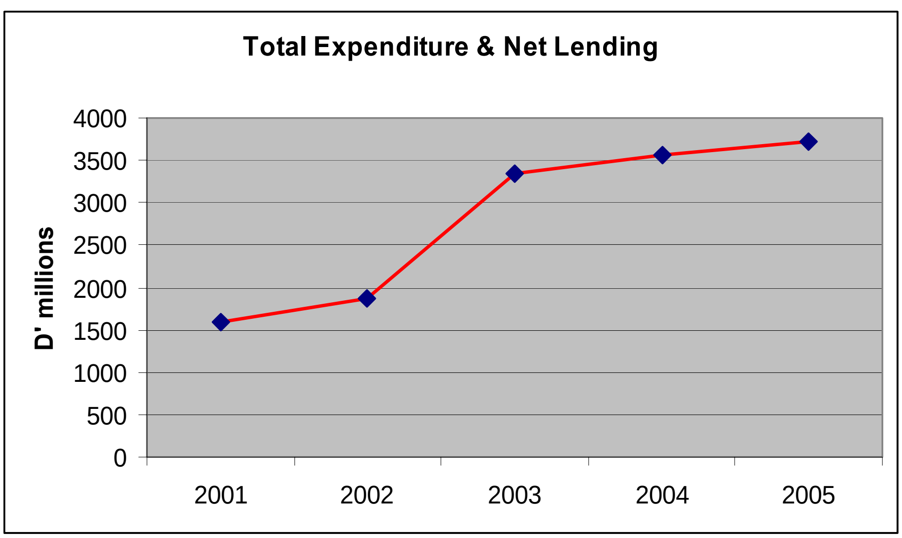
Figure 27: Domestic Revenue



(9.3) Total Expenditure and Net Lending

As depicted by the graph below, total expenditure and net lending rose to D3.7 billion or 4.3 per cent over last year. Although this is only slightly higher than the budget figure, it must be said that this total disguises important variations between the projected outturn, and the 2005 budget estimates in several categories of expenditure, especially interest payments as is explained below.

Figure 28: Total Expenditure & Net Lending



Current expenditure, which accounts for 65.5 per cent of total expenditure and net lending, increased to D2.4 billion from D2.0 billion in 2004 or by 21.1 per cent. Interest payments on domestic and external debt stood at D1.2 billion which accounted for 47.3 per cent of current expenditure compared to 42.5 per cent in 2004. Domestic interest payments amounted to D891.3 million, an increase of 40.8 per cent, while external payments rose by 18.0 per cent to

D263.1 million. Interest payments exceeded its budget estimate by a large D194.0 million, largely on account of the higher-than budgeted domestic interest payments. Wages and salaries increased to D532.2 million or 2.8 per cent. "Other charges" including expenditure on goods and services and subsidies and transfers rose to D749.4 million or 31.1 per cent. This was below the budget estimate by 21.0 per cent.

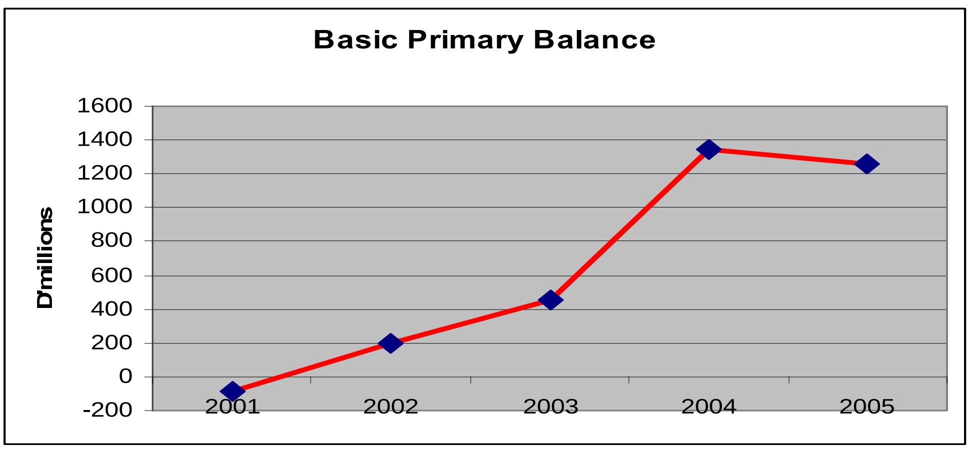
Net lending totalled negative D23.0 million, while there was zero on-lending and D23.0 million in repayments. In 2004 net lending amounted to negative D23.5 million.

Capital expenditure fell to D1.2 billion and failed to meet the budget estimate by 7.2 per cent, or D85.0 million. Capital expenditure was financed by external loans (72.6 per cent), external grants (17.1 per cent), Gambia Local Fund (5.5 per cent) and HIPC Funds (0.2 per cent).

(9.4) Primary or Non-Interest Balance

The primary or non-interest deficit measures the effects of current discretionary budgetary outlays by excluding interest payments from conventional measure of the deficit. The balance indicates how recent fiscal actions of the Government affect the allocation of resources in the economy and Government debt.

Figure 29: Basic Primary Balance

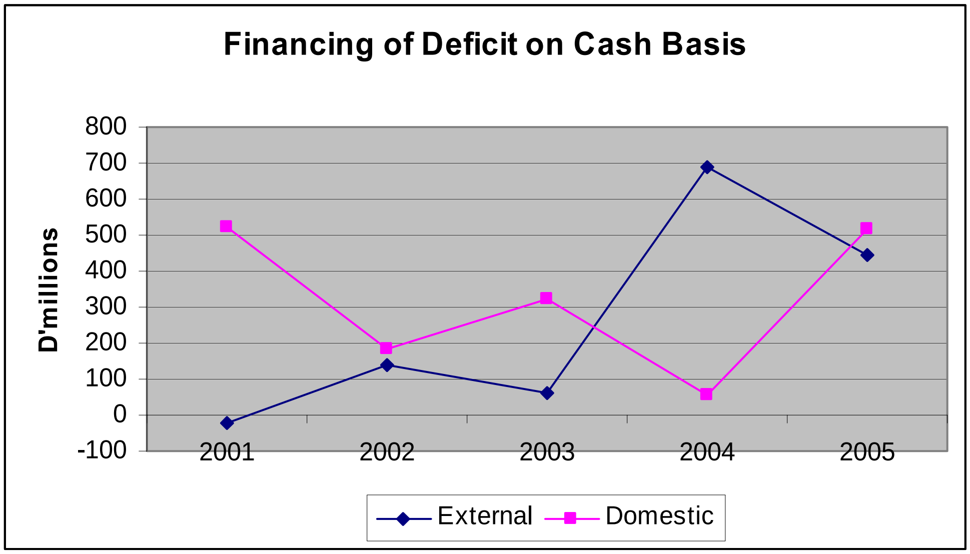


The balance was in a surplus of D1.25 billion this year compared to a surplus of D1.3 in 2004. Despite this slight decrease, the domestic primary balance still reflects Government's intention to curb public debt.

(9.5) Overall Fiscal Balance and Financing

The overall budget deficit (commitment basis) excluding grants and without HIPC assistance was D959.5 million compared to a deficit of D884.4 million in 2004. Including grants, the overall budget deficit (commitment basis) was D108.5 million compared to D506.6 million in 2004.

Figure 30: Financing of Deficit on Cash Basis



The deficit of D959.5 million was financed from external and domestic sources. Net external financing amounted to D443.3 million, reflecting external borrowing of D868.1 million and amortization of D431.0 million. On the other hand, domestic financing totalled D516.2 million.

Table 16: Public Expenditure and Net Lending

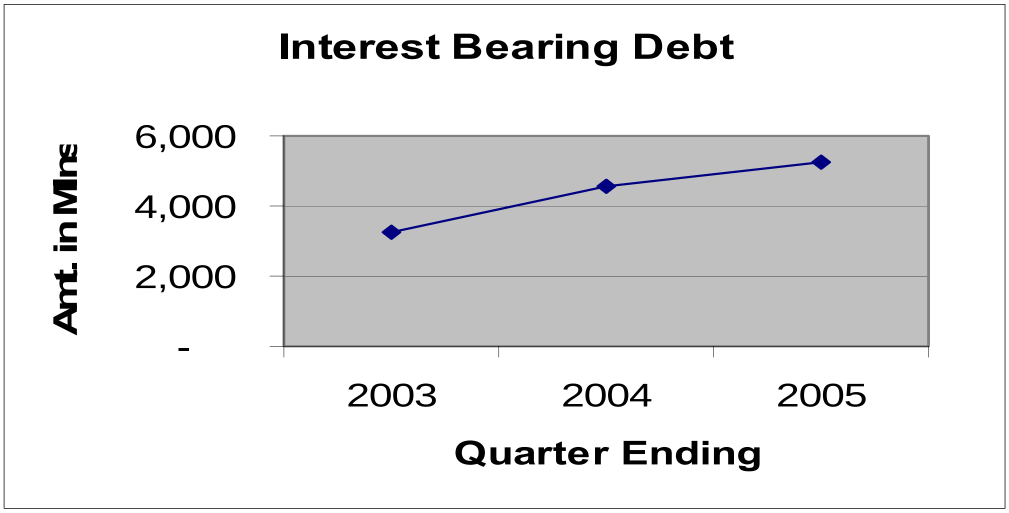
	2005		
(In D'millions)	**Actual**	**Budget**	**Variance**
Expenditure and Net Lending	**3,719.5**	**3,687.3**	**32.2**
Current Expenditure	2,436.0	2,420.7	15.3
Capital Expenditure and Net Lending	1,162.1	1,266.6	(104.5)
Capital Expenditure	1,185.1	1,270.0	(84.9)
Financing	959.5	622.5	337
External	443.3	351.5	91.8
Domestic	516.2	429.9	86.3

(9.6) Domestic Debt

Domestic Debt totalled D5.1 billion at end-December 2005 compared to D4.6 billion at end-December 2004 representing an increase of 10.8 percent. Treasury bills accounted for 74.3 per cent of the total domestic debt while foreign currency loan to Government, Government bonds and NIB Notes accounted for 11.2 percent, 4.9 per cent and 3.9 per cent respectively.

