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

(End December figures, in millions of Dalasi)

	2000	2001	2002	2003
Gambia Govt. Treasury Bills	**1,643.09**	**2,066.70**	**2,352.72**	**2,272.16**
Central Bank	2.54	34.96	218.34	212.56
Commercial banks	852.61	1,133.19	970.12	713.58
Non-banks	787.94	898.55	1,164.26	1,346.02
of which: public enterprises	*660.34*	*767.73*	*988.13*	*1,091.12*
Gambia Govt. Development stocks	**23.18**	**23.18**	**23.18**	**23.18**
Central Bank	0.00	0.00	0.00	0.00
Commercial banks	5.50	5.50	5.50	5.50
Non-banks	17.68	17.68	17.68	17.68
of which: public enterprises	*17.18*	*17.18*	*17.18*	*17.18*
Gambia Govt. Discount Note Series	**106.33**	**106.10**	**103.78**	**95.10**
Central Bank	0.00	0.00	0.00	0.00
Commercial banks	0.00	0.00	0.00	0.00
Non-banks	106.33	106.10	103.78	95.10
of which: public enterprises	*102.39*	*102.39*	*100.65*	*92.23*
TOT. OUTSTAND. GOVT. DOMESTIC DEBT	**1,772.60**	**2,195.98**	**2,479.68**	**2,390.44**
Gambia Govt. Treasury Bills 1/	***1564.02***	***1919.53***	***2117.61***	***1948.12***
Central Bank	*2.44*	*30.68*	*197.08*	*192.20*
Commercial banks	*814.23*	*1073.43*	*908.14*	*648.46*
Non-banks	*747.35*	*815.42*	*1012.39*	*1107.46*
of which: public enterprises	*625.34*	*625.34*	*848.76*	*881.52*

Source: Central Bank of The Gambia

1/ At discounted value

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Overall Balance (Commitment Basis)				
Excluding Grants (with HIPC II)		-196.8	-600.4	-668.9
Excluding Grants (w/o HIPC II)			-532.4	-596.6
Including Grants (w/o HIPC II)		-75.0	-464.5	-342.0
Adjustment to cash basis (Float)		-23.7	-34.7	17.8
Overall Balance - Including Grants (Cash Basis)		**-98.7**	**-499.2**	**-324.2**
Financing		**95.9**	**499.3**	**324.1**
External (net)		-45.6	-23.6	140.9
Borrowing		*135.2*	*233.6*	*725.8*
	Project		*156.6*	*368.4*
	Program		*0.0*	*0.0*
	Other Loans		*77.0*	*357.4*
Amortisation		*-180.8*	*-257.2*	*-584.9*
of which; Alimenta			*-110.7*	
Debt Relief		*0.0*	*0.0*	*0.0*
Domestic		**141.5**	**522.9**	**183.2**
Bank		*45.0*	*505.8*	*22.9*
Non-Bank		*139.5*	*68.1*	*197.0*
Accumulation of arrears		*-19.0*	*-51.0*	*-36.7*
Privatization Proceeds		*-24.0*	*0.0*	*0.0*
Nominal GDP		***5391.4***	***6124.9***	***7364.3***

Source: Department of State for Finance and Economic Affairs

TABLE XVII: CENTRAL GOVERNMENT FISCAL OPERATIONS

	2000	2001	2002
Revenue and Grants	**1,066.4**	**1,125.7**	**1,518.6**
Total Revenue	**983.7**	**989.8**	**1,201.7**
Tax Revenue	**848.7**	**853.8**	**1,040.2**
Direct Taxes	221.0	251.0	318.0
Indirect Taxes	627.7	602.8	722.2
Domestic Taxes on Goods & Services	92.3	73.9	124.9
Stamp Duty	2.0	2.6	6.1
Excise Duties	15.0	11.5	10.8
Domestic Sales Tax	75.3	59.8	108.0
Airport Levy	0.0	0.0	0.0
Taxes on International Trade	535.4	528.9	597.3
Customs Duty	196.7	199.5	226.1
Sales Tax on Imports	145.5	179.9	209.5
Petroleum Taxes	193.2	149.5	161.7
Duty	170.5	128.0	141.6
Sales Tax	22.7	21.5	20.1
Nontax Revenue	**135.0**	**136.0**	**161.5**
Government Services & Charges	80.0	97.6	134.8
Interest and Property	46.5	34.2	24.1
Contribution to Pension Fund	3.9	4.2	2.6
Central Bank Profit / Loss	4.6	0.0	0.0
Other Non tax Revenues	0.0	0.0	0.0
Grants	**82.7**	**135.9**	**316.9**
Program	15.3	0.0	68.0
Projects	67.4	67.9	126.8
HIPC II Assistance	0.0	68.0	122.1
Total Expenditure and Net Lending	**1,212.1**	**1,590.3**	**1,870.7**
Current Expenditure	**893.5**	**1,237.1**	**1,318.2**
Expenditure on Goods & Services	535.5	677.3	690.8
Salaries	318.9	342.0	395.2
Other Charges	216.6	335.3	295.6
Interest Payments	224.8	293.7	370.6
Internal	160.0	225.0	286.6
External	64.8	68.7	84.0
Emergency Relief (Rural road repairs)	0.0	0.0	0.0
HIPC II Expenditure	0.0	68.0	39.9
Subsidies & Current Transfers	133.2	198.1	216.9
Development Expenditure	**353.6**	**285.4**	**585.3**
Extra budgetary Expenditure	**0.0**	**0.0**	**0.0**
Net Lending	**-35.0**	**67.8**	**-32.8**

TABLE XVI : THE GAMBIA : ENERGY STATISTICS

	2000	2001	2002	2003	2004
ELECTRICITY (000'S KWH)					
Total Production	**87,900**	**146,860**	**161,361**	**150,307**	**128,061**
Residential consumption	45,676	55,324	62,060	48,458	38,833
Business consumption (incl. Govt.)	21,530	25,698	24,934	44,693	41,132
Hotels, Industries and Clubs	9,467	12,859	17,237		
Agriculture	39				
Local Authorities	841				
Street Lighting	0	740	507	383	279
Other consumption	10,347	58	64		
Losses (incl. power house consumption)		52,181	56,559	56,773	47,817
RETAIL ELECTRICITY PRICE PER KWH					
Residential	D1.55 - 2.21	1.81	1.81		1.55-6.98
Commercial & Local Government	2.21	2.21	2.21		7.25
Hotels, clubs & industries	2.54	2.54	2.54		8.02
PETROLEUM IMPORTS (Mlitres)					
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	D8.95	9.75	9.75	22.00	22.00
DIESEL	D6.50			21.50	21.50
JET/ KEROSENE	D4.75				

Source: State Department For Trade, Industry & Employment.

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

Nationality	2000	2001	2002	2003	2004
British	37,594	34,399	39,447		
Swedish	4,997	4,043	5,391		
French	612	481	1,725		
German	12,156	3,065	12,265		
Danish	3,597	1,605	2,138		
Norwegian	654	542	727		
Others	19,100	13,096	17,200		
TOTAL	**78,710**	**57,231**	**78,893**	**89,116**	**90,098**
Sex					
Male	33,559	24,609	33,924		
Female	45,151	32,622	44,969		
Length of Stay					
Average length of stay (in days)	11.91	12.90	12.90	12.90	12.90
AVERAGE OUT-OF-POCKET EXPENDITURE PER DAY (in Dalasi)	477.48	549.10	250.00	250.00	250.00

Source: Central Statistics Department

BOARD OF DIRECTORS

31ST DECEMBER 2004

Governor (Chariman)	-	F. L. Jatta
Director	-	I. Hydara
Director	-	F. Faal
Director	-	B.J. Carr
Permanent Secretary	-	D.B. Jagne

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

TABLE XIV: BALANCE OF PAYMENTS

(in millions of Dalasi)

Imports are in fob	2001	2002	2003	2004
Trade balance	**-486.5**	**-814.5**	**-1131.8**	**-2370.2**
Exports, f.o.b.	1601.4	2176.7	2868.0	3815.3
Groundnuts/groundnut products	281.6	478.0	259.7	507.4
Other domestic exports	129.9	141.3	238.3	269.0
Re-exports	1189.9	1557.4	2370.1	3038.9
Imports, f.ob.	-2087.9	-2991.2	-3999.8	-6185.5
For domestic use	-1320.2	-1986.4	-2490.7	-4353.5
Of which: projects related imports	-478.7	-921.0	-502.6	-894.6
Of which: oil products	-125.9	-291.6	-398.4	-886.8
For re-export	-767.7	-1004.8	-1509.2	-1832.0
Factor services (net)	-362.6	-445.3	-541.9	-597.9
Net Interest Income	-498.6	-669.3	-888.1	-1167.8
Remittances	136.0	224.0	346.2	569.9
Non-factor services	131.8	200.8	204.9	247.3
Of which: travel income	751.2	951.1	1452.6	1727.0
Other transportation	203.7	266.6	418.7	525.5
Other services	-524.5	-589.1	-1094.5	-1120.6
Freight & Insurance (imports)	-298.6	-427.7	-572.0	-884.5
Private unrequited transfers (net)	54.7	71.7	105.8	117.5
Official unrequited transfers (net)	492.6	779.9	852.9	1188.7
Current account balance				
Excluding official transfers	-662.5	-987.3	-1363.1	-2603.2
Including official transfers	-169.9	-207.5	-510.2	-1414.5
Capital account	357.8	197.5	190.5	2042.5
Official loans (net)	131.2	376.9	458.1	746.4
Project related	388.4	943.9	751.7	1177.4
Program loans	0.0	24.9	0.0	0.0
Amortization	-257.2	-591.9	-293.6	-431.0
Private capital inflow	226.6	-179.5	-267.6	1296.1
Foreign direct investment (net)	159.8	257.9	360.7	1491.3
Other Investment (net)	66.8	-437.4	-628.3	-195.2
Of which: suppliers' credits	264.4	-245.4	122.2	189.0
Unaccounted-for loss in Official Reserves	-447.1	9.8	0.0	0.0
Errors & Omissions	-620.7	-2.5	180.3	360.3
Overall balance	-879.9	-2.7	-139.4	988.3
Financing	879.9	2.7	139.4	-988.3
Change in gross official reserves (increase = -)	739.4	-84.4	139.4	-652.0
Use of IMF resources				
Repayments	-3.7	0.0	0.0	-336.3
Disbursements	137.2	74.5	0.0	0.0
Exceptional Financing 1/	0.0	7.0	0.0	0.0
Memorandum items:				
Current account balance (in percent of GDP)				
Excluding official transfers	-10.1	-13.4	-13.6	-21.6
Including official transfers	-2.6	-2.8	-5.1	-11.8
Gross official reserves (end of period)				
In millions of USDs	63.0	67.2	62.3	84.0
In months of imports, CIF	5.0	4.5	4.4	4.1
External Debt Service ratio 2/				
Including the Fund	16.4	16.9	8.5	15.9
Excluding the Fund	16.0	16.8	8.4	9.7

Sources: The Gambian authorities; and staff estimates and projections

1/ Includes debt relief by Paris Club; Interim relief by multi-laterals is treated as grants

2/ As a percentage of exports and travel income. After interim debt relief and HIPC grants

Excludes any accumulation of external arrears

TABLE XIII: EXTERNAL TRADE

TABLE XIII (A): COMPOSITION OF EXPORTS - FOB

(in millions of Dalasi)

	1998	1999	2000	2001	2002
Groundnuts/Groundnut Products	139.85	140.85	12.08	27.90	
Other Exports	59.40	59.40	182.92	69.86	
Re-Exports 1/	50.19	51.19	11.74	4.78	
TOTAL EXPORTS - FOB	**249.44**	**251.44**	**206.74**	**102.54**	

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	1998	1999	2000	2001	2002
Food and Live Animals	756.68	709.33	764.84	481.69	
Beverages and Tobacco	74.38	83.08	57.89	223.96	
Crude Materials	26.56	36.52	19.51	61.74	
Mineral Fuel, Lubricants, etc.	142.81	121.30	289.40	148.85	
Animal and Vegetable Oil and Fats	98.73	66.76	77.03	117.85	
Chemicals	131.17	161.11	168.24	141.39	
Manufactured Goods	241.09	253.90	296.24	289.63	
Machinery and Transport Equipments	502.71	456.39	458.14	353.52	
Others	252.44	301.49	296.99	288.35	
TOTAL IMPORTS - CIF	**2,226.56**	**2,189.88**	**2,428.28**	**2,106.98**	**0.00**

Source: Central Statistics Department

SENIOR OFFICERS OF THE BANK
AS AT 31ST DECEMBER 2004

Governor	-	F. L. Jatta
General Manager	-	M.B Saho
Ag. Director, Banking Supervision Department	-	O.A. Sowe
Ag. Director, Economic Research Department	-	B.A.O. Njai
Ag. Director, Finance and Information Systems Department	-	O. S.Samba (Mrs)
Ag. Director, Internal Audit Department	-	Alasana Fatty
Ag. Director, Administration and Human Resource Department	-	H.M.V. Carr
Deputy Director Manager, Assistant to the Governor and Secretary to the Board	-	M.B.Mboge
Deputy Director, Micro- Finance Department	-	B. Senghore
Deputy Director, Insurance Department	-	P.A. Sillah
Ag. Deputy Director, Foreign Exchange Department	-	O. Jatta
Ag. Deputy Director, Banking Services Department	-	A. Colley
Legal Advisor	-	E. J. Jagana (Mrs)
Principal, Banking Officer, Banking Services Department	-	A.B.S. Gaye
Principal, Personnel and Training Officer, Admin. Dept.	-	H. Joof (Ms)
Principal Librarian, Economic Research Department	-	F. Jagne (Ms)
Principal, Banking Officer, Banking Services Department	-	B. Koita
Principal, Economic Research Department	-	B. Saidy
Principal, Microfinance Department	-	F. D.Touray (Mrs)
Principal Bank Examiner, Banking Supervision Department	-	A. Jallow
Principal Bank Examiner, Banking Supervision Department	-	P. Mendy
Principal Foreign Department Officer, Foreign Department	-	E.A.C. Ndong
Principal Banking Officer, Banking Services Department	-	W.M. Eunson
Principal Banking Officer, Banking Services Department	-	M.M Jammeh
Principal Administrative Officer, Administration Department	-	O.K. Janneh
Principal Accountant,Finance and Information Systems Department	-	O. Corr

KEY ECONOMIC INDICATORS

DEMOGRAPHY	2001	2002	2003	2004
Population (in Millions)	1.29	1.33	1.36	1.40
Population Density (Person Per SqKm)	117	121	127	131
Population Growth Rate	2.8	2.8	2.8	2.8

OUTPUT	2001	2002	2003	2004
GDP at Current Market Prices (D'millions)	6,124.9	7,364.3	10,005.9	12,394.3
Per Capita GDP at Market Prices	3,347	5,351	7,357	8,853
GDP at Constant Market Prices (D' millions)	665.9	670.6	720.3	767.3
Agriculture	215.0	196.2	208.6	230.0
Industry	75.5	79.2	81.9	84.5
Services	375.4	395.1	429.8	453.2

END-PERIOD INFLATION RATE	2001	2002	2003	2004
January	3.5	6.7	11.5	18.1
February	3.5	6.6	13.3	17.7
March	3.5	6.7	14.7	17.1
April	3.4	6.8	17.1	15.8
May	3.5	6.8	17.7	15.8
June	4.0	6.2	19.0	15.8
July	4.3	5.9	20.2	15.7
August	4.7	6.1	21.1	14.7
September	5.0	11.0	18.0	12.3
October	5.2	12.6	17.2	11.4
November	5.2	14.6	16.9	9.8
December (Point to point)	**8.1**	**13.0**	**17.6**	**8.0**
Annual Average	**4.5**	**8.6**	**17.0**	**14.3**

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
1999	December	82.10	236.85	26.24	5.72	11.460	95.77	182.54	640.68
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	January	224.05	609.97		12.05	9.327	284.56	136.14	1,276.10
	February	193.54	377.87		12.36	9.982	129.24	89.15	812.14
	March	190.54	554.65		11.61	7.700	143.90	24.65	933.05
	April	130.47	314.61		15.26	15.377	71.46	26.06	573.24
	May	166.42	486.86		9.54	4.703	80.47	60.42	808.41
	June	146.68	430.47		10.26	15.791	102.37	16.79	722.36
	July	167.22	533.81		10.88	4.543	115.58	19.45	851.48
	August	203.28	497.56		9.40	15.197	143.07	12.22	880.73
	September	172.73	490.39		7.63	12.312	113.23	11.59	807.88
	October	269.02	720.64		8.67	12.394	224.64	11.65	1,247.01
	November	308.28	774.66		11.78	4.838	254.51	19.05	1,373.12
	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

Source: Central Bank of The Gambia
1/ Volume of transactions is defined here as the aggregate of purchases and sales.
2/ Actual transactions in CFA franc are very insignificant.