Total outstanding stock of marketable interest bearing debt rose to D5.2 million or 16.0 per cent from 2004. Treasury bills accounted for the bulk (75.0 per cent) of the interest bearing debt.

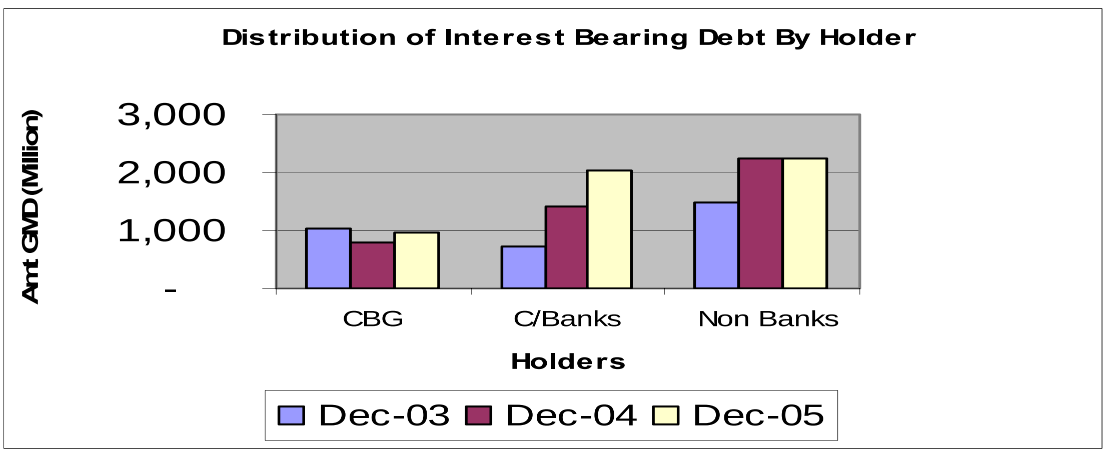
Figure 31: Interest Bearing Debt



Outstanding Treasury bills at the end of 2005 amounted to D4.4 billion (face value) reflecting an increase of 22.2 per cent over end-2004. The banking system held D2.2 billion or 49.2 per cent of the outstanding Treasury bills, whilst the non-bank sector held D2.2 billion or 50.8 per cent.

Commercial banks investments in Treasury bills grew to D2.0 billion compared to D1.4 billion in 2004. Central Bank for its part, held D118.04 million, representing an increase of 24.8 per cent from 2004.

Figure 32: Distribution of Interest Bearing Debt by Holder



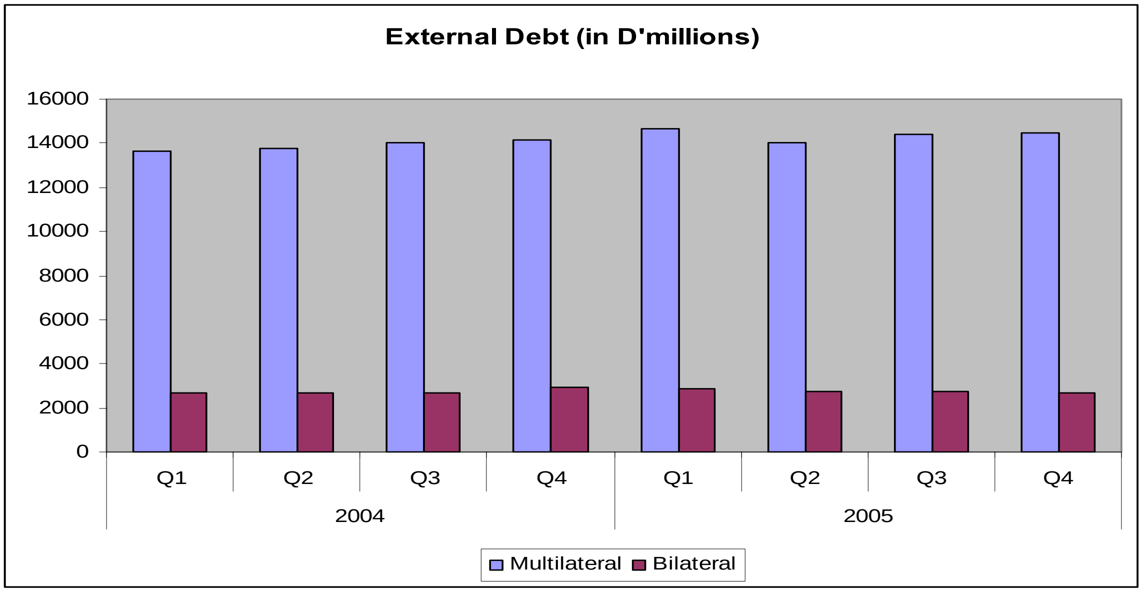
The non-bank sector holdings of Treasury bills rose by 6.3 per cent to D2.2 billion from D2.1 billion in 2004. Public enterprises investments in Treasury bills which accounts for 61.2 per cent of non-bank holdings remained virtually unchanged at D1.4 billion.

At end-December 2005, 1-year bills accounted for 64.0 per cent of total Treasury bills, 182 – day bills represents 22.0 per cent and 91-day bills 14.0 per cent compared to 50.0 per cents, 11.0 per cent and 39.0 per cent respectively in 2004.

(9.7) External Debt

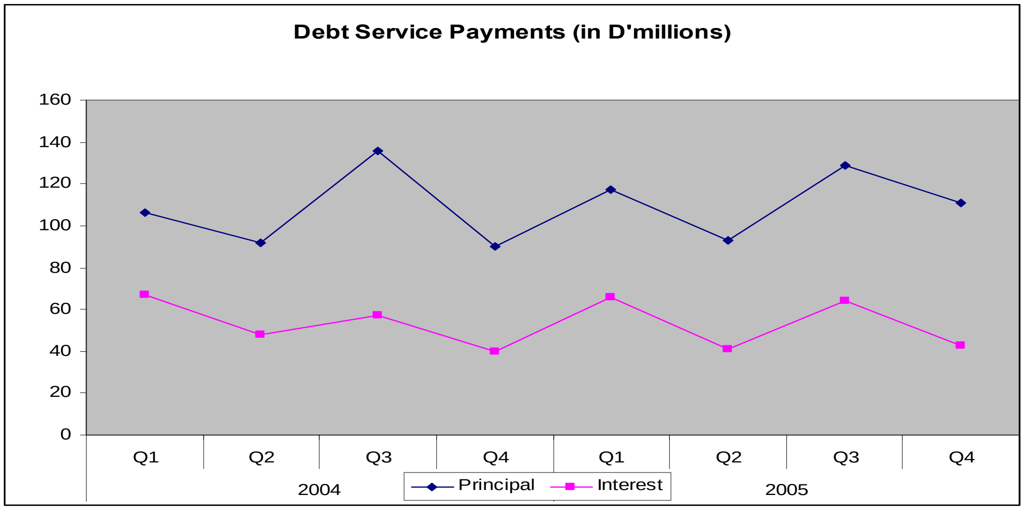
The Gambia's external debt stock totaled D17.2 billion (US$610.5 million), in 2005 compared to D17.0 billion (US$574.8 million) in 2004. This represents an increase of D129.0 million, or 0.8 per cent in 2005. Of this amount, D14.4 billion or 84.3 per cent was owed to multilateral creditors while the remaining 15.7 per cent or D2.7 billion was owed to bilateral creditors.

Figure 33: External Debt



Scheduled debt service amounted to D657.0 million compared to D629.3 million in the previous year. Of this amount, D211.5 million was in respect of interest payments while principal payments totaled D445.5 million, or 68.0 per cent of debt service payments. Loan repayments totaling D436.8 million, went to multilateral creditors whilst D220.2 million accrued to bilateral creditors.

Figure 34: External Debt Service Payments



PART II: DEVELOPMENTS IN THE INTERNATIONAL ECONOMY

(1.0) Gross Domestic Product (GDP)

World GDP was estimated to have grown by 5.0 per cent in 2004, underpinned by continued accommodative macroeconomic policies, rising corporate profitability, rising equity markets, house prices and the very strong growth in China. Looking forward, global growth is expected to slow to 4.0 per cent in 2005 as these positive developments are undermined by the steady decline in output gaps across the world; the ongoing withdrawal of fiscal stimulus; and the impact of rising oil prices. Particular uncertainties relate to the oil market; the evolution of the global current account imbalances, the prospect for house prices and the associated impact on consumption; and the reaction of prices to demand and cost pressures.

Several factors are likely to slow growth in 2005 including;

1. The expected slowdown in the level of investment in the United States;
2. Excess world demand over supply will continue to push the prices of oil and non- oil commodities, moderating demand in many countries;
3. Higher interest rates will slow investment growth as central banks continue shifting from a loose to a more neutral stance;
4. Efforts in China to bring growth down could contribute to weaker global demand given China's vital role in driving the global recovery.

Given the above factors, coupled with the slow down in global trade, growth in most low-and middle-income countries is also expected to moderate but remain strong. Recent efforts to reduce general government and current account deficits and to pay down debt should enable most developing countries to withstand the higher interest rates expected without excessive adjustment costs.

In the United States, as the output gap narrows, productivity growth is projected to slow and unit labour cost to rise. These factors, in addition to external inflationary pressures from commodity prices, likely informed the Fed's decision to tighten monetary conditions. During three consecutive meetings of the Federal Open Market Committee (FOMC), in the first five months of the year, the Committee decided to raise the federal funds rate (i.e. the target rate) by 25 basis points on each occasion, now standing at 3.0 per cent. The Committee believes that even after these actions, the monetary policy stance remains accommodative. Moreover, robust underlying growth in productivity is providing ongoing support to economic activity. Recent data suggest that the solid pace of spending growth has slowed somewhat, partly in response to earlier increases in energy prices. Pressures of inflation have picked up in recent months and pricing power is more evident. Longer term inflation expectations remain contained.

The 2005 budget envisages a reduction in the budget deficit from 5.1 per cent of GDP in 2004 to 3.6 per cent in 2005 ($430 billion). Expenditures on domestic programmes, including agriculture and housing will be cut but military spending is projected to rise.

In China, a soft landing is expected and GDP is forecast to grow by 8.0 per cent in 2005, down from 9.3 per cent in 2004. In South Asia, despite the slowdown in China and the OECD economies, growth is expected to accelerate in 2005, reflecting the gains of structural reforms and market opening. However, the Asian tsunami is expected to lead to increased expenditures on reconstruction.

Output in Japan is expected to moderate but the outlook remains solid and the available indicators point to continued recovery in private sector demand. The authorities continued to implement wide ranging structural reforms in the corporate and financial sector and there are signs that deflation has eased.

In Europe, growth is expected to continue gaining momentum in 2005 and 2006 as earlier investments begin to bear fruit, despite the slowdown in the rate of world demand. However, given the Euro zone's slow response to asymmetric shocks, the pace of the expansion is expected to remain moderate. In Germany, growth is expected to moderate to 1.5 per cent (lowest in the Euro area) as domestic demand continues to be relatively weak. Exports are projected to fall given the global slowdown. In France, the budget deficit is projected at 2.9 per cent, down from 3.6 per cent in 2004. Based on an annual forecast of 2.5 growth in GDP, the deficit will fall to 2.2 per cent, 1.6 per cent and 0.9 per cent in 2006, 2007 and 2008 respectively. Inflation is expected to fall to 1.8 per cent on the assumption of a very gradual decline in oil prices.

In the UK, GDP was estimated to have grown by 0.8 per cent in the fourth quarter, tipping the annual growth rate from a previous estimate of 3.1 per cent to 3.2 per cent. But the inflation report shows a slightly higher profile of inflation than the previous report, boosted by higher wage settlements, resilient house prices and a strong performance of equities. Notwithstanding, the Bank of England left interest rates unchanged at 4.75 per cent for the sixth month running on February 10, against a backdrop of growing market expectations for a rise later this year, although forecast remain balanced.

In Sub-Saharan Africa, GDP growth rate reached 4.5 per cent in 2004, the highest for the continent since 1996. Africa's leading reformers - Burkina Faso, Ghana, Mali, Tanzania, Uganda, Tunisia and Morocco- continued to perform well while Central and East Africa witnessed the most robust growth performance of 8.7 per cent and 6.5 per cent respectively. While Central Africa benefited from post-conflict dividends and higher oil prices, the performance in East Africa was boosted by the bumper harvest of 2004. Africa will also benefit from the revival in Europe, Africa's major trading partner, but many oil importing countries remain vulnerable to higher oil prices. In addition to development aid and debt relief, there is the need for improved fundamentals and efficient public expenditures to hasten the pace towards achieving the goal of poverty reduction.

Table 17: Real GDP *(Annual percent change)*

		2002	2003	2004	2005
World Output		**3.0**	**3.9**	**5.0**	**4.3**
Advanced Economies		1.6	2.1	3.6	2.9
United States		1.9	3.0	4.3	3.5
Euro area		0.8	0.5	2.2	2.2
Germany		0.1	-0.1	2.0	1.8
France		1.1	0.5	2.6	2.5
Italy		0.4	0.3	1.4	1.9
Japan		-0.3	2.5	4.4	2.3
United Kingdom		1.8	2.2	3.4	2.5
Other emerging markets and developing		4.8	6.1	6.6	5.9
Africa		3.5	4.3	4.5	5.4
Sub-Sahara		3.6	3.7	4.6	5.8
Developing Asia		6.6	7.7	7.6	6.9
China		8.3	9.1	9.3	8.0
India		5.0	7.2	6.4	6.7
Middle East		4.3	6.0	5.1	4.8
Western Hemisphere		-0.1	1.8	4.6	3.6
	2001	***2002***	***2003***	***2004***	***2005***
Africa	***4.0***	***3.5***	***4.3***	***4.5***	***5.4***
Cote d'Ivoire	*0.1*	*-1.6*	*-2.8*	*1.7*	*4.3*
Gambia, The	*5.8*	*-3.2*	*6.7*	*8.0*	*5.0*
Ghana	*4.2*	*4.5*	*5.2*	*5.2*	*5.0*
Guinea	*3.8*	*4.2*	*1.2*	*2.6*	*3.8*
Guinea Bissau	*0.2*	*-7.2*	*0.6*	*1.0*	*3.4*
Mali	*12.1*	*4.3*	*6.0*	*4.5*	*5.6*
Sierra Leone	*18.5*	*26.8*	*9.4*	*7.2*	*7.0*
Nigeria	*3.1*	*1.5*	*10.7*	*4.0*	*5.9*
Senegal	*4.7*	*1.1*	*6.5*	*6.0*	*5.8*

Source: IMF, World Bank and country Staff Projections

(1.1) Inflation

Global inflationary expectations have risen but remain moderate and the forecast has been revised upward to 2.6 per cent in 2005. Domestic measures of inflationary expectations have been higher in emerging markets; notably China, Poland and Brazil with smaller increase in industrial countries. The combination of higher global growth and rising commodity prices will mean that monetary policies will generally need to be tightened somewhat faster than earlier expected, depending on the cyclical positions in individual countries and regions.

The risks of a marked pick-up in inflation appear moderate given excess capacities well-grounded inflationary expectations and relatively moderate labour market pressures as well as rising profit margins. Nonetheless, policymakers will need to respond promptly if inflation edges up or spare capacities tighten faster than envisaged, since the cost of a slow reaction could be high and diminish central banks' credibility.

However, widespread relapses in globalization, deregulation, productivity increases, and relatively loose fiscal policies could roll back the achievements of low inflation of recent years. The immediate policy challenges remain rising terrorist risks, renewed protectionist pressures and failure to address medium-term fiscal problems.

Table 18: Consumer Prices *(Annual percent change)*

	2002	2003	2004	2005
Advanced Economies	**1.5**	**1.8**	**2.1**	**2.1**
United States	1.6	2.3	3.0	3.0
Euro area	2.3	2.1	2.1	1.9
Germany	1.3	1.0	1.8	1.3
France	1.9	2.2	2.4	2.1
Italy	2.6	2.8	2.1	2.0
Japan	-0.9	-0.2	-0.2	-0.1
United Kingdom	1.3	1.4	1.6	1.9
Other Advanced Economies	1.7	1.8	2.0	2.3
Africa	**9.7**	**10.3**	**8.4**	**8.1**
Gambia, The	8.6	17.0	8.0	5.0
Ghana	14.8	26.7	10.8	6.0
Guinea	3.0	12.9	16.6	13.8
Guinea Bissau	3.3	3.0	3.0	3.0
Mali	5.0	-1.3	2.6	3.0
Nigeria	13.7	14.4	15.8	11.4
Senegal	2.3	-	0.8	2.2
Sierra Leone	-3.7	8.2	12.4	4.7

Source: IMF, World Bank and Country Staff projections

(1.2) Commodity Markets

Accelerated world demand and the short fall in supply were responsible for commodity price increases during the global recovery. However, virtually all of the gain accrued to low-and middle-income oil exporters. Most developing country oil importers suffered net terms of trade losses. Apart from higher oil prices, other energy and metal prices rose.

The expected slowdown in global economic activity will lead to less demand for goods and contract world trade. Oil prices are not expected to rise substantially given new supply sources and reduced oil intensities in the world economy. However, there remain considerable scope for higher oil prices, particularly given the sensitivity of the oil market to supply disruptions. OPEC excess capacity is estimated to have fallen from 4.6 million barrels per day in 2001 to only 1.4 million barrels per day in 2004, in addition to the limited refining capacity for sweet crude.

Non-oil commodity prices are expected to ease although they may remain above average levels in 2005. China's continued expansion has been the main driver of global trade in 2004, accounting for 20.0 per cent of the increase in world merchandise trade. Although measures to cool the economy in 2004 has had impact on commodity markets, overall demand has remained strong as companies ran down inventories at the end of the second quarter. Following a pre-election spending spree in 2004, US demand for non-oil imports is expected to slowdown in 2005 as output contracts, although to remain firmly above trend. Similarly, the slowdown in Japan, UK and the Euro-zone is expected to ease demand for industrial materials and agricultural commodities.

Perhaps the single most important recent development in the commodities market is the tough negotiation between China, on one hand, and EU and USA, on the other, concerning Chinese textile exports to the Western markets. With the expiration of WTO quota on textile exports, Chinese textile export will have unlimited access to the world market. Recently China agreed to increase export taxes on textile exports to Western markets in order to stem its exports, in response to US and EU demands. However, just after this announcement, China again threatened to withdraw all export taxes on textiles if the EU and the US continued with their threat to limit market access to textile imports from China.

PART III: OPERATION AND ADMINISTRATION OF THE BANK

(1.0) Assets/Liabilities

Assets of the Central Bank as at year-end, 2005 increased to D5.0 billion or 22.5 per cent over the previous year. The increase in assets was driven in the main by the substantial growth in loans and advances, and Government securities.