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
1999	December	18.3784	11.6855	6.3652	139.0552	90.4651	191.4727
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	January	36.7634	24.3230		271.3316	186.1326	24.9256
	February	38.9342	24.4918		279.4315	188.7785	25.8134
	March	39.3007	25.1372		293.8265	195.5686	26.4845
	April	40.8867	26.7201		301.6205	217.2214	27.8424
	May	42.1665	27.1947		317.6434	225.7101	29.2023
	June	43.6094	27.5266		329.0712	219.2197	30.7631
	July	46.1866	28.9660		348.9231	241.2671	32.5755
	August	47.8531	30.3285		352.8381	247.9653	32.8936
	September	51.0958	32.5178		364.3987	266.9036	36.1610
	October	52.6590	32.9854		368.9110	232.9500	35.9959
	November	51.6856	31.1161		374.6535	234.4129	35.6402
	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

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

CHANGES IN MONETARY AGGREGATES (%)	**2001**	**2002**	**2003**	**2004**
MONETARY SURVEY				
Money Supply	19.4	35.3	43.4	18.3
Narrow Money	14.4	56.1	63.5	8.2
Quasi Money	24.3	16.4	19.0	35.1
Net Foreign Assets	-64.9	152.5	64.2	70.0
Net Domestic Assets	176.6	7.5	31.9	-17.6
Domestic Credit	162.4	31.9	39.2	-22.6
Government (net)	1185.7	2.4	36.2	-32.5
Public Sector	539.0	-1.5	358.9	-34.8
Private Sector	29.3	71.0	25.4	-22.3
CENTRAL BANK OF THE GAMBIA	**2001**	**2002**	**2003**	**2004**
Net Foreign Assets	501.1	1002.9	865.6	1768.7
Net Domestic Assets	349.3	137.6	990.3	292.0
Reserve Money	21.0	34.1	62.7	11.0
Money Multiplier (Broad Money)	**2.78**	**2.81**	**2.47**	**2.64**
Velocity (Broad Money)	**2.6**	**2.3**	**2.2**	**2.3**

INTEREST RATES	2001	2002	2003	2004
Commercial Banks Lending Rates				
Agriculture	18.0-24.0	17.0-24.0	21.0-36.5	21-36.5
Manufacture	18.0-22.5	17.0-24.0	21.0-36.5	21-36.5
Building	18.0-24.0	17.0-24.0	21.0-36.5	21-36.5
Trading	18.0-24.0	17.0-24.0	21.0-36.5	21-36.5
Tourism	18.0-24.0	17.0-24.0	21.0-36.5	21-36.5
Other	18.0-24.0	17.0-24.0	21.0-36.5	21-36.5
* Deposit rates				
Savings bank account	8.0-10.0	8.0-9.0	8.0-17.0	10.0-17.0
* Time Deposits				
Three months	9.5-12.5	6.0-13.0	7.0-22.0	8.0-22.0
Six months	10.0-12.5	6.0-13.0	8.0-22.0	8.0-22.0
Nine months	10.75-12.5	7.0-13.0	8.0-22.0	8.0-22.0
12 months and over	11.0-12.5	7.0-13.0	10.0-22.0	12.0-23.0
GOVERNMENT				
Treasury bills	12	20	31.0	30.0
Discount Notes	15	15	25.5	25.5
Govt. Dev. Loans				
1999-2002 (F)	15			
1999-2002 (G)	14			
2002 (H)		15.5		
2002 (I)		20		
2005 (H)			15.5	15.5
2005 (I)			20.0	20.0
CENTRAL BANK				
Bank Rate	10	18	29.0	28.0
Rediscount Rate	15	23	34.0	33.0

TABLE XII(A) : INTERBANK EXCHANGE RATES 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
1999	December	18.6483	11.5476	6.3705	145.8906	92.9090	189.9392
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	January	37.7894	24.2859		273.4117	186.7879	24.7316
	February	38.6861	24.6325		281.8235	193.4014	26.5857
	March	39.9990	26.0043		304.1790	205.2416	27.2315
	April	41.0624	26.7473		305.2168	201.4262	27.9852
	May	42.3952	27.1855		320.1995	229.8090	29.4181
	June	44.7886	27.8810		338.5804	218.9416	32.0940
	July	47.3907	29.5229		353.1014	243.5082	32.8667
	August	48.7685	31.4890		342.4134	255.4801	33.6638
	September	53.0125	33.4290		364.1265	273.5709	37.2718
	October	50.9802	31.6082		341.1941	233.1320	35.2587
	November	51.2922	31.0700		374.3256	242.1746	35.8133
	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

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 XI : CONSUMER PRICE INDEX
(For Banjul and Kombo St. Mary low-income population)
(End December figures)

	2000	2001	2002	2003	2004
Percentage change from same period of previous year					
	0.2	*8.1*	*13.0*	*17.6*	*8.0*
All Items Index	**1,526.9**	**1,650.1**	**1,864.7**	**2,192.2**	**2,367.4**
Food and Drinks	1,633.6	1,784.2	2,109.4	2,499.8	2,747.4
Cereal and cereal products	1,189.9	1,195.1	1,291.1	1,616.5	1,904.7
Roots, Pulses, nuts and seeds	1,616.0	1,710.3	1,765.4	2,003.4	2,124.6
Vegetables and fruits	1,628.0	1,784.4	1,793.7	1,925.0	1,985.5
Meat, Poultry, eggs and Fish	2,434.8	2,697.6	3,862.1	4,536.4	4,858.7
Milk, dairy products, oils & fat	1,655.6	1,843.6	2,008.6	2,341.8	2,560.6
Other Food	1,308.7	1,497.5	1,617.9	2,023.5	2,313.2
Housing	1,428.6	1,623.4	1,655.8	1,883.1	1,948.1
Fuel and Light	2,277.5	2,404.0	2,461.2	3,208.2	3,501.2
Clothing, textiles and footwear	1,000.5	1,018.1	1,078.7	1,181.3	1,198.8
Miscellaneous	1,412.3	1,510.9	1,558.5	1,748.9	1,790.8

Source: Central Statistics Department

	2001	2002	2003	2004
Nominal GDP	6,124.9	7,117.4	10,005.9	12,394.3

GOVERNMENT FINANCE (percent of GDP)	**2001**	**2002**	**2003**	**2004**
Domestic Revenue	16.2	16.3	15.7	20.2
Tax Revenue	13.9	14.1	13.8	18.1
Direct Tax	4.1	4.3	4.4	4.9
Indirect Tax	9.8	9.8	9.4	13.2
Domestic	1.2	1.7	2.1	2.4
International Trade	8.6	8.1	7.3	10.9
Nontax	2.2	2.3	1.9	2.0

(D'millions)	**2001**	**2002**	**2003**	**2004**
Expenditure and Net Lending	**1,590.3**	**1,870.7**	**2336.5**	**3760.8**
Current Expenditure	1,237.1	1,318.2	1701.3	2159.0
Capital Expenditure	285.4	585.3	657.8	1625.3
Net Lending	67.8	-32.8	-22.6	-23.5
Budget Deficit, Excluding Grants				
(without HIPC Assistant)	-532.4	-596.6	-681.0	-1,080.6
(with HIPC Assistant)	-600.4	-668.9	-763.5	-1,262.2
Budget Deficit, Including Grants	-464.5	-342.0	-490.1	-702.8
Deficit Financing	**499.3**	**324.2**	**381.3**	**748.0**
Foreign	-23.6	140.9	60.8	690.3
Domestic	522.9	183.3	320.5	57.7
Government Debt	**9,384.8**	**13,301.2**	**17,800**	**19,461.6**
Foreign	7,335.8	11,054.1	15,700	16,329.2
Domestic	2,049.0	2,247.1	2,100	3,132.4

External Finance (D'millions)	2001	2002	2003	2004
Trade Balance	**-486.5**	**-814.5**	**-1,131.8**	**-2370.2**
Imports	-2087.9	-2991.2	-3999.8	-6185.5
Exports	1601.4	2176.7	2868.0	3815.3
Service Balance	**-230.8**	**-244.5**	**-337**	**-920.5**
Factor Service Balance	-362.6	-445.3	-541.9	-1167.8
Non-factor Service Balance	131.8	200.8	204.9	247.3
Private Transfer	54.7	71.7	105.8	117.5
Current Account,				
- Excluding official transfers	-662.5	-987.3	-1363.1	-2603.2
- Including official transfers	-169.9	-207.5	-510.2	-1414.5
Capital Account	**357.8**	**197.5**	**190.5**	**2042.5**
Official Loans (net)	131.2	376.9	458.1	746.4
Private Capital (net)	226.6	-179.5	-267.6	1296.1
Overall Balance	**-879.9**	**-2.7**	**-139.4**	**-988.3**
Financing/Change in Official Reserves	739.4	-84.4	139.4	-652.0
Repurchase/Repayments	-3.7	0.0	0.0	-336.3
Purchases/Loans	137.2	74.5	0.0	0.0

TABLE X: INTEREST RATE STRUCTURE

(end December figures, in percent per annum)

	2000	2001	2002	2003	2004
Commercial banks					
Lending rates					
Agriculture	18.0-24.0	18.0-24.0	17.0-24.0	21.0-36.5	21.0-36.5
Manufacturing	18.0-22.5	18.0-22.5	17.0-24.1	21.0-36.5	21.0-36.5
Building	18.0-24.0	18.0-24.0	17.0-24.2	21.0-36.5	21.0-36.5
Trading	18.0-24.0	18.0-24.0	17.0-24.3	21.0-36.5	21.0-36.5
Tourism	18.0-24.0	18.0-24.0	17.0-24.4	21.0-36.5	21.0-36.5
Other	18.0-24.0	18.0-24.0	17.0-24.5	21.0-36.5	21.0-36.5
Deposit rates					
Short-term deposit account	7.0	7.0		6.5	6.5
Savings bank account	8.0-10.0	8.0-10.0	8.0-9.0	8.0-17.0	8.0-17.0
Time deposits					
Three months	9.5-12.5	9.5-12.5	6.0-13.0	7.0-22.0	8.0-22.0
Six months	10.00-12.5	10.00-12.5	6.0-13.1	8.0-22.0	8.0-22.0
Nine months	10.75-12.5	10.75-12.5	6.0-13.2	8.0-22.0	8.0-22.0
12 months and over	11.0-12.5	11.0-12.5	6.0-13.3	10.0-22.0	12.0-23.0
Post office savings bank					
Savings deposits	N/A	N/A	N/A	N/A	N/A
Government					
Treasury bills	12.0	12.0	20.0	31.0	30.0
Discount Notes	15.0	15.0	15.0	25.5	25.5
Government development loans					
1994-1999	-	-	-	-	-
1999-2002 (F)	15.0	15.0	15.5	-	-
1999-2002 (G)	14.0	14.0	20.0	-	-
2002 (H)				15.5	15.5
2002 (I)				20.0	20.0
Central Bank of The Gambia					
Bank rate	10.0	12.0	18.0	29.0	28.0
Rediscount rate	17.0	18.0	23.0	34.0	33.0

Source: Central Bank of The Gambia.

1/ Loans at 9 per cent represent non-performing loans of a commercial bank.

TABLE IX: TREASURY BILLS DISCOUNT RATES 1/

(In percent per annum)

	2000	2001	2002	2003	2004
January	12.50	12.00	15.00	20.00	31.00
February	12.50	12.50	15.00	20.00	31.00
March	12.00	12.50	15.00	23.00	31.00
April	12.00	12.50	15.00	24.00	31.00
May	12.00	12.50	15.00	24.00	31.00
June	12.00	12.50	15.00	25.00	31.00
July	12.00	12.50	15.00	26.00	31.00
August	12.00	12.50	18.00	31.00	31.00
September	12.00	12.50	18.00	31.00	31.00
October	12.00	15.00	19.00	31.00	30.00
November	12.00	15.00	19.00	31.00	30.00
December	12.00	15.00	20.00	31.00	30.00

Source: Central Bank of The Gambia

1/ The floatation of Treasury Bills started in July 1986

PART I

DEVELOPMENTS IN THE DOMESTIC ECONOMY

AN OVERVIEW

(1.0) Economic Output

Real gross domestic product (GDP) grew by a robust 6.6 per cent in 2004, but lower than 8.8 per cent in 2003. Value-added of all the sectors: agriculture, industry and services increased. Agricultural value-added rose at a strong pace of 10.3 per cent, industry (3.1 per cent) and services (5.4 per cent).

Agriculture is the mainstay of the Gambian economy accounting for over a third of gross domestic output and two-thirds of rural household income. Performance of the agricultural sector was quite robust in 2004 relative to 2003.

(1.1) Agricultural Production

The production of groundnuts, the main cash crop, increased to 120,468 metric tonnes, or 29.6 per cent over the previous year owing in the main to favourable weather conditions. Cereal production which includes rice, maize, sorghum and millet also rose to 237,472 metric tonnes, or 11.3 per cent.

The livestock sector continues to contribute substantially to household incomes, food security and employment. The livestock population was estimated at 1.9 million in 2004 compared to a population of 1.6 million in 2003.

The Gambia is endowed with abundant marine and riverine resources. However, according to data from the Department of State for Fisheries and Natural Resources, output of fish decreased to 45,312 metric tonnes, or 0.1 per cent from 2003. The increase in artisanal output from 34,365 tonnes in 2003 to 36,202 tonnes in 2004 was offset by a decline in industrial output by 17.2 per cent.

(1.2) Tourism

Tourism continues to be major contributor to GDP as well as being an important foreign exchange earner. The sector accounted for 4.5 per cent of GDP at factor cost, the same as in 2003. Foreign exchange earnings, net of tourism related imports and payments retained outside The Gambia was estimated at US $57.5 million from US $51.1 million in 2003 reflecting increased tourist arrivals.

(1.3) Inflation

End-period inflation, measured by the consumer price index (CPI) declined from 17.6 per cent at end-December 2003 to 8.0 per cent in December 2004 and lower than the target of 10.0 per cent. Average inflation rate (12 months moving average) was 14.2 per cent compared to 17.0 per cent in 2003.

Food and non-food consumer price inflation declined to 9.9 per cent and 3.9 per cent compared to 18.5 per cent and 15.6 per cent in December 2003. Core inflation, which excludes prices of energy and volatile food items, decelerated from 11.6 per cent in December 2003 to 2.1 per cent in December 2004.

The deceleration in inflationary pressures was attributed to policies adopted by the Central Bank in controlling the fundamental factors that impact inflation. Monetary policy was restrictive, supported by prudent fiscal policies; the Dalasi was stable and inflationary expectations were subdued thanks to improved macroeconomic conditions. Global inflation had minimal impact on domestic inflation owing to competition in the domestic market.

(1.5) Monetary Developments

Growth in money supply decelerated to 18.3 per cent, lower than 43.4 per cent in 2003 and the programmed target of 20.0 per cent.

Narrow money increased to D3.1 billion, or 8.2 per cent from the previous year. While currency outside banks rose by 19.7 per cent, demand deposits increased by only 0.07 per cent.

Quasi money rose to D2.3 billion, or 35.1 per cent. Savings and time deposits increased by 29.9 per cent and 55.9 per cent respectively.

Regarding the determinants of money supply, the net foreign assets (NFA) of the banking system rose to D3.2 billion, or 70.0 per cent reflecting the combined effects of increase in the NFA of the Central Bank and commercial banks. In contrast, the net domestic assets (NDA) of the banking system decreased to D2.2 billion, or 17.6 per cent from 2003 attributed mainly to the 22.6 per cent decline in domestic credit.

Monetary policy was conducted using reserve money as the operating target. Accordingly, policies were directed at preventing an excessive expansion in reserve money, which could lead to the build-up of inflationary pressures while at the same time providing sufficient liquidity to ensure that economic activity was unhindered by liquidity constraints.

Reserve money grew by 11.0 per cent compared to 62.7 per cent in 2003. The marked increase in the NFA of the Central Bank (104.3 per cent) was partly offset by 70.5 per cent decline in the NDA of the Central Bank.

The total assets of the Central Bank increased to D4.08 billion, or 16.6 per cent from 2003. All the components of assets increased, with the exception of foreign securities, and loans and advances.

Central Bank's operating revenue declined to D68.9 million compared to D78.1 million in 2003. Operating costs, comprising personnel costs, general and administrative cost, depreciation and amortisation amounted to D143.2 million, higher than D77.4 million in 2003. As a result, loss on ordinary activities amounted to D74.3 million against a surplus of D0.7 million in 2003.

(1.6) Fiscal Developments

Fiscal policy was quite supportive in 2004. Total revenue and grants increased significantly to D3.1 billion, or 68.8 per cent from the previous year and was above projection by D0.7 million, or 0.2 per cent.

Domestic revenue rose to D2.5 billion, or 60.8 per cent and exceeded the target of D2.3 billion. Both tax and non-tax revenue increased by 63.3 per cent and 100.8 per cent respectively. Grants rose to D559.4 million, or 127.9 per cent and was equivalent to 4.5 per cent of GDP, up from 1.9 per cent in 2003.

Expenditure and net lending rose to D3.8 billion, or 61.0 per cent. Current expenditure, accounting for 57.4 per cent of total expenditure and net lending, increased to D2.2 billion against D1.7 billion in 2003. Capital expenditure rose to D1.6 billion, or 147.1 per cent and exceeded the budget estimate. Net lending, that is, gross on-lending less repayments totalled negative D23.5 million.

The overall budget deficit (commitment basis) including grants was D702.8 million (5.7 per cent of GDP) compared to D490.1 million (5.6 per cent of GDP) in 2003.

(1.7) Foreign Exchange Developments

The inter-bank foreign exchange market was quite vibrant reflecting increased inflows from foreign direct investment, re-exports and groundnut exports. The substantial inflows, coupled with tight monetary policy stance and supportive fiscal policies caused the Dalasi to remain stable throughout the year under review.

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

(end December figures ,in millions of Dalasi)

Sectors	2000	2001	2002	2003	2004
Agriculture	102.83	39.63	71.70	139.45	181.40
Fishing	3.46	5.47	5.94	10.50	16.66
Mining and Quarrying	0.00	0.00	0.00	0.00	0.00
Building & Construction	51.11	58.41	78.36	94.99	89.06
Transportation	27.70	50.16	93.61	150.78	128.00
Distributive Trade	311.87	349.60	539.95	598.19	499.41
Tourism	24.95	32.84	21.47	100.12	102.92
Personal Loans	107.85	196.05	314.35	399.52	367.57
Other	47.22	60.61	212.03	372.26	228.91
Total	**676.99**	**792.77**	**1337.41**	**1865.81**	**1613.93**

Source: Central Bank of The Gambia

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

TABLE VII: LIQUIDITY POSITION OF COMMERCIAL BANKS

(end December figures, in millions of Dalasi)

	2000	2001	2002	2003	2004
Total Liquid Assets	**1034.56**	**1274.02**	**972.31**	**1707.39**	**2,162.68**
Reserves	108.48	174.33	76.81	1045.88	1,358.69
Deposits at CBG	127.03	196.31	292.17	592.05	573.89
Cash Holdings	35.55	55.64	49.83	68.02	68.99
Foreign Cash Holdings	20.87	17.14	63.88	167.50	203.91
Foreign Bank Balances	-74.97	-94.76	-329.07	218.31	511.90
Treasury Bills	923.58	1097.19	893.00	659.01	801.49
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/	408.53	511.74	689.25	1003.59	1,162.15
Excess Liquidity 3/	626.03	762.28	283.06	703.8	1,000.53
in % of requirement	153%	149%	41%	70%	86%
Required Cash Reserves 4/	187.99	236.01	291.21	596.10	684.18
Excess Cash Reserves 5/	-79.51	-61.68	-214.40	449.78	674.51
in % of requirement	-42%	-26%	-74%	75%	99%

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 Dalasi depreciated slightly against all the major currencies, except the US Dollar. The Dalasi weakened against the Pound Sterling and Euro by 5.3 per cent and 5.2 per cent respectively from a year ago, but strengthened by 4.1 per cent against the US Dollar. The Dalasi fell by 4.5 per cent against the CFA owing in large part to the strengthening of the Euro, the anchor currency of the CFA.