Loans and advances, which accounts for 21.3 per cent of total assets, increased markedly to D1.5 billion or 47.1 per cent from 2004. Investment in Government securities increased to D891.0 million or 33.2 per cent relative to the previous year and constitutes 17.8 per cent of total assets. Foreign cash and bank balances rose to D2.4 billion or 15.5 per cent while other unclassified assets increased to D145.0 million or 16.9 per cent against 2004. Tangible fixed assets, as property, plants and equipment, rose to D68 million or 65.9 per cent from 2004 but accounts for only 1.4 per cent of total assets. However, Investments in foreign securities and other investments such as shares in regional organizations, declined slightly to D163 million and D280.0 million in 2005 from D173.0 million and 283.0 respectively in 2004.

A total deposit, which comprises government and commercial banks' deposits, increased to D2.5 billion or 46.3 per cent and represents more than half of total liabilities. Other liabilities, including interest payable, staff pension fund, etc decreased to D113 million or 6.6 per cent. Long-term liabilities (outstanding Central Bank bills, SDR allocations, ESAF and PRGF) and currency in circulation rose to D866.0 million and D1537.0 million or 15.6 per cent and 3.4 per cent respectively, compared to 2004.

Share capital, statutory reserves and other reserves remained unchanged from the previous year at D1.0 million, D3.0 million and D3.4 million respectively.

(2.0) Income Statement

The income statement of the Central Bank for the year ended December 2005 revealed that operating revenue more than doubled to D110.7 million or 60.6 per cent compared to the same period a year earlier. The neat revenue performance is mainly explained by the boost in net interest income and the marked decline in interest expense. Net Interest income increased markedly to D105.5 million or 79 per cent relative to 2004. Interest expense on the other hand, decline to D8.5 million (or 45.0 per cent) compared to D15.4 million in 2004. Interest income increased twofold to D114.0 million or 53.3 per cent over the previous year. Other income, in contrast, declined to D5.1 million against D9.9 million in 2004.

Central Bank of the Gambia's operating cost, comprising personal costs, general and administrative costs, depreciation and amortisation registered a marginal decline to D143.0 million in 2005 from D143.2 in 2004. As a result, net deficit on ordinary activities improved to D32.3 million compared to D74.3 million in 2004. There was no provision for credit losses. Consequently, net deficit (loss) for the financial year ending December

2005 remained at D32.3 million, substantially lower than D120.8 million registered in 2004. Accumulated loss as recorded in the balance sheet as at end-December 2005 decline to D32.3 million from D509.8 million in 2004.

(3.0) Banking Services Department

(I) Currency in Circulation

At end-December 2005, currency in circulation rose to D1537.55 million or 3.5 per cent from 2004. This increase is largely explained by the high public demand for currency which hinges on the expansion of economic activity. The hundred dalasi (D100) note has since 2004 claimed the greatest popularity, accounting for 55.44 per cent of the value of bank notes in circulation at end December 2005. Amongst the category of Gambian coins, the dalasi –coin accounted for 70 per cent of the value of coins in circulation in 2005.

(II) Commemorative Coins

Commemorative coins are issued in recognition of special events and individuals. The Central bank continues to sell gold and silver commemorative coins during the review year. As at end-2005; the following commemorative coins were in stock:

- Year of the Scout
- Wildlife conservation
- Save the children
- Commonwealth Games
- Millennium coin
- The Gambia Silver Jubilee
- Papal Visit
- UN50th Anniversary
- African Union Summit

These coins are available for sale to the public and tourists

(III) Deposits

As the overall custodian of government accounts as well as the banker's bank, Central Bank of the Gambia provides depository services to government institutions and deposit money banks. Commercial Banks deposits grew by D187.57 million to D762.33 million at end-2005. Total deposits of government and Deposit Money Banks increased to D2150.61million or 27.1 per cent from 2004.

(IV) Investments

Investment in government securities by the Central Bank stood at D591.86 million in 2005 compared to D660.13 million a year earlier. This represents a decline of D68.27 million or 10.34 pre cent. The bank's investments were in Treasury Bills, Government Bonds and Treasury Notes. The latter is a non- interest-bearing instrument issued under section 8(8) and section 9(4) of the CBG Act 2005.

Fixed Loan extended to the defunct Gambia Produce Marketing Board (GPMB) remained at D5.35 million and Equity investment in regional financial institutions also remained unchanged at D62.0 million at end- December 2005.

(4.0) Administration

The composition of the Board of Directors remained unchanged from the previous year. During 2005, the Board held one extra ordinary meeting and two regular meetings.

As at December 2005, six Ag directors were promoted to the rank of Directors and two Deputy Directors also promoted to Directors. In addition, five Principal Officers were promoted to Deputy Director Positions and two senior Officers were moved to the position of Principal Officers

(I) Staff Training

The Bank continued to provide academic and professional training locally and abroad. During the year under review, nine members of staff went on long-term training in the UK. Of which, five were granted scholarship for graduate studies in Economics, Banking and finance. The Bank also provided scholarship to twelve staff members at various local institutions. Areas of study were mainly in Economics, Accounting, Finance and Information Technology.

TABLE I(A) : **GROSS DOMESTIC PRODUCT (in D' millions)**

At Constant (1976/77) Market Prices 1/

INDUSTRIAL ORIGIN	2001	2002	2003	2004	2005
AGRICULTURE	**215.00**	**196.22**	**208.57**	**230.00**	**247.01**
Groundnuts	54.14	43.32	33.31	43.18	50.95
Other Crops	110.81	99.72	119.61	128.54	134.97
Livestock	35.30	36.36	37.45	38.57	39.73
Forestry	4.15	4.32	4.45	4.58	4.72
Fishing	10.60	12.50	13.75	15.13	16.64
INDUSTRY	**75.48**	**79.24**	**81.94**	**84.47**	**88.48**
Manufacturing	36.19	37.88	38.51	40.70	42.71
Building & Construction	32.48	33.78	36.34	37.64	39.52
Mining & Quarrying	0.56	0.61	0.67	0.73	0.80
Electricity and Water	6.25	6.97	6.42	5.40	5.45
SERVICES	**371.30**	**395.09**	**429.78**	**453.20**	**484.80**
Trade	77.17	85.37	97.58	106.96	114.47
Groundnut Trade	10.67	11.84	13.02	15.63	17.03
Other Trade	66.50	73.53	84.56	91.33	97.44
Hotels & Restaurants	21.00	17.61	32.42	34.81	45.61
Transport & Communication	142.58	155.24	158.89	166.21	175.46
Real Estate & Business Services	40.70	42.40	44.52	46.75	49.04
Government Services	70.97	74.80	76.30	77.84	79.01
Other Services 2/	18.88	19.67	20.07	20.63	21.21
GDP at Factor Cost	**661.78**	**670.55**	**720.29**	**767.67**	**820.29**

Source : Central Statistics Department

1/ Sectoral estimates are at factor cost

2/ Includes banking and insurance; imputed bank service charges; personal and household services; social, recreational and related services.

TABLE I(B) : GROSS DOMESTIC PRODUCT (in D' millions)

At Current Market Prices 1/

INDUSTRIAL ORIGIN	2001	2002	2003	2004	2005
AGRICULTURE	**1,280.49**	**1,292.45**	**1,598.54**	**2,056.26**	**2,208.22**
Groundnuts	367.60	339.66	500.52		
Other Crops	565.93	534.80	594.52		
Livestock	227.90	279.68	349.04		
Forestry	22.25	24.07	28.79		
Fishing	96.81	114.24	125.67		
INDUSTRY	**403.32**	**438.47**	**495.53**	**611.33**	**641.23**
Manufacturing	175.71	183.80	186.92	248.24	260.51
Building & Construction	181.59	200.04	245.30	255.71	268.50
Mining & Quarrying	1.32	1.43		47.72	51.96
Electricity and Water	44.70	53.20	63.31	59.66	60.26
SERVICES	**2,805.78**	**2,995.51**	**3,264.99**	**4,128.62**	**4,422.55**
Trade	1,371.48	1,435.63	1,503.56	1,782.59	1,908.08
Groundnut Trade	88.26	101.08	115.63		
Other Trade	1,283.22	1,334.55	1,387.93		
Hotels & Restaurants	207.99	228.85	315.35	260.97	341.87
Transport & Communication	500.34	553.26	592.01	1,057.36	1,112.85
Real Estate & Business Services	290.48	308.16	326.90	403.75	423.53
Government Services	272.05	297.08	330.65	400.11	406.11
Other Services 2/	163.44	172.53	196.52	223.84	230.11
GDP at Factor Cost	**4,489.59**	**4,726.43**	**5,359.06**	**6,796.21**	**7,272.00**

Source : Central Statistics Department

1/ Sectoral estimates are at factor cost

2/ Includes banking and insurance; imputed bank service charges; personal and household services; social, recreational and related services.