(1.8) Developments in the Financial Sector

The banking industry, which dominates the financial system, remains strong and vibrant. Deposit money banks' total assets increased to D6.59 billion, or 19.2 per cent from 2003. All components of assets increased, with the exception of loans and advances, and bills purchased and discounted.

Mirroring gross assets, banks' liabilities rose to D6.59 billion, or 19.3 per cent. Deposit liabilities, accounting for 60.8 per cent of total liabilities, increased to D4.0 billion, or 1.8 per cent following a robust growth of 41.8 per cent in 2003.

Deposit money banks aggregate profit before tax rose to D453.9 million, or 7.6 per cent from 2003. Interest income increased by 42.9 per cent while non-interest income declined by 7.0 per cent. Expenditure and provision for credit losses totalled D468.3 million compared to D327.6 million in 2003.

(1.9) Balance of Payments Developments

Government's external sector policy in the medium to long-term is aimed at ensuring sustainable balance of payments (BOP) as well as to build reserves adequate to cushion the economy against external and internal shocks.

The overall balance is estimated at a surplus of D988.3 million which compares favourably with the deficit of D139.4 million in 2003, mainly reflecting increased private capital flows, particularly foreign direct investment (FDI).

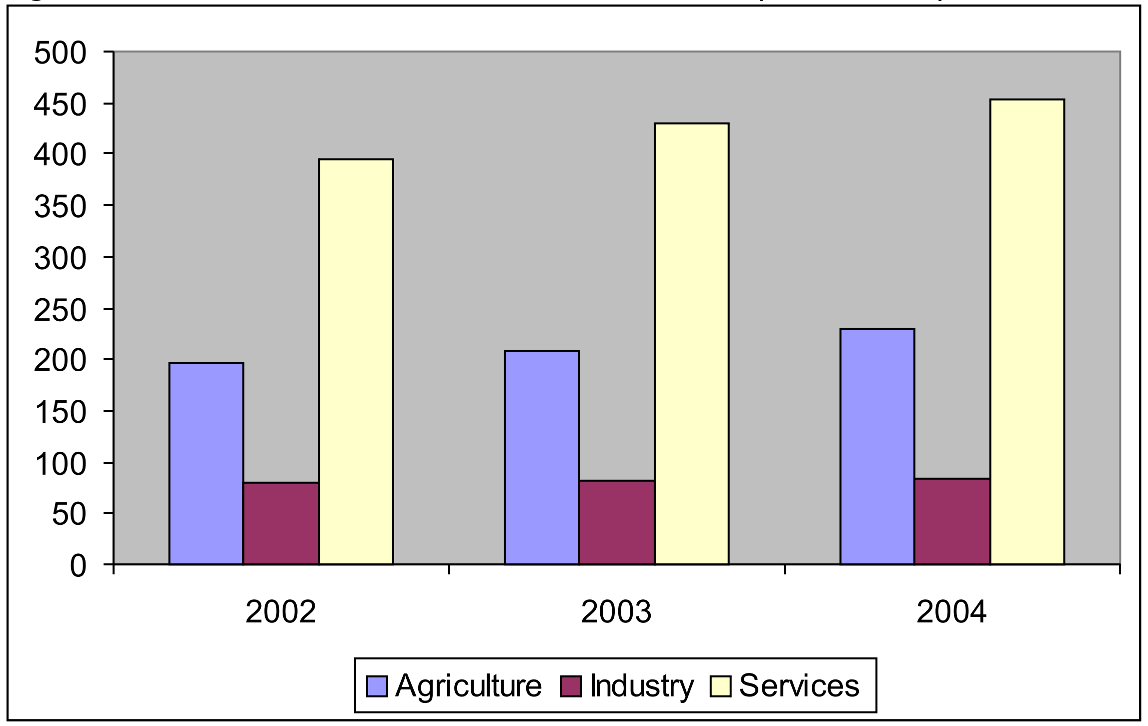
DEVELOPMENTS IN THE DOMESTIC ECONOMY

(1.0) Gross Domestic Product (GDP)

One of the Millennium Development Goals set by the United Nations is to reduce extreme poverty by half by 2015. Economic growth that is high, sustained, and equitably shared reduces poverty. In addition to growth, macroeconomic policies, especially those that aimed at lowering inflation, deepening the financial sector and raising educational achievements are important in reducing poverty.

In 2004, real gross domestic product grew by a robust 6.6 per cent, but lower than 8.8 percent in 2003. Value-added of all the sectors: agriculture, industry and services increased.

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



GDP at current market prices rose to D12.5 billion, or 25.0 per cent from 2003. With a population of 1.4 million, per capita income increased to $329.0 compared to $321.0 in 2003.

To achieve a sustained growth rate of 7.0 - 8.0 per cent, which is commonly used as a marker if a country is to reduce poverty, domestic savings and investment would have to be raised significantly. In 2004, domestic savings as a percentage of GDP increased to 15.3 per cent compared to 14.4 per cent in 2003. Domestic investment also rose to a robust 27.1 per cent of GDP, higher than 19.5 per cent in the previous year. The resulting savings/investment gap of 11.8 per cent in 2004 was financed by external borrowing.

(A) Agricultural Sector

Agriculture is the bedrock of the Gambian economy accounting for 36.7 per cent of GDP at factor cost in 2004 and employing about 75.0 per cent of the work force. Agricultural exports amounted to D776.4 million relative to D497.9 million in 2003 and accounted for 21.0 per cent of total exports.

Agriculture value-added increased at a robust pace of 10.3 per cent following a contraction of 3.0 per cent in 2003. Value-added of groundnuts, the main cash crop in The Gambia, increased by 29.6 per cent, compared to a contraction of 38.5 percent in 2003.

TABLE VI : COMPONENTS OF MONEY SUPPLY

(End December figures ,in millions of Dalasi)

	2000	2001	2002	2003	2004
Narrow Money (M1)	983.53	1125.41	1756.77	2873.03	3107.62
Currency outside banks	540.26	600.75	797.37	1182.89	1416.27
Demand deposits	443.27	524.66	959.40	1690.14	1691.35
Quasi-Money	998.82	1241.90	1445.75	1720.00	2324.34
Savings deposits	705.49	831.91	1084.19	1374.60	1786.03
Time deposits	293.33	409.99	361.56	345.40	538.31
Broad Money (M2)	**1,982.35**	**2,367.31**	**3,202.52**	**4,593.03**	**5,431.96**

Source : Central Bank of The Gambia

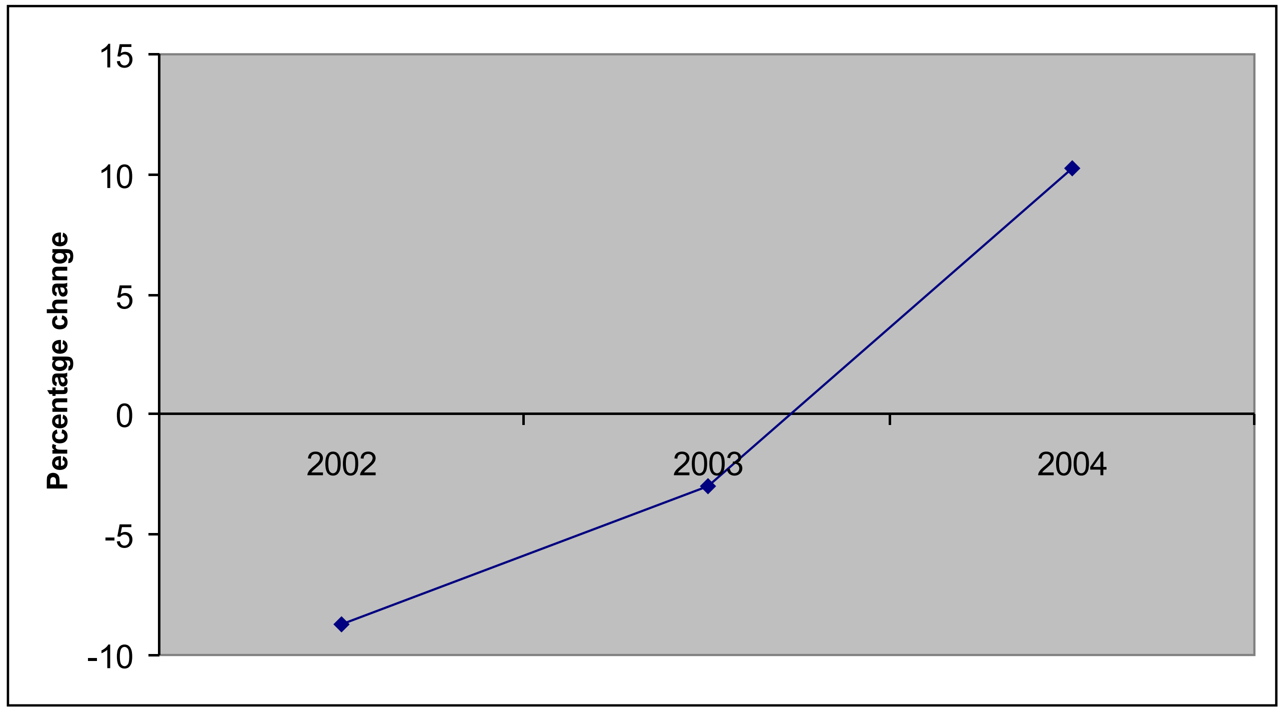
TABLE V: MONETARY SURVEY

(end December figures, in millions of Dalasi)

	2000	2001	2002	2003	2004
NET FOREIGN ASSETS	**1,290.29**	**453.33**	**1,144.86**	**1,879.48**	**3,195.39**
Monetary Authorities (net)	**1,284.96**	**501.14**	**1,002.89**	**865.60**	**1,768.68**
Foreign Assets	1,596.98	1,066.55	1,530.04	1,934.63	2,497.06
Foreign Liabilities	312.02	565.41	527.15	1,069.03	728.38
Commercial Banks (net)	**5.33**	**-47.81**	**141.97**	**1,013.88**	**1,426.71**
NET DOMESTIC ASSETS	**692.06**	**1,913.98**	**2,057.66**	**2,713.55**	**2,236.57**
Domestic Credit	**770.12**	**2,020.48**	**2,664.49**	**3,708.57**	**2,869.53**
Claims on Public Sector	95.23	1,147.65	1,171.85	1,837.21	1,232.14
-Claims on Govt.(net)	83.37	1,071.86	1,097.16	1,494.43	1,008.78
. Central Bank (net)	-732.40	-485.61	184.56	840.47	-186.77
. Commercial Banks (net)	815.77	1,153.72	912.60	653.96	1,195.55
-Claims on Public Entities	11.86	75.79	74.69	342.78	223.36
Claims on Private Sector	674.89	872.83	1,492.64	1,871.36	1,637.39
Other Items (net)	**-78.06**	**-106.50**	**-606.83**	**-995.02**	**-632.96**
O/W: Revaluation account	*130.29*	*105.22*	*-573.23*	*-536.26*	*-442.19*
SDR allocation	*-83.22*	*-98.78*	*-113.74*	*-173.63*	*-182.15*
Money Supply (M1)	983.53	1,125.41	1,756.77	2,873.03	3,107.62
Quasi-Money	998.82	1,241.90	1,445.75	1,720.00	2,324.34
TOTAL MONEY SUPPLY (M2)	**1,982.35**	**2,367.31**	**3,202.52**	**4,593.03**	**5,431.96**

Source: Central Bank of The Gambia

Figure 2: Value-added of Agriculture Sector



Output of other crops, including groundnut, rose by 7.5 per cent, slightly lower than the growth rate of 7.9 per cent in 2003. The sector benefited from plentiful and well distributed rainfall, higher producer prices, particularly for groundnuts, and availability of inputs such as fertilizer and better seed varieties. About 2500 metric tonnes of fertilizer and 600 metric tonnes of decorticated groundnut seeds were purchased and sold to farmers by Government in addition to the 200 metric tonnes of seeds provided by the Food and Agricultural Organization (FAO).

Value-added of the livestock sector increased by 3.0 per cent, compared to 6.1 percent in 2003. To raise output, the Department of Livestock Services (DLS) in collaboration with a number of institutions is promoting breed improvement programmes. In addition, DLS continues to provide regular surveillance and mass vaccinations in the fight against major diseases.

Forestry output rose by 2.9 per cent, lower than 7.2 percent in the previous year. Government with support from The Gambia German Forestry Project (GGFP) and local communities is to increase the forest cover from the current 41.5 per cent of land area. This should over-time increase the growth trajectory of the sector.

The fisheries sector is estimated to have grown by 10.0 per cent, on the back of strong growth of 29.7 per cent in 2003. The sector benefited from increased investment and activity of both the artisanal and industrial sub-sectors.

(B) Industrial Sector

Government continues to encourage the development of the industrial sector with a view to expand the industrial base, diversifying the economy, increasing the mix of exports, and creating gainful employment. These objectives are to be attained by creating and sustaining a conducive macroeconomic environment, pursuing investment friendly policies to scale up foreign direct investment (FDI), boosting investment in small and medium industries, and promoting linkages across sectors.

Output of the industrial sector increased by 3.1 per cent, lower-than 8.6 per cent in 2003. Value-added of all the industrial sub-sectors, with the exception of water and electricity grew.

Figure 3: Value-added of Industrial Sector

Although faster development of the manufacturing sector continues to be constrained by inadequate and high cost of energy, poor infrastructure and small domestic market, the sub-sector grew at a strong pace of 5.7 per cent on top of the 6.4 per cent in 2003. The sector benefited partly from real effective exchange rate depreciation of the Dalasi, which made domestically produced goods price competitive, and partly from increased domestic demand.

Building and construction value-added grew at a modest 3.6 percent, compared to 11.9 per cent in 2003. The slowdown in public sector construction activity is expected to be reversed in 2005 when construction of a number of major projects, including Mandinaba-Soma road commences.

Output of mining and quarrying grew by 9.0 per cent following 19.6 per cent growth in 2003. This continuing strong expansion is attributed mainly to the boom in construction for residential purposes.

After growing rapidly in 2001 and 2002, output of electricity and water rose by a modest 2.7 per cent in 2003. In 2004, output contracted by 15.9 per cent, reflecting significant decrease in electricity generation.

(C) Services Sector

Growth in services sector value-added which expanded by 15.8 percent in 2003 continued in 2004. Output growth is estimated at 5.4 per cent, thanks to the robust performance of hotels and restaurants and communications.

The Gambia is a small open economy with combined imports and exports accounting for 80.0 per cent of GDP in 2004. The trade sub-sector, accounting for 8.1 per cent of GDP at factor cost, grew by 9.6 per cent compared to 26.4 percent in 2003. While other trade (re-exports) registered 8.0 percent output growth relative to 27.2 percent in 2003, value-added of groundnut trade grew by 20.0 per cent after expanding by 22.0 per cent in the previous year.

Output of hotels and restaurants was estimated at 7.4 per cent, but lower-than 54.4 per cent in 2003. However, the high growth rate in 2003 was from a low base. Value-added of hotels and restaurants contracted by 16.1 per cent in 2002.