TABLE II: AGRICULTURAL PRODUCTION

TABLE II(A) : AREA UNDER CULTIVATION

(in '000 hectares)

	2001	2002	2003	2004	2005
GROUNDNUTS	**138.90**	**105.60**	**107.94**	**116.63**	**137.28**
COTTON	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
FOOD CROPS	**158.84**	**148.30**	**176.91**	**194.31**	**199.35**
(a) Rice	18.20	12.00	17.75	16.61	17.81
(b) Other Food Crops	140.80	136.30	159.16	177.70	181.54
Sanyo (Late Millet)	16.10	10.40	14.40	14.96	17.45
Sorghum	26.20	18.30	24.68	26.05	22.95
Suno (Early Millet)	81.30	86.50	95.54	108.19	109.88
Maize	17.20	18.40	21.04	24.20	27.58
Sesame	0.00	2.70	3.50	4.30	1.79
Findo	0.00	0.00	0.00	0.00	1.89
TOTAL	**297.74**	**253.90**	**284.85**	**310.94**	**336.63**

Source: Department of Planning, Department of State for Agriculture

TABLE II(B) : OUTPUT OF PRINCIPAL CROPS

(in '000 tonnes)

	2001	2002	2003	2004	2005
GROUNDNUTS	**151.10**	**71.53**	**92.94**	**135.70**	**140.66**
COTTON					
FOOD CROPS	**199.91**	**139.71**	**216.22**	**213.19**	**201.00**
(a) Rice	32.60	20.40	31.20	21.10	18.14
(b) Other Food Crops	167.31	119.31	185.02	192.09	182.86
Sanyo (Late Millet)	16.00	7.28	13.20	16.52	16.27
Sorghum	33.40	15.21	30.13	29.00	28.46
Suno (Early Millet)	88.91	77.34	107.14	115.98	109.12
Maize	29.00	18.58	33.35	29.21	27.70
Sesame		0.90	1.20	1.38	0.74
Findo	0.00	0.00	0.00	0.00	0.57
TOTAL	**351.01**	**211.24**	**309.16**	**348.89**	**341.66**

Source: Department of Planning, Department of State for Agriculture

TABLE II(C): YIELD OF PRINCIPAL CROPS

(in kg/ha)

	2001	2002	2003	2004	2005
GROUNDNUTS	**1,524**	**603**	**922**	**1,166**	**991**
FOOD CROPS	**9,787**	**4,757**	**7,296**	**6,918**	**5,526**
(a) Rice	2,237	1,325	2,472	2,422	1,055
(b) Other Food Crops	7,550	3,432	4,824	4,496	4,471
Sanyo (Late Millet)	1,823	696	917	1,113	1,240
Sorghum	2,057	829	1,221	1,207	993
Suno (Early Millet)	1,404	894	1,121	1,104	932
Maize	2,266	1,013	1,565	1,072	1,005
Sesame	0	0	0	0	417
Findo	0	0	0	0	301

Source: Department of Planning, Department of State for Agriculture

TABLE III : CENTRAL BANK OF THE GAMBIA: ASSETS AND LIABILITIES

(end December figures,in millions of Dalasi)

	2001	2002	2003	2004	2005
Foreign Reserves	**1,066.55**	**1,530.04**	**1,934.63**	**2,497.06**	**2,745.12**
Claims on non-banks:	480.02	1,227.83	1,644.24	1,725.40	1,621.73
Government	282.11	935.32	1,245.01	1,376.38	1,270.76
Public entities	0.00	0.00	136.91	136.91	136.91
Private sector	197.91	292.51	262.32	212.11	214.06
Claims on Banks	0.00	0.00	21.20	33.62	33.62
Seasonal Advance	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	21.20	33.62	33.62
Revaluation Account	105.22	0.00	0.00	0.00	324.16
Fixed Assets	23.88	22.86	24.86	201.38	185.56
Other Assets	764.01	375.46	-233.69	-234.37	-433.83
Total Assets = Total Liabilities	**2,439.68**	**3,156.19**	**3,391.24**	**4,223.09**	**4,476.36**
Currency Issued	655.81	849.34	1,250.85	1,485.57	1,537.55
Notes	637.70	829.25	1,228.05	1,460.92	1,537.55
Coins	18.11	20.09	22.80	24.65	
Deposits	962.31	1,041.95	1,009.57	2,138.31	2,453.63
Banks	194.59	291.19	605.03	575.16	769.04
Government	767.72	750.76	404.54	1,563.15	1,684.59
Others	0.00	0.00	0.00	0.00	0.00
Allocation of SDR	98.78	113.74	173.63	182.15	224.63
Revaluation Account	0.00	573.23	536.26	442.19	0.00
Foreign Liabilities	565.41	527.15	1,069.03	728.38	639.41
Capital and Reserves	8.31	8.31	8.31	8.31	8.31
Other Liabilities	149.06	42.47	-656.41	-761.82	-387.17

Source: Central Bank of The Gambia

TABLE IV: **COMMERCIAL BANKS : ASSETS AND LIABILITIES**

(end December figures,in millions of Dalasi)

	2001	2002	2003	2004	2005
Cash Holdings	55.06	51.97	67.96	69.30	113.35
Balance with Central Bank	194.59	291.19	605.03	601.63	829.38
Treasury bills & Other Govt. securities	1157.68	916.56	653.96	1195.55	1762.19
Loans, Advances, Discount & Other Investments	750.71	1,274.82	1,814.91	1,511.73	1,811.07
Official Entities	75.79	74.69	205.87	86.45	122.85
Private Sector	674.92	1,200.13	1,609.04	1,425.28	1688.22
Foreign Assets	128.02	568.06	1,055.55	1,507.23	1,105.84
Foreign Currency	12.49	21.25	211.08	243.13	164.64
Balance held abroad	115.53	546.81	844.47	1264.10	941.20
Fixed Assets	116.01	224.38	234.77	283.65	285.53
Other Assets	145.28	329.22	298.62	500.23	679.95
Total Assets = Total Liabilities	**2,547.35**	**3,656.20**	**4,730.80**	**5,669.32**	**6,587.31**
Demand Deposits	524.66	959.40	1,690.14	1,691.35	1,896.41
Official Entities	55.11	68.44	160.28	174.70	264.95
Private Sector	469.55	890.96	1,529.86	1,516.65	1631.46
Time & Savings Deposits	1,241.90	1,445.75	1,720.00	2,324.34	2,824.59
Official Entities	46.91	45.52	63.84	77.78	208.67
Private Sector	1,194.99	1,400.23	1,656.16	2,246.56	2615.92
Borrowings from Central Bank	0.00	0.00	0.00	0.00	0.00
Other Domestic Borrowings	0.00	0.00	0.00	0.00	0.00
Foreign Liabilities	175.83	426.09	41.67	80.52	37.49
Capital & Reserves	315.19	491.54	604.35	652.55	904.39
Other Liabilities	289.77	333.42	674.64	920.56	924.43

Source: Central Bank of The Gambia

TABLE V : MONETARY SURVEY

(end December figures,in millions of Dalasi)

	2001	2002	2003	2004	2005
NET FOREIGN ASSETS	**453.33**	**1,144.86**	**1,879.48**	**3,195.39**	**3,174.06**
Monetary Authorities (net)	**501.14**	**1,002.89**	**865.60**	**1,768.68**	**2,105.71**
Foreign Assets	1,066.55	1,530.04	1,934.63	2,497.06	2,745.12
Foreign Liabilities	565.41	527.15	1,069.03	728.38	639.41
Commercial Banks (net)	**-47.81**	**141.97**	**1,013.88**	**1,426.71**	**1,068.35**
NET DOMESTIC ASSETS	**1,913.98**	**2,057.66**	**2,713.55**	**2,236.57**	**2,971.14**
Domestic Credit	**2,020.48**	**2,664.49**	**3,708.57**	**2,869.53**	**3,510.40**
Claims on Public Sector	1,147.65	1,171.85	1,837.21	1,232.14	1,608.12
-Claims on Govt.(net)	1,071.86	1,097.16	1,494.43	1,008.78	1,348.36
. Central Bank (net)	-485.61	184.56	840.47	-186.77	-413.83
. Commercial Banks (net)	1,153.72	912.60	653.96	1,195.55	1,762.19
-Claims on Public Entities	75.79	74.69	342.78	223.36	259.76
Claims on Private Sector	872.83	1,492.64	1,871.36	1,637.39	1,902.28
Other Items (net)	**-106.50**	**-606.83**	**-995.02**	**-632.96**	**-539.26**
O/W : Revaluation account	*105.22*	*-573.23*	*-536.26*	*-442.19*	*324.16*
SDR allocation	*-98.78*	*-113.74*	*-173.63*	*-182.15*	*-224.63*
Money Supply (M1)	1,125.41	1,756.77	2,873.03	3,107.62	3,320.61
Quasi-Money	1,241.90	1,445.75	1,720.00	2,324.34	2,824.59
TOTAL MONEY SUPPLY (M2)	**2,367.31**	**3,202.52**	**4,593.03**	**5,431.96**	**6,145.20**

Source: Central Bank of The Gambia.

TABLE VI : **COMPONENTS OF MONEY SUPPLY**

(end December figures,in millions of Dalasi)

	2001	2002	2003	2004	2005
Narrow Money (M1)	1125.41	1756.77	2873.03	3107.62	3320.61
Currency outside banks	600.75	797.37	1182.89	1416.27	1424.20
Demand deposits	524.66	959.40	1690.14	1691.35	1896.41
Quasi-Money	1241.90	1445.75	1720.00	2324.34	2824.59
Savings deposits	831.91	1084.19	1374.60	1786.03	1955.59
Time deposits	409.99	361.56	345.40	538.31	869.00
Broad Money (M2)	**2,367.31**	**3,202.52**	**4,593.03**	**5,431.96**	**6,145.20**

Source : Central Bank of The Gambia

TABLE VII: LIQUIDITY POSITION OF COMMERCIAL BANKS

(end December figures,in millions of Dalasi)

	2001	2002	2003	2004	2005
Total Liquid Assets	**1,274.02**	**972.31**	**1,707.39**	**2,162.68**	**2,150.77**
Reserves	174.33	76.81	1,045.88	1,358.69	1,469.79
Deposits at CBG	196.31	292.17	592.05	573.89	762.33
Cash Holdings	55.64	49.83	68.02	68.99	112.44
Foreign Cash Holdings	17.14	63.88	167.50	203.91	179.51
Foreign Bank Balances	-94.76	-329.07	218.31	511.90	415.51
Treasury Bills	1,097.19	893.00	659.01	801.49	678.48
Govt. Dev. Stock (182 Days) 1/	0.00	0.00	0.00	0.00	0.00
Other Liquid Assets	2.50	2.50	2.50	2.50	2.50
Required Liquid Assets 2/	511.74	689.25	1,003.59	1,162.15	1,331.22
Excess Liquidity 3/	762.28	283.06	703.8	1,000.53	819.55
in % of requirement	149%	41%	70%	86%	62%
Required Cash Reserves 4/	236.01	291.21	596.10	684.18	792.39
Excess Cash Reserves 5/	-61.68	-214.40	449.78	674.51	677.40
in % of requirement	-26%	-74%	75%	99%	85%

Source: Central Bank of The Gambia

1/ Introduced March 21, 1993.

2/ Based statutory requirements of 30% of total liabilities to the public.

3/ Total liquid assets less statutory requirements.

4/ In June 1998 reserves requirements have been unified at 14 percent.

5/ Reserves less required reserves

TABLE VIII : COMMERCIAL BANKS : LOANS AND ADVANCES TO MAJOR ECONOMIC SECTORS *

(end December figures,in millions of Dalasi)

Sectors	2001	2002	2003	2004	2005
Agriculture	39.63	71.70	139.45	181.40	300.98
Fishing	5.47	5.94	10.50	16.66	31.97
Mining and Quarrying	0.00	0.00	0.00	0.00	0.00
Building & Construction	58.41	78.36	94.99	89.06	144.38
Transportation	50.16	93.61	150.78	128.00	133.41
Distributive Trade	349.60	539.95	598.19	499.41	478.70
Tourism	32.84	21.47	100.12	102.92	75.44
Personal Loans	196.05	314.35	399.52	367.57	533.90
Other	60.61	212.03	372.26	228.91	283.85
Total	**792.77**	**1337.41**	**1865.81**	**1613.93**	**1982.63**

Source : Central Bank of The Gambia

* Excludes bills purchased and discounted and other investment in the private sector.

TABLE IX: TREASURY BILLS DISCOUNT RATES 1/

(in percent per annum)

	2001	2002	2003	2004	2005
January	12.00	15.00	20.00	31.00	28.0
February	12.50	15.00	20.00	31.00	28.0
March	12.50	15.00	23.00	31.00	26.0
April	12.50	15.00	24.00	31.00	26.0
May	12.50	15.00	24.00	31.00	26.0
June	12.50	15.00	25.00	31.00	26.0
July	12.50	15.00	26.00	31.00	22.0
August	12.50	18.00	31.00	31.00	18.0
September	12.50	18.00	31.00	31.00	18.0
October	15.00	19.00	31.00	30.00	18.0
November	15.00	19.00	31.00	30.00	16.0
December	15.00	20.00	31.00	30.00	16.0

Source : Central Bank of The Gambia

1/ The floatation of Treasury Bills started in July 1986

TABLE X: **INTEREST RATE STRUCTURE**

(end December figures,in percent per annum)

	2001	2002	2003	2004	2005
Commercial banks					
Lending rates					
Agriculture	18.0-24.0	17.0-24.0	21.0-36.5	21.0-36.5	21.0-30.0
Manufacturing	18.0-22.5	17.0-24.1	21.0-36.5	21.0-36.5	21.0-30.0
Building	18.0-24.0	17.0-24.2	21.0-36.5	21.0-36.5	21.0-31.0
Trading	18.0-24.0	17.0-24.3	21.0-36.5	21.0-36.5	21.0-31.0
Tourism	18.0-24.0	17.0-24.4	21.0-36.5	21.0-36.5	21.0-31.0
Other	18.0-24.0	17.0-24.5	21.0-36.5	21.0-36.5	21.0-31.0
Deposit rates					
Short-term deposit account	7.0		6.5	6.5	1.25-4.0
Savings bank account	8.0-10.0	8.0-9.0	8.0-17.0	8.0-17.0	5.0-10.0
Time deposits					
Three months	9.5-12.5	6.0-13.0	7.0-22.0	8.0-22.0	5.0-14.0
Six months	10.00-12.5	6.0-13.1	8.0-22.0	8.0-22.0	7.0-15.0
Nine months	10.75-12.5	6.0-13.2	8.0-22.0	8.0-22.0	7.0-14.0
12 months and over	11.0-12.5	6.0-13.3	10.0-22.0	12.0-23.0	7.0-17.0
Post office savings bank					
Savings deposits	N/A	N/A	N/A	N/A	N/A
Government					
Treasury bills	12.0	20.0	31.0	30.0	16.0
Discount Notes	15.0	15.0	25.5	25.5	25.5
Government development loans					
1999-2002 (F)	15.0	15.5	-	-	-
1999-2002 (G)	14.0	20.0	-	-	-
2002 (H)			15.5	15.5	15.5
2002 (I)			20.0	20.0	20.0
Central Bank of The Gambia					
Bank rate	12.0	18.0	29.0	28.0	14.0
Rediscount rate	18.0	23.0	34.0	33.0	19.0

Source: Central Bank of The Gambia.

TABLE XI : CONSUMER PRICE INDEX

(for Banjul and Kombo St. Mary low-income population)

(end December figures)

	2001	2002	2003	2004	2005
Percentage change from same period of previous year	*8.1*	*13.0*	*17.6*	*8.0*	*1.8*
All Items Index	**1,650.1**	**1,864.7**	**2,192.2**	**2,367.4**	**2,410.4**
Food and Drinks	1,784.2	2,109.4	2,499.8	2,747.4	2,773.3
Cereal and cereal products	1,195.1	1,291.1	1,616.5	1,904.7	1920.64
Roots, Pulses, nuts and seeds	1,710.3	1,765.4	2,003.4	2,124.6	2,137.7
Vegetables and fruits	1,784.4	1,793.7	1,925.0	1,985.5	2,011.8
Meat, Poultry, eggs and Fish	2,697.6	3,862.1	4,536.4	4,858.7	4,911.9
Milk, dairy products, oils & fat	1,843.6	2,008.6	2,341.8	2,560.6	2,588.1
Other Food	1,497.5	1,617.9	2,023.5	2,313.2	2,325.9
Housing	1,623.4	1,655.8	1,883.1	1,948.1	1,958.2
Fuel and Light	2,404.0	2,461.2	3,208.2	3,501.2	3,663.3
Clothing, textiles and footwear	1,018.1	1,078.7	1,181.3	1,198.8	1,233.8
Miscellaneous	1,510.9	1,558.5	1,748.9	1,790.8	1,880.7

Source: Central Statistics Department

TABLE XII : INTERBANK EXCHANGE RATES

TABLE XII(A) : END OF PERIOD MID-MARKET RATES 1/

(Dalasi per unit of foreign currency) 2/

Period		GBP	USD	DEM	SEK (100)	CFA (5,000) 3/	FRF(100)/ Euro
2000	December	21.0941	14.8875	6.4848	156.2492	95.4998	195.0804
2001	December	25.0084	16.9313	8.0548	161.2723	120.8943	231.2074
2002	December	35.4878	23.3924		263.1515	174.4489	23.6402
2003	December	51.9065	30.9577		367.7336	220.1900	35.9003
2004	January	53.2709	30.1233		389.6422	248.8226	37.1420
	February	53.7481	29.8331		400.9934	232.8464	37.1784
	March	53.7134	30.1124		395.3892	265.3371	36.8390
	April	53.6867	30.0177		389.2721	271.4528	35.8779
	May	53.9792	29.9911		363.8867	260.3765	36.2272
	June	53.7852	30.0602		391.5521	260.8590	36.1307
	July	54.3182	29.9520		392.4285	262.3263	36.1793
	August	54.3517	30.0224		384.0395	271.5215	36.3135
	September	54.0790	30.0223		385.9610	269.7188	36.1731
	October	54.4287	30.0273		399.1541	268.0542	36.6725
	November	54.2779	29.9593		417.6275	265.3184	36.3959
	December	54.6682	29.6743		404.9517	281.8272	37.7522
2005	January	54.6122	29.6319		404.8845	277.2549	37.6268
	February	54.5405	29.4906		393.8571	275.8633	37.6856
	March	54.3238	29.2200		394.4260	285.2085	37.4695
	April	54.2488	28.6976		399.1415	272.3618	37.1875
	May	52.3101	28.4752		387.1117	274.9902	36.2559
	June	50.8143	28.1456		371.0162	271.7004	34.2084
	July	49.4458	28.0827		338.0484	246.3230	34.3166
	August	49.8883	28.0475		344.3737	253.6905	34.2048
	September	50.2166	28.1859		354.5100	249.6120	34.1739
	October	49.7308	28.0892		337.3787	252.5617	34.2376
	November	49.5953	28.1629		335.6117	253.7343	33.8072
	December	49.7853	28.1348		347.0767	251.9007	33.7130

Source : Central Bank of The Gambia

1. The mid-market exchange rate is the mid point between the weighted average of buying and selling
2. Unless otherwise stated
3. Since January 1994, participants in the interbank market have stopped trading in CFA franc
4. Commencing January 2002, the EURO replaces the DEM and FRF