TABLE IV: COMMERCIAL BANKS : ASSETS AND LIABILITIES

(end December figures, in millions of Dalasi)

	2000	2001	2002	2003	2004
Cash Holdings	35.15	55.06	51.97	67.96	69.30
Balance with Central Bank	127.28	194.59	291.19	605.03	601.63
Treasury bills &					
Other Govt. securities	819.73	1157.68	916.56	653.96	1195.55
Loans, Advances, Discount &					
Other Investments	660.94	750.71	1,274.82	1,814.91	1,511.73
Official Entities	11.86	75.79	74.69	205.87	86.45
Private Sector	649.08	674.92	1,200.13	1,609.04	1,425.28
Foreign Assets	137.47	128.02	568.06	1,055.55	1,507.23
Foreign Currency	19.85	12.49	21.25	211.08	243.13
Balance held abroad	117.62	115.53	546.81	844.47	1264.10
Fixed Assets	98.27	116.01	224.38	234.77	283.65
Other Assets	188.96	145.28	329.22	298.62	500.23
Total Assets = Total Liabilities	**2,067.80**	**2,547.35**	**3,656.20**	**4,730.80**	**5,669.32**
Demand Deposits	443.27	524.66	959.40	1,690.14	1,691.35
Official Entities	32.09	55.11	68.44	160.28	174.70
Private Sector	411.18	469.55	890.96	1,529.86	1,516.65
Time & Savings Deposits	998.82	1,241.90	1,445.75	1,720.00	2,324.34
Official Entities	38.59	46.91	45.52	63.84	77.78
Private Sector	960.23	1,194.99	1,400.23	1,656.16	2,246.56
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	132.14	175.83	426.09	41.67	80.52
Capital & Reserves	246.75	315.19	491.54	604.35	652.55
Other Liabilities	246.82	289.77	333.42	674.64	920.56

Source: Central Bank of The Gambia

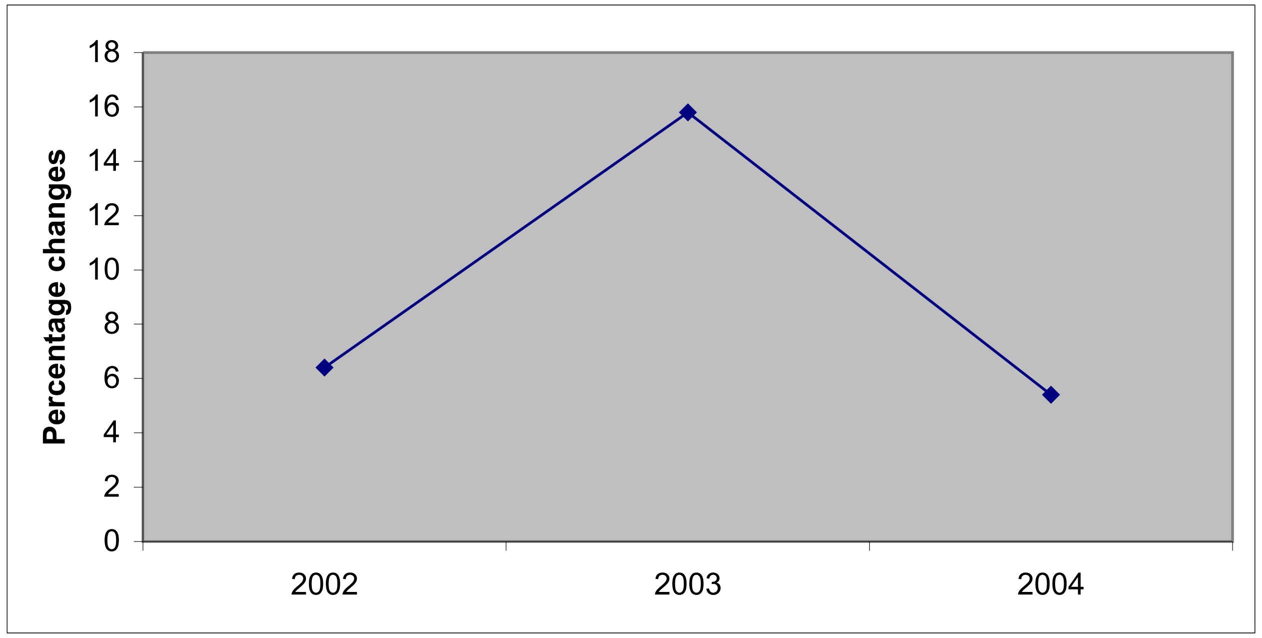
TABLE III : CENTRAL BANK OF THE GAMBIA: ASSETS AND LIABILITIES

(end December figures ,in millions of Dalasi)

	2000	2001	2002	2003	2004
Foreign Reserves	**1,596.98**	**1,066.55**	**1,530.04**	**1,934.63**	**2,497.06**
Claims on non-banks:	274.71	480.02	1,227.83	1,644.24	1,725.40
Government	252.00	282.11	935.32	1,245.01	1,376.38
Public entities	0.00	0.00	0.00	136.91	136.91
Private sector	22.71	197.91	292.51	262.32	212.11
Claims on Banks	0.00	0.00	0.00	21.20	33.62
Seasonal Advance	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	21.20	33.62
Revaluation Account	130.29	105.22	0.00	0.00	0.00
Fixed Assets	22.46	23.88	22.86	24.86	201.38
Other Assets	193.71	764.01	375.46	-233.69	-234.37
Total Assets = Total Liabilities	**2,218.15**	**2,439.68**	**3,156.19**	**3,391.24**	**4,223.09**
Currency Issued	575.41	655.81	849.34	1,250.85	1,485.57
Notes	558.61	637.70	829.25	1,228.05	1,460.92
Coins	16.80	18.11	20.09	22.80	24.65
Deposits	1,111.68	962.31	1,041.95	1,009.57	2,138.31
Banks	127.28	194.59	291.19	605.03	575.16
Government	984.40	767.72	750.76	404.54	1,563.15
Others	0.00	0.00	0.00	0.00	0.00
Allocation of SDR	83.22	98.78	113.74	173.63	182.15
Revaluation Account	0.00	0.00	573.23	536.26	442.19
Foreign Liabilities	312.02	565.41	527.15	1,069.03	728.38
Capital and Reserves	8.31	8.31	8.31	8.31	8.31
Other Liabilities	127.51	149.06	42.47	-656.41	-761.82

Source: Central Bank of The Gambia

Figure 4: Value-added of Services Sector

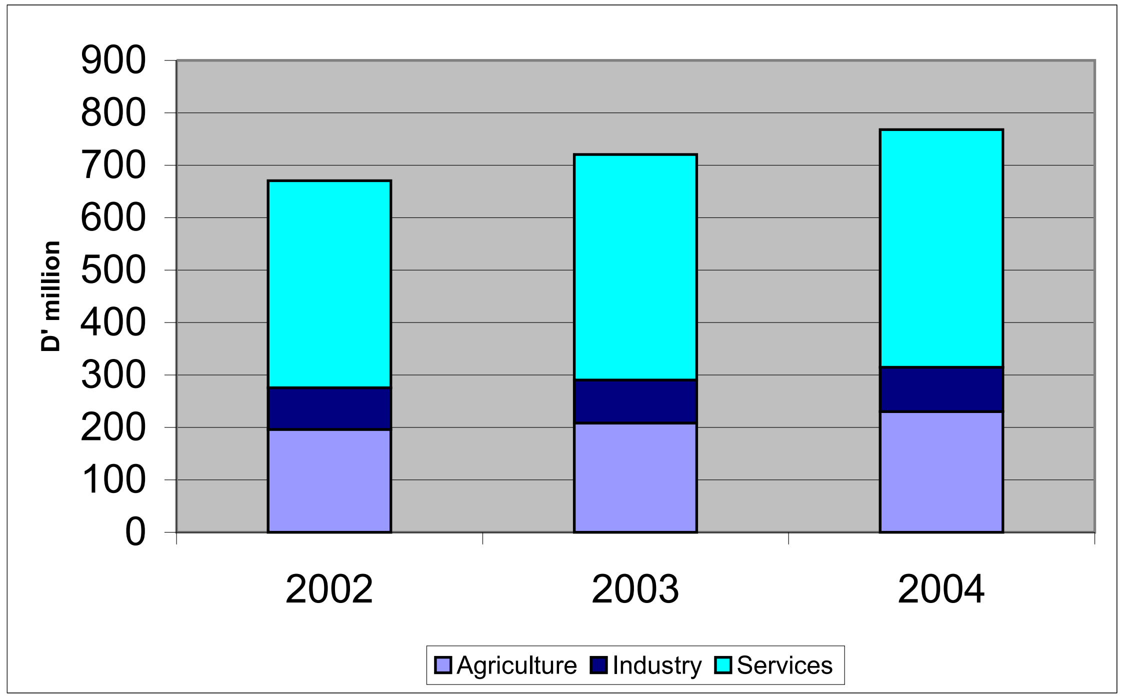


Transport, which includes passenger and freight transport, grew by 4.6 per cent, slightly lower-than 2.6 per cent in 2003. This is attributed mainly to the fact that mining and quarrying, manufacturing and trade sub-sectors all of which impact transportation posted positive growth rates in 2003.

Value-added of the communications industry grew at a stronger pace of 6.3 per cent compared to 2.2 per cent in 2003, reflecting a combination of increased network capacity and clientele base.

Real estate, Government services and other services (banking and insurance, personal and household services, social, recreational and related services) grew by 5.0 per cent, 2.0 per cent and 2.8 per cent compared to 9.4 percent, 7.5 percent and 6.3 percent respectively in 2003.

Figure 5: Sectoral Contribution to GDP



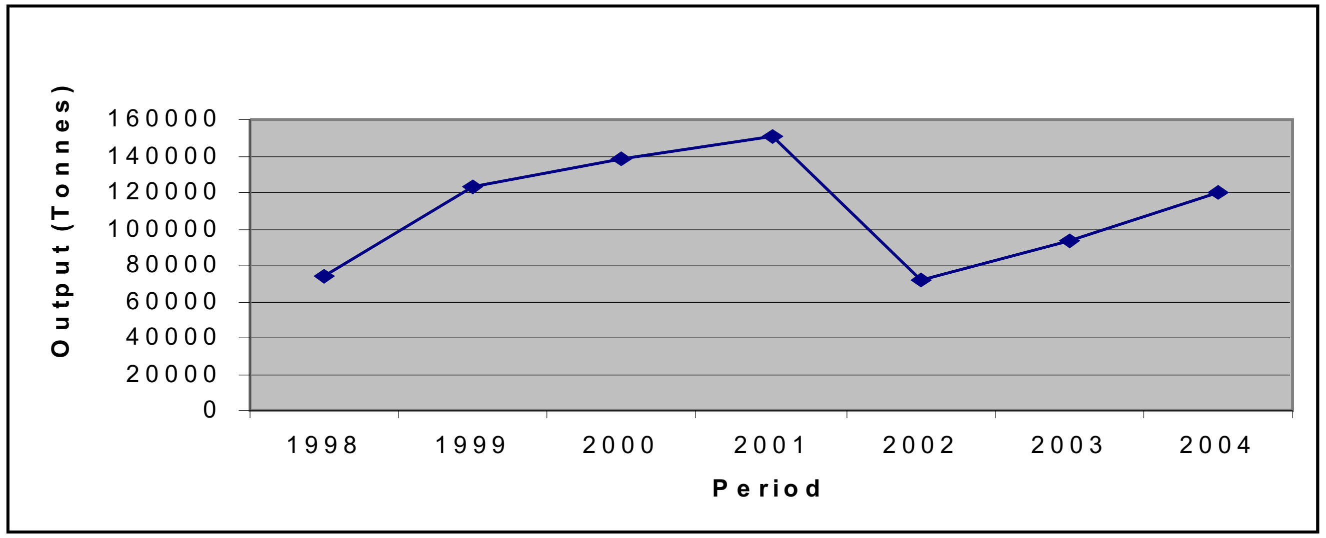
(2.0) AGRICULTURAL PRODUCTION

Agriculture remains the mainstay of the Gambian economy, accounting for over a third of gross domestic output and two-thirds of rural household income. The performance of the agricultural sector in 2004 was quite impressive. Both groundnuts, the main cash crop, and cereal production increased significantly.

(A) Groundnut Production

Groundnut production increased to 120,468 metric tonnes, or 29.6 per cent over the previous year attributed mainly to favourable weather conditions, improved seed varieties and significant increase in area under production. Area planted rose from 107, 937 hectares in 2003 to 119, 644 hectares in 2004.

Figure 6: Groundnut Production



In spite of a bumper harvest and a marked increase in the producer price from D4250 in 2003 to D8100 in 2004, the sector continued to be fraught with difficulties particularly relating to marketing the produce. Consequently, substantial quantities of groundnuts were left either unsold, or were sold to private traders in neighbouring countries at unfavourable prices. The only licensed marketing company in the 2004/05 traders trade season, Gamco, bought 32, 000 tonnes of groundnuts.

(B) Cereal Production

The production of cereals, which includes rice, maize, sorghum and millet increased to 237,472 metric tonnes, or 11.3 per cent from the previous year. This was largely attributed to the significant output of millet and rice.

Figure 7: Output of Principal food Crops

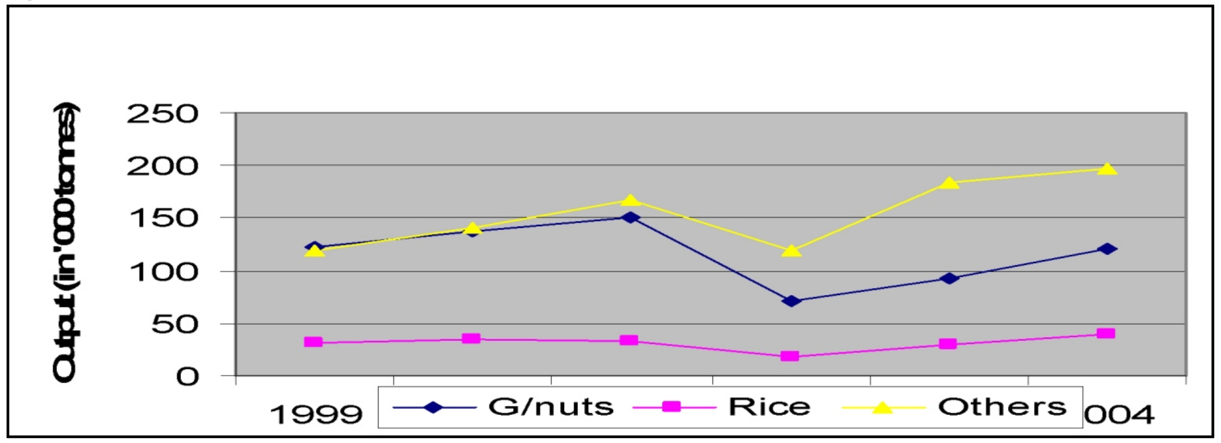


TABLE II(C): YIELD OF PRINCIPAL CROPS *(in kg/ha)*

	2000	2001	2002	2003	2004
GROUNDNUTS	**1,958**	**1,524**	**603**	**681**	**1,007**
COTTON	**0**		**0**		
FOOD CROPS	**9,541**	**9,787**	**4,757**	**12,261**	**13,034**
(a) Rice	2,436	2,237	1,325	7,417	8,093
(b) Other Food Crops	7,105	7,550	3,432	4,844	4,941
Sanyo (Late Millet)	1,168	1,823	696	917	941
Sorghum	2,044	2,057	829	1,221	1,250
Suno (Early Millet)	1,467	1,404	894	1,121	1,150
Maize	2,426	2,266	1,013	1,585	1,600
Findo	0	0	0	0	0

Source: Department of Planning, Department of State for Agriculture

TABLE II : AGRICULTURAL PRODUCTION

TABLE II(A) : AREA UNDER CULTIVATION

(in '000 hectares)

	2000	2001	2002	2003	2004
GROUNDNUTS	**124.80**	**138.90**	**105.60**	**107.94**	**119.64**
COTTON	**1.55**	**0.00**	**0.00**	**0.00**	**0.00**
FOOD CROPS	**146.34**	**158.84**	**145.60**	**173.41**	**184.67**
(a) Rice	16.70	18.20	12.00	17.75	20.82
(b) Other Food Crops	129.64	140.80	133.60	155.66	163.85
Sanyo (Late Millet)	16.30	16.10	10.40	14.40	15.30
Sorghum	24.40	26.20	18.30	24.68	25.64
Suno (Early Millet)	74.10	81.30	86.50	95.54	99.63
Maize	14.84	17.20	18.40	21.04	23.27
Findo	0.00	0.00	0.00	0.00	0.00
TOTAL	**272.69**	**297.74**	**251.20**	**281.35**	**304.31**

Source: Department of Planning, Department of State for Agriculture

TABLE II(B) : OUTPUT OF PRINCIPAL CROPS

(in '000 tonnes)

	2000	2001	2002		2004
GROUNDNUTS	**138.00**	**151.10**	**71.53**	**92.94**	**120.47**
COTTON					
FOOD CROPS	**175.55**	**199.91**	**137.04**	**213.33**	**237.48**
(a) Rice	34.10	32.60	18.63	29.51	40.38
(b) Other Food Crops	141.45	167.31	118.41	183.82	197.10
Sanyo (Late Millet)	16.11	16.00	7.28	13.20	14.40
Sorghum	24.88	33.40	15.21	30.13	32.05
Suno (Early Millet)	78.47	88.91	77.34	107.14	114.58
Maize	21.99	29.00	18.58	33.35	36.06
Findo	0.00	0.00	0.00	0.00	0.00
TOTAL	**313.55**	**351.01**	**208.57**	**306.27**	**357.95**

Source: Department of Planning, Department of State for Agriculture

(I) Coarse Grains

Production of coarse grains, which consist of early and late millet, maize, and sorghum, increased from 183, 824 metric tonnes in 2003 to 197, 095 metric tonnes in 2004. The output of all the crops increased with late millet recording the highest growth in output of 9.0 percent.

Production of late millet rose to 14,398 metric tonnes. Area under cultivation increased by 6.3 percent to 15, 301 metric tonnes and average yield per hectare rose to 941Kg compared to 917 Kg in 2003.

Output of early millet rose from 107,138 metric tonnes in 2003 to 114, 579 metric tonnes in 2004. The area under cultivation grew by 4.3 per cent, whilst yield per hectare rose by 2.6 per cent relative to the previous year.

Sorghum production rose from 30,130 metric tonnes in 2003 to 32,054 metric tonnes in 2004. The area under sorghum production and yield per hectare rose by 6.4 per cent and 2.4 per cent respectively.

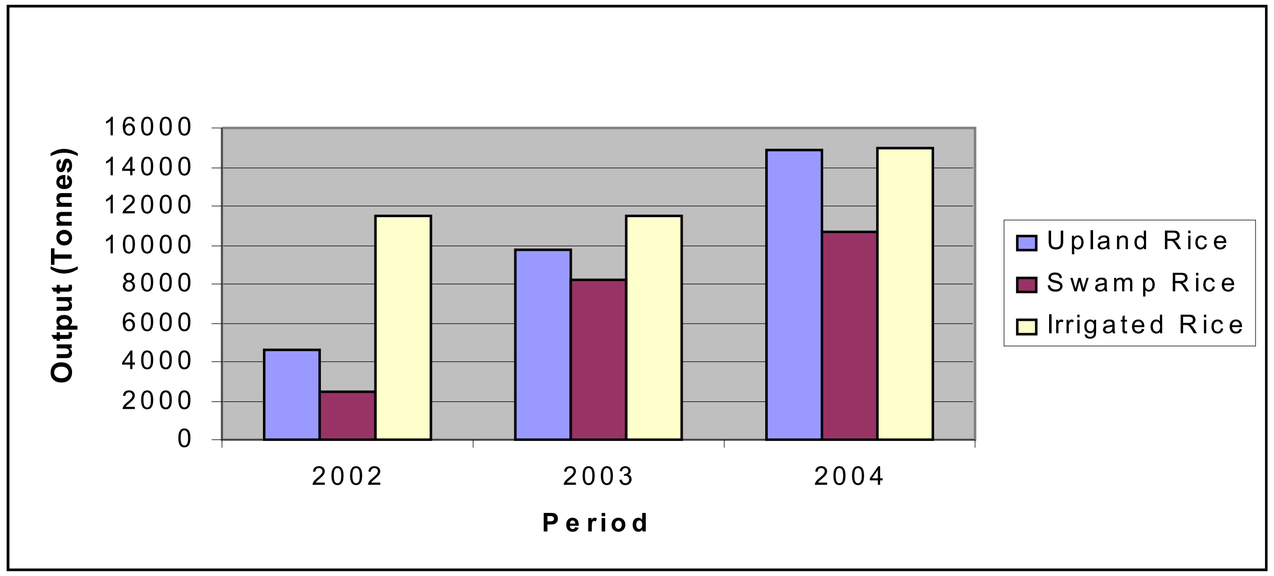
The production of maize also increased to 36, 064 metric tonnes, or 8.1 per cent from 2003 mainly as a result of 10.6 per cent rise in planted area. Total yield per hectare also increased, albeit marginally by 0.9 per cent from the previous year.