TABLE XII(B) : PERIOD AVERAGE MID-MARKET RATES 1/

(Dalasi per unit of foreign currency) 2/

Period	GBP	USD	DEM	SEK (100)	CFA (5,000) 3/	FRF(100)/ Euro
2000 December	21.0929	14.4883	6.6629	153.5923	99.5696	196.3714
2001 December	24.8717	16.6852	8.0180	159.0686	117.8858	231.5361
2002 December	35.6825	23.5562		214.5339	174.9403	22.7520
2003 December	51.8146	31.0589		376.7330	237.2917	35.9709
2004 January	52.4192	30.4652		382.9343	245.5116	36.4900
February	53.6595	29.8460		397.5023	249.0859	37.0467
March	53.7036	29.9372		400.4344	247.1602	36.8593
April	53.2088	30.0518		393.0012	253.1138	36.3325
May	53.6655	29.9620		384.0187	264.7618	35.9940
June	53.9353	30.0573		395.1919	255.2435	35.9730
July	54.1364	30.0045		389.1758	265.8391	36.3307
August	54.3102	30.0288		386.2219	262.7688	36.1781
September	54.0423	30.0924		391.8098	266.8190	36.1222
October	54.0227	30.1075		404.7661	259.8348	36.1078
November	54.1750	30.0054		407.7056	263.3297	36.1205
December	54.4447	29.8029		417.2066	279.2442	36.9252
2005 January	54.6756	29.6954		416.0486	282.0730	37.6763
February	54.5690	29.4862		404.1195	279.1747	37.8038
March	54.6530	29.2719		394.8747	284.4390	37.7208
April	54.3182	28.9071		398.8721	279.6080	37.4541
May	53.4574	28.5579		384.7724	273.9976	36.7963
June	51.2651	28.2938		374.7615	262.1467	35.2250
July	49.5631	28.0935		349.0624	247.1510	34.1946
August	49.7600	28.0656		346.3980	258.5035	34.1517
September	50.5284	28.1324		442.2490	253.7132	34.1678
October	50.1058	28.0940		324.2351	252.8062	34.0766
November	49.6213	28.1608		335.5834	253.8547	33.9625
December	49.5216	28.1466		349.9966	252.6027	33.7184

Source : Central Bank of The Gambia

1. The mid-market exchange rate is the mid point between the weighted average of buying and selling
2. Unless otherwise stated
3. Since January 1994, participants in the interbank market have stopped trading in CFA franc
4. Commencing January 2002, the EURO replaces the DEM and FRF

TABLE XII(C) VOLUME OF INTERBANK FOREX TRANSACTIONS 1/

BREAKDOWN BY CURRENCY

(Figures represent Dalasi equivalents; in D' millions)

Period		GBP	USD	DEM	SEK	CFA 2/	FRF/Euro	Others	TOTAL
2000	December	87.90	248.48	11.77	14.66	5.848	29.16	172.91	**570.73**
2001	December	133.24	461.29	5.23	7.78	5.852	79.19	333.42	**1,026.00**
2002	December	169.07	635.27		16.87	8.789	139.18	86.52	**1,055.70**
2003	December	397.03	1076.35		20.30	11.591	311.69	30.13	**1,847.09**
2004	January	382.03	928.23		18.78	7.04	253.98	42.44	**1,632.50**
	February	350.19	1193.05		20.66	8.28	115.68	29.68	**1,717.54**
	March	518.46	1276.05		30.05	4.69	220.53	44.77	**2,094.55**
	April	401.23	733.99		15.18	5.05	171.35	26.28	**1,353.08**
	May	428.83	958.48		10.07	8.86	178.70	27.49	**1,612.43**
	June	196.82	867.40		8.53	8.89	162.26	19.71	**1,263.61**
	July	229.18	689.76		3.32	5.43	137.28	16.55	**1,081.52**
	August	222.44	730.40		3.27	7.38	214.65	36.77	**1,214.91**
	September	330.24	859.17		8.48	12.56	348.38	26.69	**1,585.52**
	October	273.85	695.66		14.28	6.95	307.72	31.56	**1,330.02**
	November	287.73	812.96		14.54	9.81	306.54	30.90	**1,462.48**
	December	382.67	1,345.20		26.64	5.06	321.92	60.74	**2,142.23**
2005	January	430.15	1,576.49		27.30	5.94	668.54	36.20	**2744.62**
	February	285.33	1,007.93		23.09	10.16	381.86	36.00	**1744.37**
	March	426.68	1,136.23		23.56	12.09	406.70	40.33	**2045.59**
	April	312.38	842.34		9.98	11.74	348.61	22.12	**1547.17**
	May	298.01	1,084.91		9.02	7.17	220.43	22.62	**1642.16**
	June	330.04	1,083.98		7.28	27.37	332.74	17.35	**1798.76**
	July	170.19	991.13		3.97	7.61	227.40	25.74	**1426.04**
	August	261.28	1,055.15		3.70	12.95	351.12	21.65	**1705.85**
	September	206.03	787.29		3.73	7.15	299.24	16.90	**1320.34**
	October	294.61	1,020.38		12.13	7.48	360.73	23.63	**1718.96**
	November	363.43	1,145.84		13.37	6.15	427.00	27.69	**1983.48**
	December	666.51	1,591.65		20.35	11.64	629.42	49.16	**2968.73**

Source : Central Bank of The Gambia

1/ Volume of transactions is defined here as the aggregate of purchases and sales.

2/ Actaul transactions in CFA franc are very insignificant.

TABLE XIII: EXTERNAL TRADE

TABLE XIII (A) : COMPOSITION OF EXPORTS - FOB

(in millions of Dalasi)

	2001	2002	2003	2004	2005
Groundnuts/Groundnut Products	48.95	272.19	33.11	237.79	59.13
Other Exports	85.60	62.72	70.30	104.63	141.91
Re-Exports 1/	4.78	5.49	30.89	199.33	10.29
TOTAL EXPORTS - FOB	**139.33**	**340.40**	**134.30**	**541.75**	**211.33**

Source : Central Statistics Department.

1/ Excludes estimates of unrecorded re-exports which are included in the Balance of Payments.

TABLE XIII (B): COMPOSITION OF IMPORTS - CIF

(in millions of Dalasi)

S I T C Section	2001	2002	2003	2004	2005
Food and Live Animals	481.69				
Beverages and Tobacco	223.96				
Crude Materials	61.74				
Mineral Fuel, Lubricants, etc.	148.85				
Animal and Vegetable Oil and Fats	117.85				
Chemicals	141.39				
Manufactured Goods	289.63				
Machinery and Transport Equipments	353.52				
Others	288.35				
TOTAL IMPORTS - CIF	**2,106.98**	**3,214.56**	**4,334.03**	**7,105.23**	**7,422.50**

Source : Central Statistics Dept.

TABLE IV: BALANCE OF PAYMENTS
UNITS: IN MILLIONS OF DALASIS

Period	2003	2004	2005
CURRENT ACCOUNT	75.20	(910.57)	(1,239.93)
Goods	(1,874.24)	(2,881.87)	(3,379.99)
Exports FOB	1,654.36	3,028.57	2,745.41
Exports of goods in trade statistics	134.30	541.74	147.52
Adjustments	1,520.06	2,486.83	2,597.89
For coverage (re-exports)	1,520.06	2,486.83	2,597.89
Goods procured in ports by carriers	193.38	178.75	235.72
In seaports	1.57	1.42	2.66
In airports	191.81	177.33	233.06
Imports FOB	(3,721.99)	(6,089.19)	(6,361.12)
Imports of goods in trade statistics	(4,343.04)	(7,105.24)	(7,422.54)
Adjustments	621.05	1,016.05	1,061.42
For classification	621.05	1,016.05	1,061.42
Services	1,132.42	805.59	1,009.52
Transportation	(144.45)	(532.24)	(554.84)
Sea transport	(139.53)	(507.87)	(542.43)
Air transport	(4.92)	(24.37)	(12.41)
Travel	1,242.37	1,271.11	1,506.38
Business travel	(64.59)	(81.60)	(104.55)
Personal travel	1,306.96	1,352.71	1,610.93
Education-related expenditure	(30.76)	(37.94)	(51.70)
Other	1,337.72	1,390.65	1,662.63
Communications services	112.39	198.05	210.98
Postal and courier services	5.93	1.63	0.33
Telecommunications services	106.46	196.42	210.65
Insurance services	(73.25)	(125.40)	(133.44)
Freight insurance	(82.52)	(135.00)	(141.03)
Reinsurance	9.27	9.60	7.59
Construction Services			
Computer and information services	(4.64)	(5.93)	(19.56)
Other Business Services			
Income	(648.15)	(816.40)	(923.71)
Investment income	(650.18)	(819.08)	(923.44)
Income on equity	(575.67)	(643.84)	(767.95)
Portfolio investment	(151.51)	(188.08)	(159.66)
Other investment	77.00	12.84	4.17
Compensation of employees	2.03	2.68	(0.27)
Current transfers	1,465.18	1,982.11	2,054.25
General government	101.74	351.08	170.39
Other sectors	1,363.44	1,631.03	1,883.86
Workers' remittances	1,525.60	1,805.93	1,673.68
Other transfers	(162.16)	(174.90)	210.18
CAPITAL AND FINANCIAL ACCOUNT	(222.60)	1,257.29	2,297.51
CAPITAL ACCOUNT	114.20	114.20	114.20
Capital transfers	114.20	114.20	114.20
Debt forgiveness	114.20	114.20	114.20
FINANCIAL ACCOUNT	(336.80)	1,143.09	2,183.31
Direct investment	521.33	1,667.46	1,533.08
In reporting economy	521.33	1,667.46	1,533.08
Equity capital	406.81	1,474.60	1,277.10
Reinvested earnings	114.52	192.86	255.98
Other investment	(599.38)	404.33	955.52
Assets	(467.50)	(451.68)	(401.39)
Loans			
Currency and deposits	(467.50)	(451.68)	(401.39)
Liabilities	(131.88)	856.01	1,356.91
Trade credits	95.95	124.61	129.40
Loans			
General Government	156.12	724.21	1,325.84
Drawings on new loans	448.92	1,136.36	1,735.90
Repayments	(292.80)	(412.15)	(410.06)
Monetary Authorities			
Use of Fund Credits and Loans	-	(31.66)	(55.29)
Drawings			
Repayments		(31.66)	(55.29)
Currency and deposits	(383.95)	38.85	(43.04)
Reserve Assets (increase -)	(258.75)	(928.70)	(305.29)
OVERALL BALANCE	147.40	(346.72)	(1,057.58)