(II) Rice Production

Government remains committed to increasing rice production to reduce the import bill as well as to enhance food security. In 2004, rice importation was valued at D598.0 million, or 10.0 per cent of the total import bill.

Rice production was estimated at 40, 377 metric tonnes compared to 29,513 metric tonnes in 2003. Area planted under upland rice, swamp rice and irrigated rice increased by 15.3 percent, 16.7 percent and 27.0 percent respectively. Average yield of all three categories of rice improved with upland rice registering the highest jump of 31.3 percent thanks to in large part to good rainfall and the use of improved seeds.

Figure 8: Rice Productio



Notwithstanding the improved performance, the agricultural sector continues to be constrained by many factors, including low and declining soil productivity, the incidence of pests and diseases, insufficient supply of quality seeds, labour shortage due to rapid rural urban migration, and difficulty in marketing groundnut produce.

To address these constraints, Government policy will continue to focus on greater farmer participation in policy formulation and implementation, enhanced resource mobilization and greater private sector participation in input supply and marketing.

The National Agricultural Research Institute (NARI) is conducting research on how to restore soil fertility through agro-forestry techniques as well as developing suitable drought tolerant crop varieties. NARI has also intensified cassava and potato multiplication in addition to developing easy to use and low technology water lifting devices and food processing equipment.

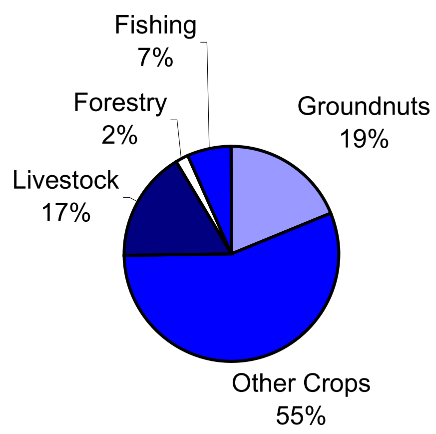
The Department of Agricultural Services (DAS) has facilitated the establishment of more than 410 gardens to promote horticultural farming. Horticulture has emerged as an important growth sub-sector. About 85.0 percent of domestic fruit and vegetable consumption requirements are provided by the horticultural sub-sector. It is estimated that close to 60.0 per cent of women farmers are actively engaged in horticultural activities and provide the bulk of the produce for domestic consumption. Commercial horticultural farms, which produce primarily for the export market, employ about 4000 workers.

C. Livestock

The livestock sector continues to contribute substantially to household incomes, food security, and employment. The livestock population was estimated at 1.9 million in 2004, compared to a population of 1.6 million in 2003. The cattle population rose from 363,406 in 2003 to 425,029 in 2004. The number of sheep, goats and chicken increased by 5.4 percent, 17.4 percent and 15.7 percent to 206,679, 357,404 and 692,426 respectively.

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 Services (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 breeding programmes and a three-tier small ruminant breeding programme have been established and superior breeds were distributed to small farmers countrywide.

Figure 9: Agricultural Output Shares



D. Fisheries Sector

The Gambia is endowed with abundant marine and 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 the demersal fish resources between 15,000 and 17,500 metric tonnes.

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

At Current Market Prices 1/

INDUSTRIAL ORIGIN	2000	2001	2002	2003
AGRICULTURE	**1,160.19**	**1,280.49**	**1,292.45**	**1,598.54**
Groundnuts	335.87	367.60	339.66	500.52
Other Crops	508.54	565.93	534.80	594.52
Livestock	212.75	227.90	279.68	349.04
Forestry	20.98	22.25	24.07	28.79
Fishing	82.05	96.81	114.24	125.67
INDUSTRY	**394.58**	**403.32**	**438.47**	**495.53**
Manufacturing	172.78	175.71	183.80	186.92
Building & Construction	177.51	181.59	200.04	245.30
Mining & Quarrying	1.22	1.32	1.43	
Electricity and Water	43.07	44.70	53.20	63.31
SERVICES	**2,748.22**	**2,805.78**	**2,995.51**	**3,264.99**
Trade	1,421.14	1,371.48	1,435.63	1,503.56
Groundnut Trade	84.45	88.26	101.08	115.63
Other Trade	1,336.69	1,283.22	1,334.55	1,387.93
Hotels & Restaurants	189.03	207.99	228.85	315.35
Transport & Communication	457.87	500.34	553.26	592.01
Real Estate & Business Services	273.83	290.48	308.16	326.90
Government Services	251.53	272.05	297.08	330.65
Other Services 2/	154.82	163.44	172.53	196.52
GDP at Factor Cost	**4,302.99**	**4,489.59**	**4,726.43**	**5,359.06**

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.

PART V

STATISTICAL TABLES

LATEST GDP TABLE (February 2000)

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

At Constant (1976/77) Market Prices 1/

INDUSTRIAL ORIGIN	2000	2001	2002	2003	2004
AGRICULTURE	**196.58**	**215.00**	**196.22**	**208.57**	**230.00**
Groundnuts	49.47	54.14	43.32	33.31	43.18
Other Crops	99.87	110.81	99.72	119.61	128.54
Livestock	34.27	35.30	36.36	37.45	38.57
Forestry	3.99	4.15	4.32	4.45	4.58
Fishing	8.98	10.60	12.50	13.75	15.13
INDUSTRY	**72.79**	**75.48**	**79.24**	**81.94**	**84.47**
Manufacturing	35.60	36.19	37.88	38.51	40.70
Building & Construction	31.36	32.48	33.78	36.34	37.64
Mining & Quarrying	0.51	0.56	0.61	0.67	0.73
Electricity and Water	5.32	6.25	6.97	6.42	5.40
SERVICES	**363.86**	**371.30**	**395.09**	**429.78**	**453.20**
Trade	78.13	77.17	85.37	97.58	106.96
Groundnut Trade	10.61	10.67	11.84	13.02	15.63
Other Trade	67.52	66.50	73.53	84.56	91.33
Hotels & Restaurants	28.88	21.00	17.61	32.42	34.81
Transport & Communication	130.63	142.58	155.24	158.89	166.21
Real Estate & Business Services	39.82	40.70	42.40	44.52	46.75
Government Services	67.84	70.97	74.80	76.30	77.84
Other Services 2/	18.56	18.88	19.67	20.07	20.63
GDP at Factor Cost	**633.23**	**661.78**	**670.55**	**720.29**	**767.67**

Source : Central Statistics Department

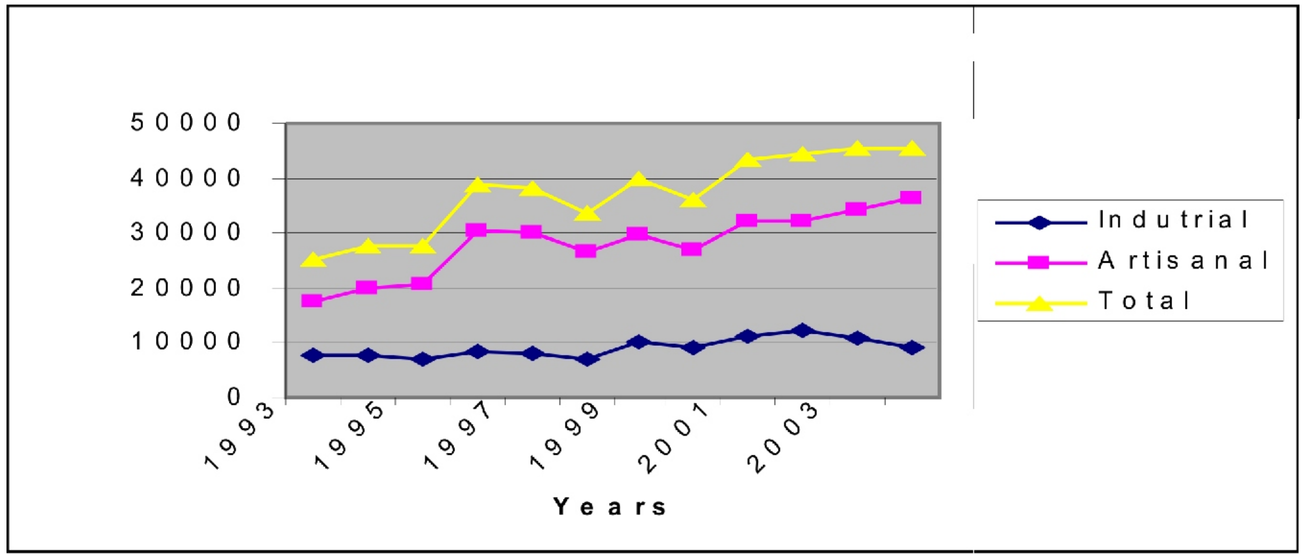
1/ Sectoral estimates are at factor cost

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

Fish output decreased to 45,312 metric tonnes, or 0.1 percent from the previous year. The increase in artisanal output from 34,365 tonnes in 2003 to 36, 202 tonnes in 2004 was offset by a decline in industrial output. Output from the industrial sub-sector, at 9,110 tonnes, declined by 17.2 percent from 2003.

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 2004, 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 11993 - 2003



Faster development of the fisheries sector is hindered by myriad of factors, including the absence of a fisheries port to boost the industrial sector, 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 like BADEA is working on the providing technical assistance and equipment for fish hygiene and fish quality control.

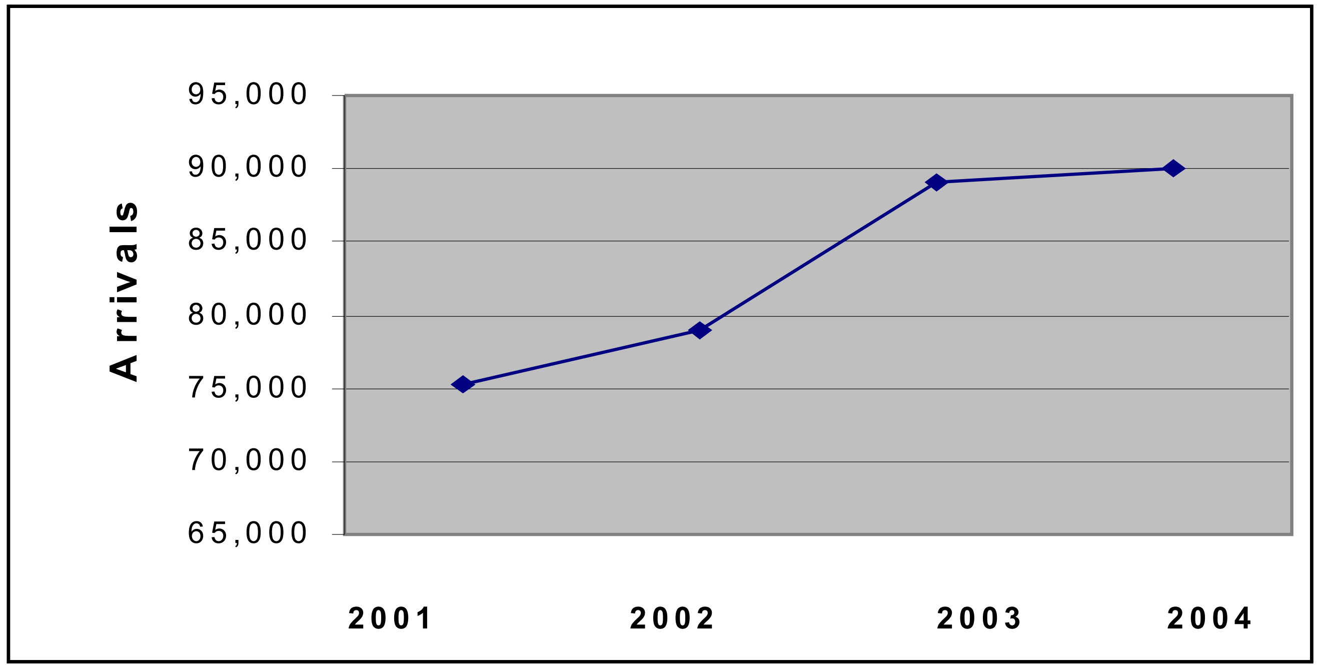
3. TOURISM

The Tourism industry continues to be a major contributor to GDP as well as being an important foreign exchange earner. The sector accounted for 4.5 percent of GDP at factor cost in 2004, the same as in 2003. Foreign exchange earnings, net of tourism related imports and payments retained outside The Gambia was estimated at US$57.5 million, from US$51.1 million in 2003.

Tourism has the potential to contribute significantly to the growth of the economy and poverty reduction. To realise this potential, Government aims to significantly increase tourist arrivals by: (i) broadening the market spectrum to include non-traditional markets and recapturing the German market; (ii) attracting more tourists from established markets (iii) Improving the tourist infrastructure and accommodation and (iv) promotion of year-round tourism.

Data from Central Statistics Department (CSD) indicate that tourist arrivals increased to 90,098 in 2004, or 1.1 percent from 2003, but significantly lower than the 100,000 recorded in 1999.

Figure 11: Air Chartered tourist Arrivals



The United Kingdom, the largest source market accounted for 53.6 percent of total arrivals compared with 55.6 percent in 2003. Arrivals from Germany decreased to 3.2 percent whilst visitors from Scandinavia rose by 13.6 percent. Visitors from the United Kingdom, Germany and Scandinavia combined accounted for 70.4 percent of total arrivals relative to 69.3 percent in 2003. Vacation was the main purpose for visiting the Gambia, accounting for 78.9 percent of total arrivals. The remainder was for the purpose of visiting friends and relatives.

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17. STATEMENT OF RESERVE MOVEMENT

	Share Capital Reserve	*Statutory Reserve*	*Revaluation Reserve*	*Other Reserve*	**Total**
	D.OOO	D.OOO	D.OOO	D.OOO	**D'000**
Balance at beginning of year	1,000	3,000	602,439	4,314	**610,753**
Transfers	-	-	(73,649)	-	**(73,649)**
***Balance as at end** of year*	**1,000**	**3,000**	**528,790**	**4,314**	**537,1 04**

18. CASH GENERATED FROM OPERATIONS

	31-Dec-03 D'000	31-Dec-02 D'000
Net loss for the year	**(120,790)**	(125,447)
Adjusted for the following		
Depreciation	**3,103**	3,949
Loss on disposal of assets	**597**	831
Transfer to revaluation	**(73,649)**	126,621
Movement in bad debt provision	**4,594**	14,861
Changes in working capital		
Net (decrease)/Increase in loans and advances	**356,914**	(219,906)
Net increase in accounts receivable	**(29,484)**	(85,459)
Net increase/ (decrease) in deposits	**726,715**	(106,585)
Net increase accounts payable	**61,452**	17,992
Cash inflow from operating activities	**929,452**	(373,143)

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14. DEPOSITS

Government deposits
World Bank deposits
Local commercial
banks Sundry deposits

31-Dec-04	31-Dec-03
D'OOO	D'OOO
1,104,465	424,449
340	258
579,018	530,700
29,286	30,987
1,713,109	986,394

The Central Bank of The Gambia receives deposits from the Government of The Gambia, local commercial banks, the International Monetary Fund and the World Bank. Interest is not paid on these deposits nor are bank charges levied on these accounts. The Central Bank is not allowed to receive deposits from persons other than those mentioned above.

15. OTHER LIABILITIES

Accrued interest
payable Staff
pension fund
Staff welfare
fund Payment
orders
Miscellaneous
others

31-Dec-04	31-Dec-03
D'OOO	D'OOO
12,249	13,960
6,471	6,437
348	348
86,667	23,536
177	179
105,912	44,460

16. LONG-TERM LIABILITIES

Central bank bills
Special drawing rights
allocations IMF E.SAF
(1998-2000)
International Monetary Fund Poverty reduction
growth facility

31-Dec-04	31-Dec-03
D'000	D'000
	31,233
182,153	173,632
125,455	113,347
441,635	677,201
749,243	995,413

Table 1: Income from Tourism

	2001	2002	2003	2004
Number of Air Chartered visitors	75,209	78,893	89,116	90,098
Average out of pocket expenditure (Dal)	250	250	250	250
Average length of stay (Days)	13	13	13	13
Hotel rate per night.(GBP)	17	17	17	17
Departure fees (Dalasi)	170	170	170.0	170.0
Tourists Arrival Tax		5.0	5.0	5.0
Average Exchange rate (dal/Gbp)	25.0	36.0	52.0	52.0
Income from Hotel Beds (D'000 000s)	415. 5	627.6	1,024.1	1035.4
Total out of pocket expenditure (D000 000s)	244.4	256.4	279.9	292.8
Income from Arrival Fees (D'000 000s)	0	14.2	23.1	23.4
Income from Departure Fees (D'000 000)	12.7	13.4	15.1	15.3
Total Income from Air-chartered tourists (D'000 000s)	672.6	912.0	1342.2	1366.9

The Gambia Tourism Authority (GTA) introduced a "tourist tax" of £5.00 in 2002 to enhance the industry's income base. Assuming out-of-pocket expenditure of D250.00, average length of stay of 13 days, hotel rate per night of £17.0 and departure fee of D170.00, income from chartered tourists arrivals is estimated at D1.36 billion compared to D1.34 billion in 2003. This comprised total out-of- pocket expenditure of D292.8 million, income from departure fees of D15.3 million and income from hotel beds of D1.04 billion.

Regarding the outlook for 2005, arrivals are projected to increased by 7.4 percent from 2004 reflecting improved quality of the tourism product and entry into the market of new tour operators from non-traditional markets.

(4.0) INFLATION

(4.1) Consumer Price Index (CPI)

Consumer price indices are typically fixed-weighted averages of prices of consumer goods and services. The price data are obtained by regular inquiries made by statistical offices at specific outlets. The weights are based on the distribution by product of consumer expenditure and are revised at regular intervals as the distribution of consumer expenditure changes

.

End-period inflation measured by the consumer price index of low-income population of Banjul and Kombo St Mary area, declined from 17.6 percent in December 2003 to 8.0 percent at end-December 2004 and was lower than the target of 10.0 percent. Average inflation rate (12 month moving average) was 14.2 percent compared to 17.0 percent in 2003.

The inflation target was based on analyses of fundamental and non-fundamental factors that could trigger inflationary pressures. Fundamentally, inflationary pressures could come from external factors, the interaction between aggregate supply and demand and the public's inflationary expectations.

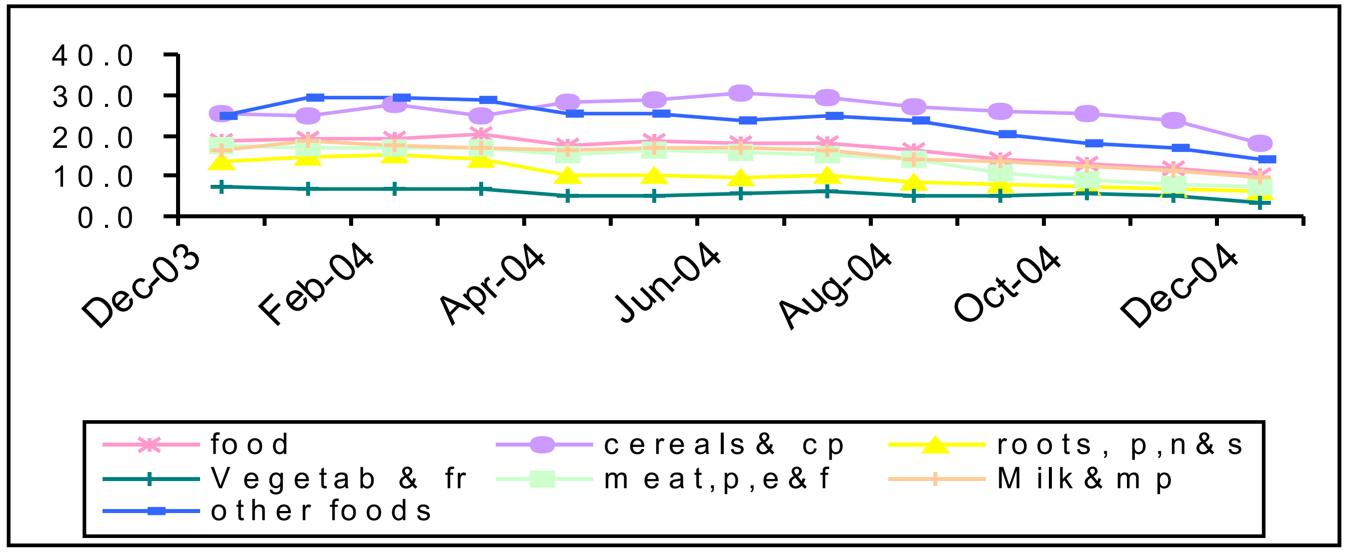
The deceleration in inflationary pressures was attributed to policies adopted by the Central Bank in controlling the fundamental factors that impact inflation. Monetary Policy was restrictive, supported by prudent fiscal policies; the Dalasi was not only stable but appreciated against the major currencies and; inflationary expectations were subdued thanks to improved macroeconomic conditions. Global inflation had minimal impact on domestic inflation owing to competition in the domestic market.

Regarding non-fundamental factors, the administered petroleum prices, which were adjusted upwards, did not lead to a pass -through to inflation. For example, transportation fares and utility prices where unchanged despite the increase in petroleum prices.

(4.2) Food Inflation

Food consumer price inflation declined to 9.9 percent compared to 18.5 percent in December 2003. 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 prices decelerated to 17.8 percent, 6.1 percent, 3.1 percent, 7.1 percent, 9.3 percent and 14.3 percent in December 2004 compared to 25.2 percent, 13.5 percent, 7.3 percent, 17.5 percent, 16.6 percent and 25.1 percent respectively in the previous year.

Figure 12: Food Inflation December-03 to December-04



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13. TANGIBLE FIXED ASSETS

	Land & Building D'000	Furniture & Equipment D'000	Computer equipment & software D'000	Motor vehicles D'000	**Total D'000**
Cost					
At 01-Jan-04	19,344	13,778	12,197	5,612	**50,931**
Additions	1 3,192	5,406	1,759	604	**20,961**
Disposals	-	-	-	(2,168)	**(2,168)**
At 31-Dec-03	**32,536**	**19,184**	**13,956**	**4,048**	**69,724**
Accumulated depreciation					
At 01-Jan-04	4,509	10,801	8,354	3,239	**26,903**
Charge for the year	255	735	**1,333**	780	**3,1 03**
Disposals				(1,412)	**(1,412)**
At 31-Dec-04	**4,764**	**11,536**	**9,687**	**2,607**	**28,594**
Net book value					
At 31-Dec-04	**27,772**	**7,648**	**4,269**	**1,441**	**41,130**
At 31-Dec-03	14,835	2,977	3,843	2,373	24,028

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11a. Related Party Transactions

The loan to Government arose through various disbursements made on behalf of the Government of The Gambia. The loan is repayable over 15 years commencing 31 December 2005 at an interest rate of 4%. In advancing the loan facility equivalent to $28million, the Bank applied to the Department of State for Finance and Economic Affairs and obtained a waiver under section 51 (4) of the Central Bank of the Gambia Act in respect of the limitation imposed by section 51 (2) of the same Act.

Section 51 (4) stipulates that although the Minister may direct the Bank to permit further increases that cause the outstanding advances to exceed fifty percent of the bank's average demand liabilities, these further increases may not exceed a period of six months. However, additional advances to Government have exceeded this limit.

11b. The loans to forex bureaus represent advances to various foreign bureaus in respect of spot foreign exchange deals for swiss franc. The remaining balance of CHF 7.8 million has been fully provided for as these advances are unsecured.

12. OTHER ASSETS

	31-Dec-04	31-Dec-03
	D'OOO	D'OOO
Accrued interest receivable	812	1,976
Treasury Bills accrued interest	5,547	4,980
Miscellaneous treasury bi 11s	9,121	
West African Monetary Agency	22,295	25,795
International Monetary Fund	52,710	44,004
Staff loans	28,923	25,283
Provision for doubtful debts	(2,437)	(7,031)
Others	7,330	4,404
A t end of year	124,301	99,41 I

West African Monetary Agency

The West African Monetary Agency was set up as an autonomous specialized agency of the Ecowas to serve as a multi lateral facility to improve sub regional trade in West Africa. The balance of W AUA 648,547.92 ($1,003,823) is the Central Bank of The Gambia's intersettlement account balance within the region. It has been retranslated using the rates of exchange ruling at the balance sheet date.

International Monetary Fund

The International Monetary Fund is an organisation working to foster global monetary cooperation, secure financial stability, facilitate international trade amongst other things. The balance of D52 Million is the net effect of the IMF quota account and other IMF liabilities

(4.3) Non-Food Inflation

Non-food consumer price inflation declined to 3.9 percent compared to 15.6 percent at end-December 2003 as a result of significant decline in the prices of " housing", "fuel and light", " clothing, textiles and footwear" and miscellaneous items to 3.4 percent, 9.1 percent, 1.5 percent and 2.4 percent respectively compared to 13.7 percent, 30.4 percent, 9.5 percent and 12.2 percent in the preceding year.

Figure 13: Non-Food Inflation Dec-03 to Dec-04

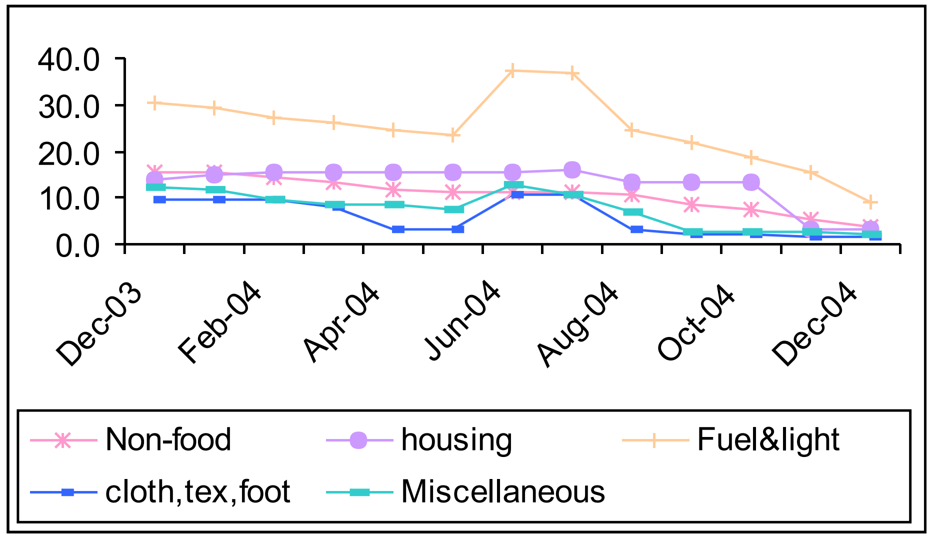
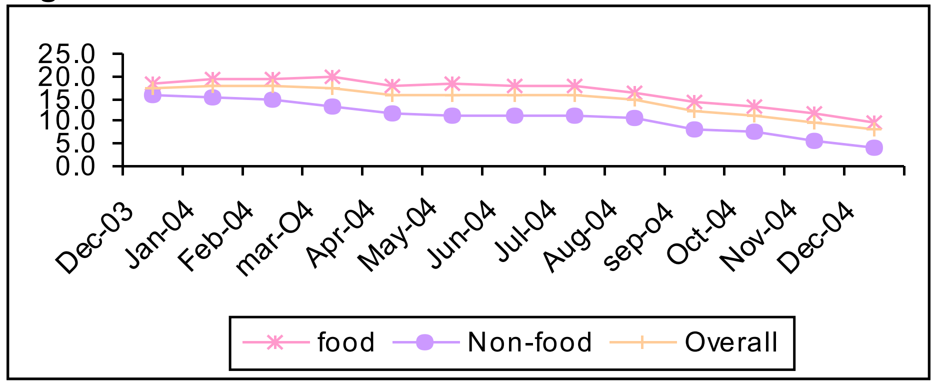


Figure 14: Consumer Price Inflation Dec-03 to Dec-04



(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.

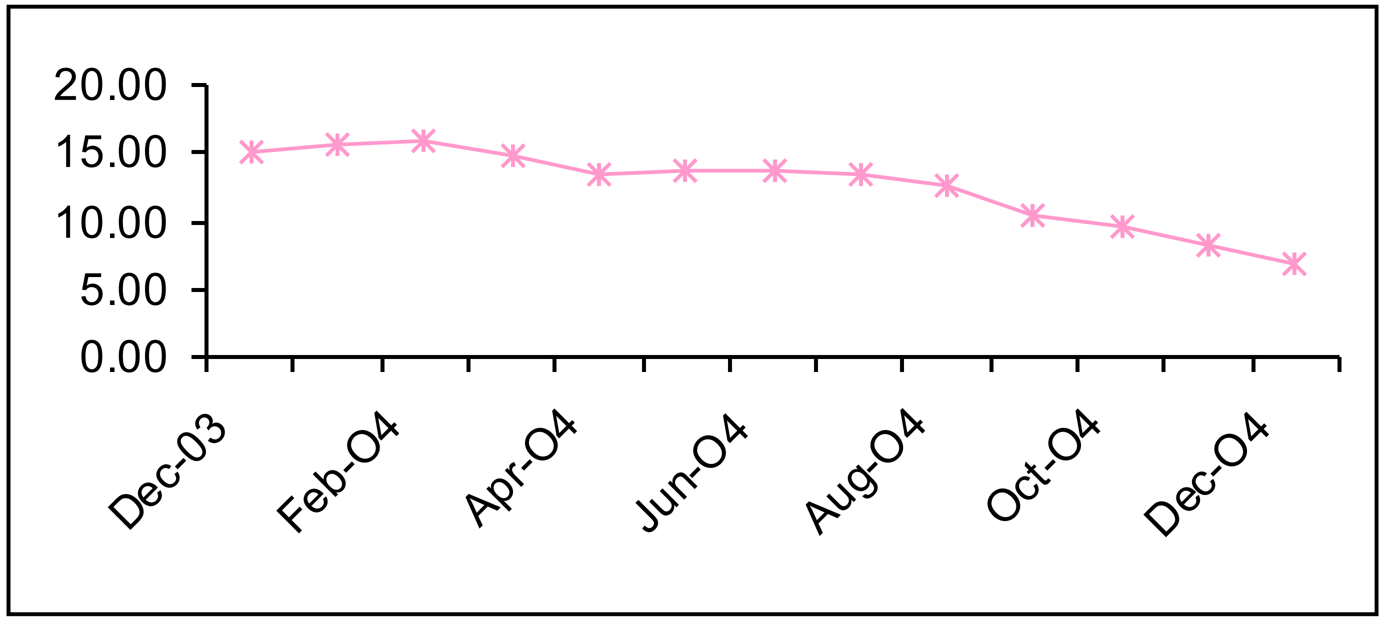
The so-called noise in headline inflation is stripped out by excluding prices of energy and utilities (fuel, light and transportation) and volatile food items.

The first measure of core inflation (Core 1) , which excludes prices of fuel, light and transportation, declined from 15.1 percent in December 2003 to 6.9 percent in December 2004.

Table 2:Core1 (excluding energy and transportation)

	Dec-03	Jan-o4	Feb-o4	Mar-o4	Apr-o4	May-o4	Jun-o4	Jul-o4	Aug-o4	Sep-o4	Oct-o4	Nov-04	Dec-04
Estimated core CPI	2116	2139	2165	2173	2184	2205	2228	2243	2253	2254	2256	2257	2261
yr.-on yr.- nflation rat	15.1	15.7	15.8	14.9	13.3	13.7	13.7	13.4	12.5	10.3	9.6	8.2	6.9

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

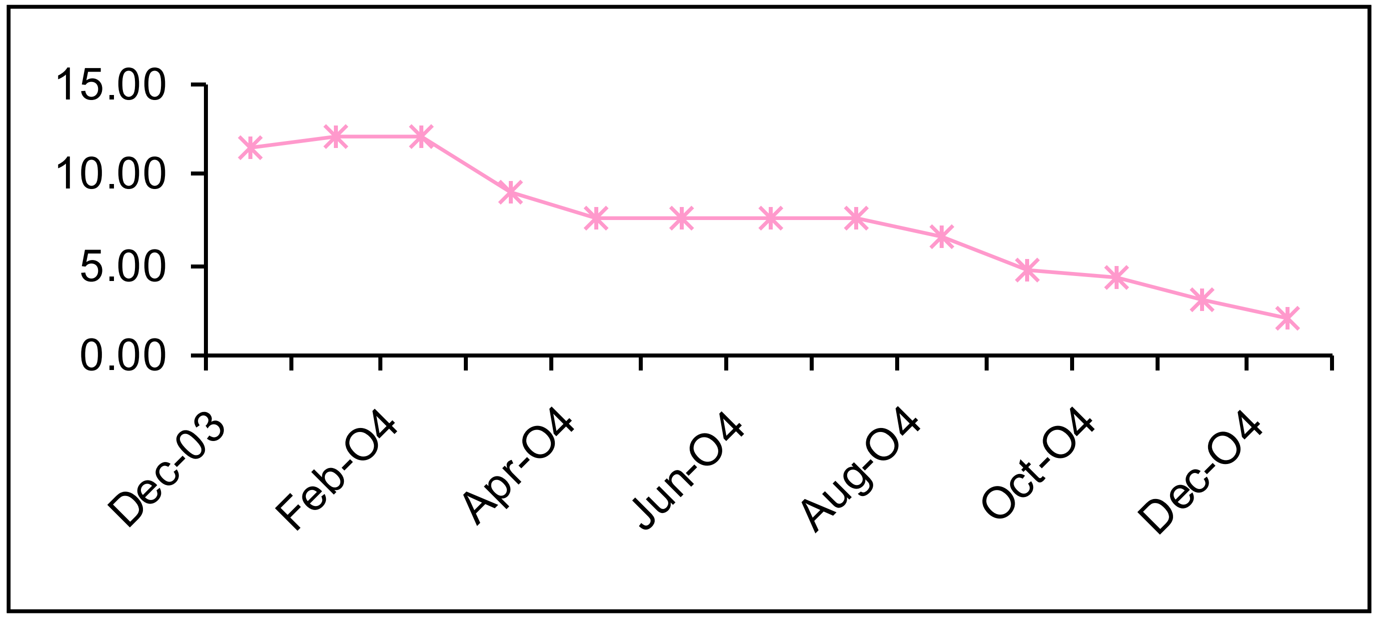


Core 2, which strips out prices of energy, transportation and volatile food items ("meat, poultry, eggs and fish", "tobacco and tobacco products", "cereals and cereal products", and "processed foods") decelerated from 11.6 percent in December 2003 to 2.1 percent December 2004.

Table 3: Core 2: (excluding energy, transportation and volatile food items)

	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Estimated core CPI	1072	1077	1087	1068	1068	1072	1075	1084	1092	1092	1093	1093	1095
Yr-on-yr inflation	11.7	12.2	12.2	9.0	7.6	7.6	7.6	7.6	6.6	4.7	4.4	3.1	2.1

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



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Ecowas Community of West African States (ECOWAS)

The Ecowas credit guarantee fund was set up in August 1997 by the Committee of Governors of Ecowas Central Banks to provide short term credit facilities to member central banks to enable them to settle their debt positions within the clearing system. The above amount represents the Central Bank of The Gambia's contribution to the initial paid up capital of the fund and is retranslated using the rate of exchange ruling at the balance sheet date.

West African Central Bank Buildings

This represents 3 installments of $, 750,000 as part contribution from Central Bank of The Gambia to the construction of the West African Central Bank Building. This amount has been retranslated using the rate of exchange ruling when the payments were effected and carried at cost.