TABLE XV: DISTRIBUTION OF AIR CHARTER TOURISTS BY NATIONALITY, SEX AND LENGTH OF STAY

Nationality	2001	2002	2003	2004	2005
British	34,399	48,894	40,872	48,297	48,784
Swedish	4,043	5,594	4,205	3,954	6,754
French	481	645	653	432	546
German	3,065	3,707	4,253	2,891	4,941
Danish	1,605	2,260	2,616	1,997	3,146
Norwegian	542	711	999	5,513	1,028
Others	31,074	17,082	35,518	27,014	42,705
TOTAL	**75,209**	**78,893**	**89,116**	**90,098**	**107,904**
Sex					
Male	n.a	n.a	n.a	45,351	n.a
Female	n.a	n.a	n.a	44,744	n.a
Length of stay					
Average length of stay (in days)	12.90	12.90	12.90	12.90	12.90
AVERAGE OUT-OF-POCKET EXPENDITURE PER DAY (in Dalasi)	250.00	250.00	250.00	250.00	500.00

Source : Central Statistics Department

TABLE XVI : THE GAMBIA : ENERGY STATISTICS

	2001	2002	2003	2004	2005
ELECTRICITY (000'S KWH)					
Total Production	**146,860**	**161,361**	**150,307**	**128,061**	**156,268.36**
Residential consumption	55,324	62,060	48,458	38,833	52,944.25
Business consumption (incl. Govt.)	25,698	24,934	44,693	41,132	16,309.43
Hotels, Industries and Clubs	12,859	17,237			27,698.41
Agriculture					5.83
Local Authorities					303.34
Street Lighting	740	507	383	279	
Other consumption	58	64			4,751.89
Losses (incl. power house consumption)	52,181	56,559	56,773	47,817	54,255.21
RETAIL ELECTRICITY PRICE PER KWH					
Residential	1.81	1.81		1.55-6.98	4.59
Commercial & Local Government	2.21	2.21		7.25	7.25
Hotels, clubs & industries	2.54	2.54		8.02	8.02
PETROLEUM IMPORTS (M / litres)					
Total imports					
PMS					
HEAVY FUEL					
KEROSENE					
GAS OIL					
Petroleum oils and oils obtained from bituminous mineral,crude.					
Petroleum oils and oils obtained from bituminous mineral,other than crude.					
RETAIL PETROLEUM PRICE PER LITRE					
PMS	9.75	9.75	22.00	22.00	30.00
DIESEL			21.50	21.50	28.00
JET/ KEROSENE					

Source: State Depertment For Trade, Industry & Employment.

TABLE XVII : CENTRAL GOVERNMENT FISCAL OPERATIONS

In D'millions

	2001	2002	2003	2004	2005
Revenue and Grants	1,125.7	1,518.6	1,846.4	3,057.8	2,829.7
Total Revenue	989.8	1,201.7	1,573.1	2,498.4	2,609.6
Tax Revenue	853.8	1,040.2	1,379.8	2,244.9	2,263.2
Direct Taxes	251.0	318.0	441.1	606.4	682.5
Indirect Taxes	602.8	722.2	938.7	1638.5	1580.7
Domestic Taxes on Goods & Services	73.9	124.9	205.3	291.4	374.5
Stamp Duty	2.6	6.1	5.7	12.2	13.7
Excise Duties	11.5	10.8	13.6	39.5	50.4
Domestic Sales Tax	59.8	108.0	185.9	239.8	310.5
Airport Levy	0.0	0.0	0.0	0.0	0.0
Taxes on International Trade	528.9	597.3	733.4	1347.1	1206.2
Customs Duty	199.5	226.1	291.7	577.4	443.4
Sales Tax on Imports	179.9	209.5	279.0	495.3	468.8
Petroleum Taxes	149.5	161.7	162.7	274.4	294.0
Duty	128.0	141.6	124.0	183.1	169.8
Sales Tax	21.5	20.1	38.7	91.3	124.2
Nontax Revenue	136.0	161.5	193.3	253.5	346.4
Government Services & Charges	97.6	134.8	166.9	195.4	147.9
Interest and Property	34.2	24.1	23.1	54.7	43.3
Contribution to Pension Fund	4.2	2.6	3.3	3.4	3.7
Central Bank Profit / Loss	0.0	0.0	0.0	0.0	0.0
Other Non tax Revenues	0.0	0.0	0.0	0.0	151.5
Grants	135.9	316.9	273.3	559.4	220.1
Program	0.0	68.0	0.0	0.0	0.0
Projects	67.9	126.8	143.8	409.6	203.0
HIPC II Assistance	68.0	122.1	129.5	149.8	17.1
Total Expenditure and Net Lending	1,690.3	1,870.7	2,336.5	3,760.9	3,721.3
Current Expenditure	1,237.1	1,318.2	1,701.3	2,159.1	2,419.9
Expenditure on Goods & Services	677.3	690.8	789.8	898.6	1058.4
Salaries	342.0	395.2	459.2	517.7	549.5
Other Charges	335.3	295.6	330.6	380.9	508.9
Interest Payments	293.7	370.6	607.4	1003.1	1130.9
Internal	225.0	286.6	444.1	633.2	890.1
External	68.7	84.0	163.3	369.9	240.8
Emergency Relief (Rural road repairs)	0.0	0.0	0.0	0.0	0.0
HIPC II Expenditure	68.0	39.9	82.5	66.6	0.0
Subsidies & Current Transfers	198.1	216.9	221.6	190.8	230.6
Development Expenditure	385.4	585.3	657.8	1626.3	1195.3
Extrabudgetary Expenditure	0.0	0.0	0.0	0.0	136.5
Net Lending	67.8	-32.8	-22.6	-24.5	-30.4
Overall Balance (Commitement Basis)					
Excluding Grants (with HIPC II)	-600.4	-668.9	-763.5	-1262.2	
Excluding Grants (w/o HIPC II)	-532.4	-596.6	-681.0	-1080.6	-967.1
Including Grants (w/o HIPC II)	-464.5	-342.0	-490.1	-702.8	-749.6
Adjustment to cash basis (Float)	-34.7	17.8	43.8	742.9	-40.8
Overall Balance - Including Grants (Cash Basis)	-499.2	-324.2	-446.3	40.1	-790.4
Financing	499.3	324.1	381.3	-40.2	931.8
External (net)	-23.6	140.9	60.8	191.9	457.5
Borrowing	233.6	725.8	340.5	862.0	868.1
Project	156.6	368.4	340.5	862.0	868.1
Program	0.0	0.0	0.0	0.0	0.0
Other Loans	77.0	357.4	0.0	0.0	0.0
Amortisation	-257.2	-584.9	-279.7	-670.1	-410.6
of which; Alimenta	-110.7				
Domestic	522.9	183.2	320.5	-232.1	474.3
Bank	505.8	22.9	225.4	-872.1	339.6
Non-Bank	68.1	197.0	95.1	640.0	80.7
Accumulation of arrears	-51.0	-36.7	0.0	0.0	0.0
Privatization Proceeds	0.0	0.0	0.0	0.0	54.0
Nominal GDP	*6124.9*	*7364.3*	*10095.9*	*12394.3*	*13174.0*

Source: Department of State for Finance and Economic Affairs

TABLE XVIII : DISTRIBUTION OF OUTSTANDING GOVERNMENT SECURITIES (Face Value)

(end December figures,in millions of Dalasi)

	2001	2002	2003	2004	2005
Gambia Govt. Treasury Bills	**2,066.70**	**2,352.72**	**2,272.16**	**3,590.07**	**4,387.65**
Central Bank	34.96	218.34	212.56	94.60	118.04
Commercial banks	1,133.19	970.12	713.58	1,396.21	2038.62
Non-banks	898.55	1,164.26	1,346.02	2,099.26	2230.99
of which: public enterprises	*767.73*	*988.13*	*1,091.12*	*1,368.31*	1364.97
Gambia Govt. Development stocks	**23.18**	**23.18**	**23.18**	**23.18**	**11.88**
Central Bank	0.00	0.00	0.00	0.00	0.00
Commercial banks	5.50	5.50	5.50	5.50	0.00
Non-banks	17.68	17.68	17.68	17.68	11.88
of which: public enterprises	*17.18*	*17.18*	*17.18*	*17.18*	*11.88*
Gambia Govt. Discount Note Series	**106.10**	**103.78**	**95.10**	**90.76**	**0.00**
Central Bank	0.00	0.00	0.00	0.00	0.00
Commercial banks	0.00	0.00	0.00	0.00	0.00
Non-banks	106.10	103.78	95.10	90.76	0.00
of which: public enterprises	*102.39*	*100.65*	*92.23*	*88.02*	*0.00*
TOT. OUTSTAND. GOVT. DOMESTIC DEBT	**2,195.98**	**2,479.68**	**2,390.44**	**3,704.01**	**4,399.53**
Gambia Govt. Treasury Bills 1/	***1919.53***	***2117.61***	***1948.12***	***3018.46***	***3809.04***
Central Bank	*30.68*	*197.08*	*192.20*	*80.92*	*110.29*
Commercial banks	*1073.43*	*908.14*	*648.46*	*1190.05*	*1762.19*
Non-banks	*815.42*	*1012.39*	*1107.46*	*1747.49*	*1936.56*
of which: public enterprises	*625.34*	*848.76*	*881.52*	*1098.00*	*1156.50*

Source : Central Bank of The Gambia

1/ At discounted value