WA MJ Stabilisation Co-op fund

This represents first payment of $1.750 million of the required amount of $3.5 million made on behalf of the Gambia Government for the stabilization and co-operation fund. This amount has been retranslated using the rate of exchange ruling at the balance sheet date.

11. LOANS AND ADVANCES

	Notes	31-Dec-04 D'000	31-Dec-03 D'000
Loans to Government	11a	**711,712**	715,335
Loans to Forex bureaus	11b	**183,290**	219,181
Fixed loans to banks		**33,625**	-
Overdrawn Government deposit accounts		**11,976**	314,935
Overdrawn sundry deposit accounts		**5,438**	3,443
		946,041	**1,252,894**
Less:			
Provision for sundry deposit and Government accounts		**(5,438)**	(3,443)
Provision for credit losses (Forex Bureaus)		**(183,290)**	(168,849)
Provision for credit losses (fixed loans to Banks)		**(33,625)**	-
		723,688	**1,080,602**

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9 FOREIGN SECURITIES

	31-Dec-0 4	31-Dec-03
	D' 000	D'000
US Treasury bills	**172,735**	179,215
	172,735	179,215

10 OTHER INVESTMENTS

	31-Dec-0 4	31-Dec-03
	D' 000	D'000
FIXED		
Africa Export Import Bank	12,388	12,388
Africa Re-insurance	13,627	13,627
Africa Bank for Development Commerce	36,030	36,030
West African Central Bank	158,813	54,198
	220,858	**116,243**
CURRENT		
WAMI Stabilization Co-op fund	52,150	0
ECOWAS credit guarantee scheme	10,250	9,460
	62,400	**9,640**
Total foreign securities	**283,258**	**125,883**

Central Bank of The Gambia Subscription to Africa Export Import Bank

_The balance represents 100 shares of US$I0, 000 each 40 percent of which is fully paid up. This investment is denominated in foreign currency and is carried at cost in accordance with the accounting policy set out in note 1.2b.

Africa Re insurance

The investment of shares in Africa Re- Insurance is the holding that the Central Bank of The Gambia has in the Africa -Re, a reinsurance Company incorporated in Nigeria. The balance represents 4,400 shares of US$100 each. This investment is carried at cost in accordance with the accounting policy set out in note 1.2b.

African Bank for Development Commerce

The ABDC was formed in order to promote Economic and Commercial Development in the surrounding geographical area. The Republic of The Gambia was asked to join the Bank with a 5% shareholding in 2001. The total value of the 5% stake holding amounts to 5,000,000. During 2001, the Central Bank paid an amount of 1,000,000 to the organisation. The amount already paid is retranslated and carried at historical cost.

Box 1: Inflation Expectations In The Gambia

Inflation can be decomposed into determining factors, namely interaction between demand and supply (the output gap), exchange rate movements, inflation expectations and pressure coming from non-fundamental stocks such as volatile foods and energy price shocks and changes in administered prices.

Inflation expectations, that is, public perceptions of the prospects for inflation is an important determinant of inflation in The Gambia. This has important implications in the formulation of monetary policy.

In general, inflation expectations can be categorized as follows:

- Adaptive expectations, which are based on the performance of actual inflation.
- Forward – looking inflation expectations, which are based on the understanding of overall economic conditions, including the understanding of monetary and fiscal polices.

In the case of The Gambia, adaptive inflation expectations appear more dominant than forward – looking inflation expectation. The Central Bank inflation expectations survey shows a strong correlation between actual inflation and expectations.

For Central Banks, it is important to build forward – looking expectations. The more the public rely on forward – looking expectations, the more effective monetary policy would be, the stance of monetary policy is easier to understand and inflation expectations could be better controlled. Consistent policies and full commitment to fighting inflation which, in turn, enhances Central Banks credibility should make it possible for the public to shift towards forward – looking inflation expectations.

(5.0) MONETARY POLICY AND OPERATIONS

(5.1) Monetary Policy

The Monetary Policy Committee (MPC) is responsible for the formulation of monetary policy with a view to achieve price stability. The Committee comprises the Governor as Chairman, General Manager, Heads of Banking and Financial Supervision Department, Economic Research Department, Banking Services Department and two representatives from the Department of State for Finance and Economic Affairs (DoSFEA).

The MPC held its maiden meeting in July 2004. A total of three meetings were held in 2004 and a statement on the monetary policy stance of the Bank is issued after each meeting. Decisions are taken by a combination of voting and consensus.

The Central Bank uses monetary targeting in the conduct of monetary policy. Within this framework, reserve money is used as an operating target, and money supply as intermediate target. The Government, in consultation with the IMF sets the Gambia's inflation target. The target was end-period consumer price inflation of 10.0 per cent by end-December 2004. The Treasury bill rediscount rate is used as the policy rate.

The MPC was obliged to leave monetary policy unchanged at its July 2004 meeting. This was largely prompted by concerns that the disinflation process was not as strong as anticipated. End-period consumer price inflation decreased slightly from 17.7 per cent in May 2003 to 15.8 per cent in May 2004. Additionally, the forward looking business sentiment survey indicated high inflationary expectations, coupled with uncertainties relating to the impact of the sustained increase in oil and non-fuel commodity prices, as well as fiscal slippages.

The Committee concluded at its meeting in October 2004 to reduce the policy rate by 1.0 percentage point to 33.0 per cent. This decision was informed by the marked decline in inflation to 14.7 per cent at end-August 2004 from 21.1 per cent a year earlier. A number of other factors also influenced the decision to loosen monetary policy. First, inflationary expectations declined. Second, agricultural production was expected to increase significantly, which should put downward pressure on food prices. Third, the exchange rate of the Dalasi remained stable supported by prudent fiscal and monetary policies.

At its last meeting of the year in December 2004, the MPC announced a further reduction in the policy rate by 2.0 percentage points to 31.0 per cent. This decision was taken because the decline in the inflation rate continued to be in line with the Central Bank's projections and the inflation outlook was generally favourable. Growth in the monetary aggregates decelerated, fiscal policy was supportive, and the exchange rate of the Dalasi remained stable. End-period headline inflation was 12.3 per cent in September 2004, lower-than the forecast and down considerably from 17.9 per cent in September 2003. However, the Committee expressed concern about volatility in commodity prices and global uncertainty related to the price of oil.

End-period headline inflation decelerated to 8.0 per cent at end-December 2004, lower-than the target of 10.0 per cent. Food and non-food inflation declined to 9.9 per cent and 3.9 per cent compared to 18.5 per cent and 15.6 per cent respectively in December 2003. Core inflation, which excludes prices of energy and volatile food items, fell to 2.1 per cent relative to 11.6 per cent a-year-ago

(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.

7. CASH AND BANK BALANCES

	31-Dec-04	**31-Dec-03**
	D'OOO	**D'OOO**
Balances with foreign banks (Nostros)	2,043,410	1,313,670
Foreign currency cash holdings	23,760	15,911
	2,067,170	1,329,581

8. GOVERNMENT SECURITIES

	31-Dec-04	**3] -Dec-03**
	D'OOO	D'OOO
5% Bonds	250,000	250,000
Gambia Government treasury bills	219,934	211,222
Non interest bearing notes (NIB notes)	198,963	198,963
	668,897	**660,185**

5% Government bonds

In 1993, The Central Bank of The Gambia converted D250,000,000 worth of Non Interest Bearing Notes into 5% Interest bearing Government Bonds. The Bonds were solely issued for the purposes of the Central Bank and not traded publicly.

The conversion was done in order to relieve the liquidity stricken position of the Bank at that state. Interest on the bonds accrues at 5% on a half yearly basis, and is netted off against the Government's Treasury Main Account.

GG *Treasury bills*

The money market in The Gambia is undeveloped and there is no secondary securities exchange market as yet. The lack of the secondary market forces the Central Bank of The Gambia to act as the secondary market and to purchase any unwanted or excessive Government Treasury Bills out of the market place. The resulting effect is that CBG is a holder of Government Treasury Bills until they are resold, or held until maturity.

Non-Interest Bearing Notes

Non Interest Bearing Notes have been issued in terms of The Central Bank of Gambia Act 992 Section 32(2). The Investments in Non Interest Bearing Notes represents non negotiable, non interest bearing bonds that the Government of The Gambia issue to cover any operating or foreign exchange losses that the Bank incurs. Non Interest Bearing Notes are also issued to account for any shortfall in Capital that may occur during the financial year in accordance with Section 6(2) of the CBG Act 992.

The Non Interest Bearing Notes are issued on request of the Governor of the Bank.

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5. PERSONNEL COSTS

The average number of staff employed (including directors) during the year were 221(2003: 247)

	31-Dec-04	31-Dec-03
	D'OOO	0'000
Salaries	**13,143**	10,816
Transport Allowance	**3,572**	1,796
Leave Allowance	**264**	95
Cashier's Allowance	9	8
Directors fees and Allowances	**48**	42
Contribution to Provident Fund	**1,077**	890
Medical Expenses	**2,056**	2,593
Other Pension Cost	**1,703**	1,422
	21,872	17,662

6. PROFIT/(LOSS) BEFORE LOAN LOSSES

		31-Dec-04	31-Dec-03
		D'000	0'000
Profit/(Loss) before loan losses is stated after charging:			
Auditor's remuneration:	local	**550**	500
	overseas	**3,997**	9,208
Directors fees and sitting allowances		**48**	42
Gains on disposal of investments assets		**(952)**	(285)
Depreciation		**(3,103)**	3,787

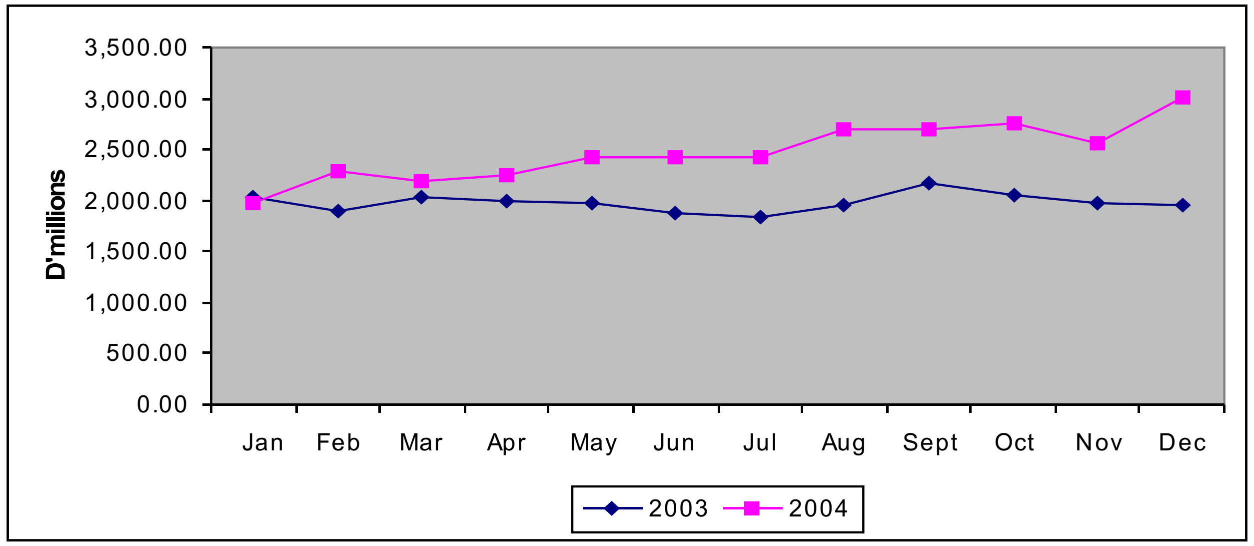
(5.2.1) Open Market Operations

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 increased to D3.0 billion, or 54.9 percent from 2003.

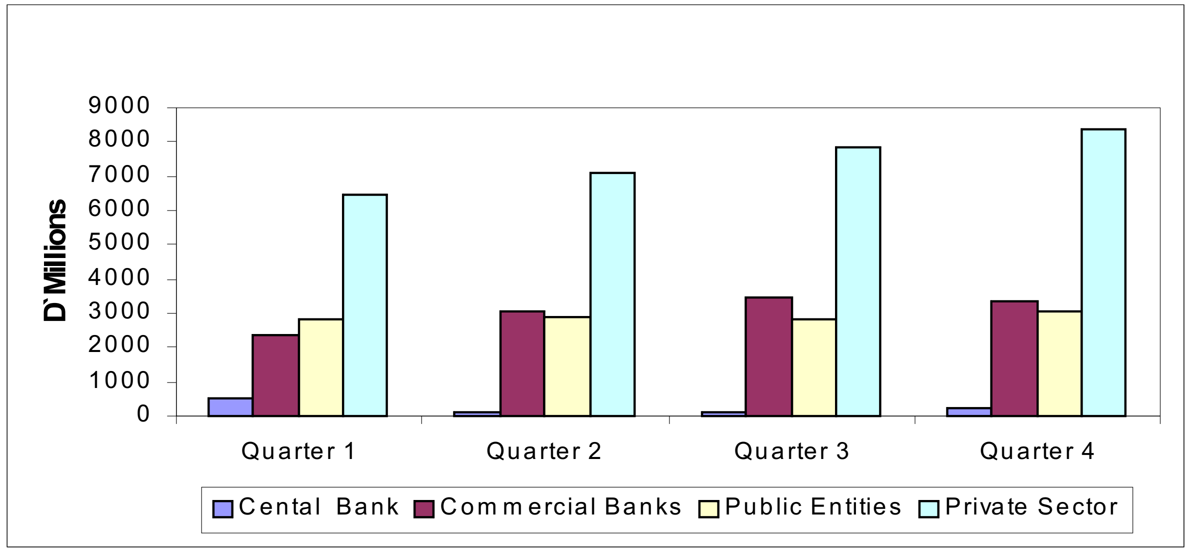
Figure 17:Outstanding Treasury Bills (Discounted Value)



The banking system holdings of Treasury bills rose to D1.3 billion, or 51.1 per cent. Central Bank holdings fell by 57.9 per cent while commercial banks' holdings increased markedly by 83.5 per cent reflecting the stance to desist from monetisation of the budget deficit.

Non-bank holdings of Treasury bills rose by 57.8 per cent to D1.7 billion. Holdings by public entities and the private sector increased by 24.6 per cent and 187.5 per cent to D1.1 billion and D649.5 million respectively.

Figure 18: Treasury Bill Holdings By Sector (2004)



(5.2.3) Central Bank Bills

Central Bank securities were used in 2003 to supplement Government securities for mopping up excess liquidity in the economy. Central Bank securities are issued under the same terms and conditions with Government securities. Central Bank bills were not issued in 2004 compared to the outstanding stock of D31.6 million in 2003.

Open market sales of Government paper or Central bills have a contractionary effect on credit to Government and net indebtedness of the Central Bank to commercial banks and the public.

(5.2.4) Foreign Exchange Intervention

Central Banks Intervene in the Foreign Exchange Market, buying and selling foreign exchange, to defend the exchange rate, achieve the desired level of international reserves to anchor the domestic currency, pay for imports and meet debt service obligations. Foreign exchange intervention also impacts the banking system liquidity and stance of monetary policy. In other words, intervention can be used in support of open market operations.

The Bank purchased and sold foreign exchange amounting to D1,2 billion and D15.8million, compared to D552.99 million and D396.29 million respectively in 2003.

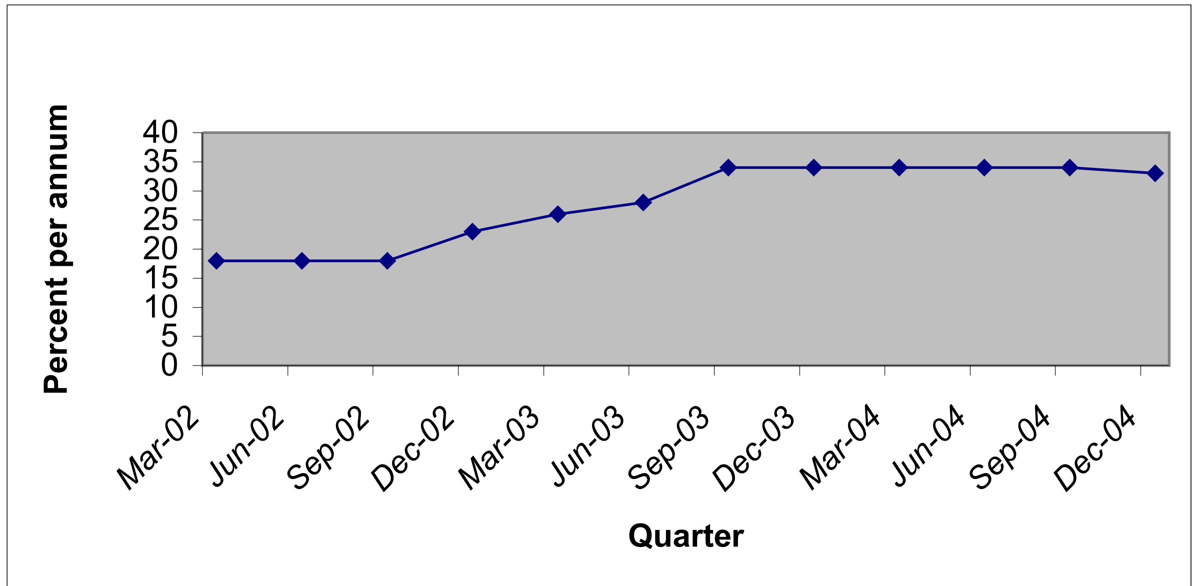
(5.2.5) Interest Rates

Interest rate policies were aimed at achieving efficient allocation of loanable funds, effective domestic resources mobilization and more importantly to attain macroeconomic stability. Charges in official interest rates are transmitted to the money market and then to the rest of the economy.

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 34.0 percent at the beginning of 2004. The rate fell by 1.0 percentage point to 33.0 percent in October 2004. It closed the year at 31.0 percent following a 2.0 percentage point rate reduction in December 2004, reflecting deceleration in inflationary pressures.

Figure 19: Policy Rate (Rediscount Rate)



Commercial banks adjusted downwards their deposit and lending rates, albeit slightly. Lending rates ranged from 24.0 to 35.0 percent by year-end compared to 26.0 to 36.0 at the beginning of the year.

Central Bank of The Gambia

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2. INTEREST INCOME			
		31-Dec-04	**31-Dec-03**
		D'000	**D'000**
Interest on securities USD		381	5,763
Interest on deposits GDP		3,390	390
Interest on deposits USD		11,248	2,963
Discount on treasury bills USD		854	3,541
Interest on deposits WAUA		-	7
Interest on deposits EURO		2,930	4,868
Interest on deposits SDR		492	308
Interest on deposits CHF		1,920	112
Interest on securities GMD		12,500	12,500
Interest on loans and Advances		212	175
Discount on treasury bills GMD		40,057	76,642
Discount on CBG GMD		368	10,759
		74,352	**118,028**

3. INTEREST EXPENSE		**31-Dec-04**	**31-Dec-03**
		D'000	**D'000**
Interest payments to IMF		7,344	6,089
Interest payments on CBG bills		8,043	35,030
		15,387	**41,119**

4. **OTHER INCOME**		**31-Dec-03**	**31-Dec-02**
		D'000	**D'000**
Profit on sale of investments		952	285
Rental income		-	73
Miscellaneous income		8,932	759
Sale of commemorative coins		32	85
		9,916	**1,202**

1.8) ***Provisions***

Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

1.9) ***Revenue recognition***

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

Interest on the 5% government bonds is accrued half yearly and is netted off against the Government's treasury main account.

Discount on treasury bills is recognised on the maturity of the bills. If the bills are resold before maturity, the difference between the purchase and the selling price is recognised as income at the date of sale.

1.10) Impairment of assets

The carrying amount of the bank's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment, in which case their recoverable amounts are estimated.

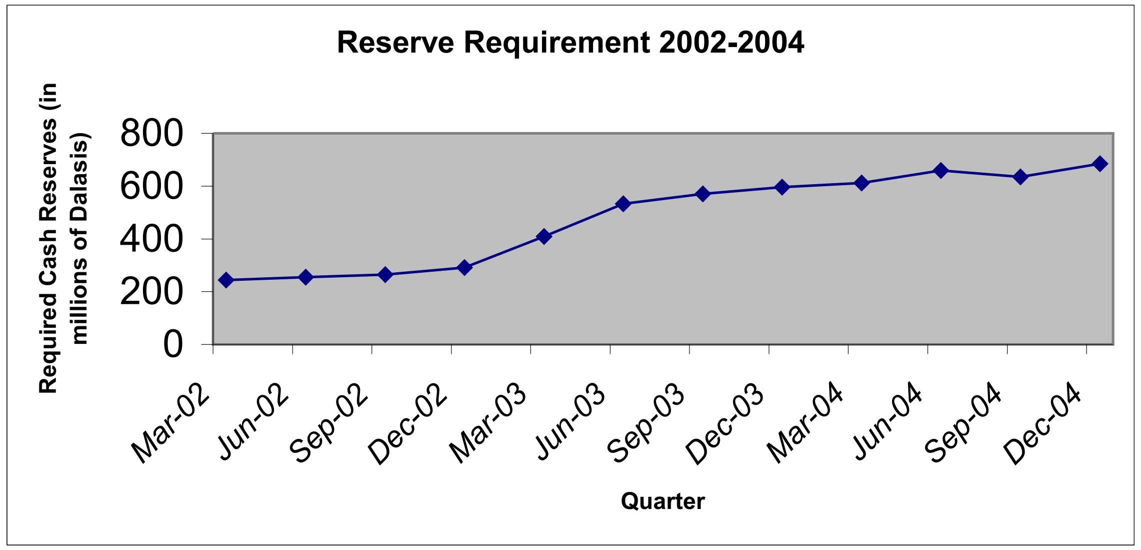
An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. A previously expensed impairment loss will be reversed if the recoverable amount increases as a result of a change in the estimates used previously to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised.

Deposit interest rates ranged from 10.0 22.0 percent for 1-year time deposits and 10.0 17.0 percent for savings deposits compared to a range of 12.0 23.0 percent and 12.0 19.0 per cent respectively in early 2003.

(5.2.6) Reserve Requirements

Commercial Banks are legally required to maintain reserve deposits with the Central Bank. The reserves are held on a bi-weekly basis but are allowed to go below the required ratio at times, provided that on average the ratio is maintained. Reserves are not remunerated and banks that do not 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 percent of deposit liabilities throughout 2004 reflecting the tight policy stance of the Central Bank.

Figure 20: Reserve Requirement 2002-2004



(5.2.7) Rediscount And Discount Window

The Central Bank rediscounts Treasury and Central Bank Bills in the rediscount window at a penalty equivalent to the policy rate. Also, banks in need of short-term liquidity may also borrow from the Central Bank discount window at the market rate. Banks did not use the discount window facility in 2004 partly because they could resort to rediscounts, but mainly owing to the fact that banks were generally liquid.

(5.3) Money Supply

Growth in money supply decelerated to 18.3 per cent, lower than 43.4 percent in 2003 and the programmed target of 20.0 percent. Although narrow money rose modestly, quasi money increased markedly.

Narrow money (M1), comprising currency outside banks and demand deposits, increased to D3.1 billion, or 8.2 per cent from the previous year. While currency outside banks rose by 19.7 per cent, demand deposit increased by a minuscule 0.07 percent. The ratio of narrow money (M1) to broad money (M2) consequently declined from 62.6 per cent at end-December 2003 to 57.2 percent in December 2004.

(5.3.1) Components of Money Supply

Quasi-money (time and savings deposits) rose to D2.3 billion, or 35.1 percent over the previous year. Savings and time deposits increased by 29.9 percent and 55.9 percent respectively. Correspondingly, the share of quasi-money to broad money rose from 37.4 percent at end-December 2003 to 42.8 percent in December 2004. The rapid expansion of quasi money is attributed to the fact that low and non-volatile inflation causes portfolio shifts from short-term to long-term instruments.

Table 4: Components of money supply/narrow money and quasi money and their Components

	2000	2001	2002	2003	2004
Narrow money (M1)	**983.53**	**1125.41**	**1756.77**	**2873.03**	**3107.62**
Currency outside banks	540.26	600.75	797.37	1182.89	1416.27
Demand deposits	443.27	524.66	959.40	1690.14	1691.35
Quasi – Money	**998.82**	**1241.90**	**1445.75**	**1720.00**	**2324.34**
Savings Deposits	705.49	831.91	1084.19	1374.60	1786.03
Time deposits	293.33	409.99	361.56	345.40	538.31
Broad Money (M2)	**1982.35**	**2367.31**	**3202.52**	**4593.03**	**5431.96**

(5.3.2) Determinants of Changes in Money Supply

The rapid growth of money supply was as a result of marked increase in the net foreign assets (NFA) of the banking system. Net domestic assets (NDA) of the banking sector, on the other hand, decreased.

Table 5: Determinants of money supply, NFA & NDA plus their key components

	2000	2001	2002	2003	2004
NET FOREIGN ASSETS	**1290.29**	**453.34**	**1144.86**	**1659.18**	**3195.40**
Monetary Authorities (net)	**1284.96**	**501.14**	**1002.89**	**645.31**	**1768.68**
Foreign Assets	1596.98	1066.55	1530.04	1441.85	2497.06
Foreign Liabilities	312.02	565.41	527.15	796.55	728.38
Commercial Banks	5.33	-47.80	141.97	1013.87	1426.72
NET DOMESTIC ASSETS	**692.06**	**1913.97**	**2057.66**	**2933.85**	**2236.56**
Domestic credit	**770.12**	**2020.48**	**2664.80**	**3708.59**	**2869.52**
Claims on Govt. (net)	83.37	1071.86	1097.47	1494.45	433.97
Claims on Public Entities	11.86	75.79	74.69	342.78	223.37
Claims on Private Sector	674.89	872.83	1492.64	1871.36	1454.10
Other items, net	**-78.06**	**-106.51**	**-607.13**	**-774.73**	**-632.96**
O/w: Revaluation account	130.29	105.22	-389.11	-536.26	-442.19
SDR allocation	-83.22-	-98.78	-113.74	-173.63	-182.15
MONEY SUPPLY (M2)	**1982.35**	**2367.31**	**3202.52**	**4593.04**	**5431.96**
Narrow Money (M1)	983.53	1125.41	1756.77	2873.03	3107.62
Quasi-Money	998.82	1241.90	1445.75	1720.00	2324.34

(i) Net Foreign Assets

The NFA of the banking system rose to D3.2 billion, or 70.0 per cent from the preceding year mainly reflecting the combined effects of increases in the NFA of the Central Bank and commercial banks.

The NFA of the Central Bank increased to D1.8 billion, or 104.3 percent. Gross official reserves rose to D2.5 billion, or 29.1 percent while foreign liabilities decreased to D0.7 billion, or 31.9 percent.

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*1.3) **Property, Plant and Equipment***

Property, plant and equipment are stated at cost less any depreciation accumulated to the balance sheet date.

Depreciation of tangible fixed assets is calculated and charged to the profit and loss account on a straight line basis by reference to the expected useful lives of the assets at the following rates:

	Rate
Land & Buildings	1%
Furniture and equipment	10%
Office machines	20%
Computer equipment	20%
Vehicles	20%

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalised and depreciated when the asset becomes operational in the business. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of the assets. All other expenditure of a revenue nature are charged to the profit and loss account as incurred. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

*1.4) **Foreign currency activities***

Monetary assets and liabilities in foreign currencies are converted to Dalasi at the rates ruling at the close of the financial year Exchange profits and losses of the Bank are for the account of the Government and are transferred to the foreign exchange revaluation reserve account in accordance with section 32 of the Central Bank of The Gambia Act 1992. Losses that cannot be covered by gains are converted to non-negotiable, non-interest bearing securities under section 32(2) of the Act after the issue of the statutory accounts for the year

Transactions in foreign currencies are translated to Dalasi at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Dalasi at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies are translated to Dalasi at the foreign exchange rate ruling at the date of the transaction.

*1.5) **Taxation***

In terms of section 59 of the Central Bank of The Gambia Act 1992, the Bank is exempt from all forms of taxation. Accordingly, there is no provision for taxation in these financial statements.

*1.6) **Cost of printing new currency***

The cost of printing new currency is recognised when the stock is received and put into circulation.

*1.7) **Pension and retirement funds***

The expected costs of post-retirement benefits under the defined benefit schemes are charged to income over the expected service lives of the employees entitled to these benefits according to the projected unit benefit method.

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NOTES -forming part of the financial statements

1. ACCOUNTING POLICIES

The bank adopted the following accounting policies which have been consistently applied during the year, and which are consistent in all material respects to those applied in the previous year, in accounting for items that are considered material in relation to the financial statements.

1.1 ***Basis of presentation***

The financial statements have been prepared in accordance with generally accepted accounting principles using an accruals basis of accounting based on historical cost in compliance with accounting provisions outlined in the Central Bank Act 1992. Except where stated the financial reply does not take into account changing money values or current valuations of non current assets. Cost is based on the value of the fair value of the consideration given in exchange for assets plus the cost of bringing assets to their present condition and location.

1.2 ***Financial instruments***

Financial assets and financial liabilities are recognised on the Bank's balance sheet when the Bank has become a party to contractual provisions of the instrument.

a) Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

b) Investments

Fixed asset investments are accounted for at cost less provision for impairment in value, where it is considered to be permanent in nature.
Current asset investments are translated to dalasi at the year-end.
US Treasury Bills are accounted for at cost. The difference between the cost price and the anticipated face value of the bills is recognised as income over the life of the instrument.
Non interest bearing notes are accounted for at the originated cost.

C) Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.
The interest expense on the liability component is calculated by applying the interest rate as agreed upon.
Deposits are shown in the books of the bank at cost being the proceeds received.

d) Trade payables

Trade and other payables are stated at their nominal value.

Equity instruments

Deposit money banks' net external position rose to D1.4 billion, or 40.7 percent notwithstanding 93.2 percent increase in foreign liabilities. Deposit money banks foreign assets increased to D1.5 billion, or 42.8 percent over the previous year.

(ii) Net Domestic Assets

The NDA of the banking system decreased to D2.2 billion, or 17.6 percent from 2003 attributed mainly to the decline in domestic credit by 22.6 percent. Lending to all the sectors decreased. Credit to public entities declined to D223.4 million, or 34.8 percent while net claims on Government fell by 32.5 percent to D1.0 billion largely reflecting increased Government deposits and reduced recourse to bank borrowing particularly from the Central Bank. Central Bank's net claim on Government declined to D186.8 billion, or 122.2 percent. Credit to the private sector decreased by 12.5 percent to D1.6 billion.

(5.4) Reserve Money

Reserve money consists of currency issued and banks' deposits with the Central Bank. It is a measure of the Central Bank's monetary liabilities and captures the impact of all Central Bank operations on banks' liquidity, and its potential for credit expansion in the economy.

Monetary policy was conducted using reserve money as the operating target. Accordingly, policies were directed at preventing an excessive expansion in reserve money, which could lead to the build up of inflationary pressures while at the same time providing sufficient liquidity to ensure that economic activity was unhindered by liquidity constraints.

The monetary framework sets a ceiling on net domestic assets (NDA) and a floor on the net foreign assets (NFA) of the Central Bank.

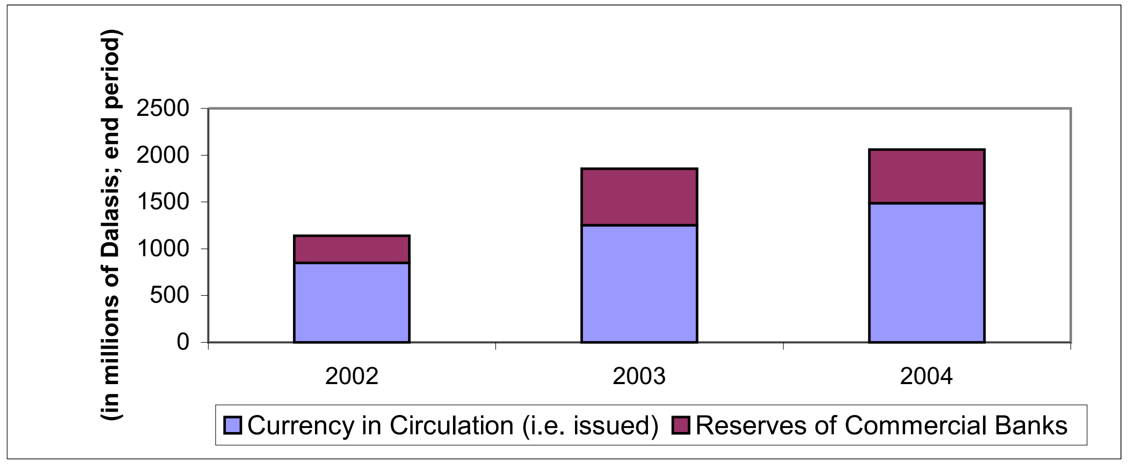
Reserve money grew by 11.0 percent, compared to 62.7 per cent in 2003. On the demand side, currency in circulation increased by 18.8 percent while reserves of commercial banks decreased by 5.0 per cent.

Regarding factors affecting reserve money supply, although the NFA of the Central Bank increased by 104.3 per cent, this was partly offset by 70.5 decline in the NDA of the Central Bank to D292.0 million. The increase in the NFA of the Central Bank was as a result of strong growth in gross official reserves by 29.1 percent to D2.5 billion and decrease in foreign liabilities by 31.9 percent to D728.4 million.

In marked contrast, the NDA of the Central Bank fell by 70.5 percent to D292.0 million. Central Bank's net claims on Government declined by 122.2 percent owing to 286.4 percent increase in Government deposits and the consequent non-recourse to Central Bank borrowing. Central Bank's claims on public entities remained unchanged at D136.9 million while lending to the private sector declined to D212.1 million, or 19.1 percent.

The NFA of the Central Bank was above the programmed target (floor) by D109.5 million while the NDA was below projection (ceiling) by D204.2 million.

Figure 21: Reserve money & money supply growth



(6.0) FOREIGN EXCHANGE DEVELOPMENTS

The inter-bank foreign exchange market was quite vibrant in 2004, owing to increased foreign currency inflows from foreign direct investment (FDI), tourism, re-exports and groundnut exports. The substantial inflows, coupled with tight monetary stance and supportive fiscal policies caused the Dalasi to remain stable throughout the year under review.

(6.1) Volume Of Transactions

Volume of transactions, that is, total purchases and sales of foreign currencies in the inter-bank market, increased markedly to D2.14 billion, or 16.0 percent from 2003. Sales, indicative of demand and purchases reflecting supply, rose by 30.1 percent and 40.0 percent respectively. In U.S Dollar terms, volume of transactions grew by 4.5 percent from a year earlier.

Table 6: Volume of Transactions in the Inter-bank market (In Millions of Dalasi)

	2003		2004			
	Q3	Q4	Q1	Q2	Q3	Q4
Purchases	1243.44	2194.45	2634.88	2086.38	1851.22	2570.55
Sales	1296.64	2272.76	2809.7	2142.72	2030.76	2364.2
Total	2540.08	4467.21	5444.58	4229.1	3881.98	4934.75

Source: Central Bank of The Gambia

Table 7: Average Market Share of Key Currencies traded in the Inter Bank Market (%)

	2003		2004			
	Q3	Q4	Q1	Q2	Q3	Q4
U.S Dollar	60.7	58.3	61.0	68.6	54.2	62.8
Pound Sterling	21.4	21.5	24.8	15.5	20.8	18.0
CFA	1.5	0.6	0.2	0.7	0.8	0.2
Euro	14.0	16.9	10.5	12.8	22.0	15.0
SEK	0.9	1.1	1.4	0.7	0.53	1.2
Other Currencies	1.4	1.6	2.1	1.6	17.0	2.8

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CASH FLOW STATEMENT

As at 3 l December 2004

	Notes	31-Dec-04 D'000	31-Dec-03 D'OOO
Cash inflow/(outflow) from operating activities			
Cash generated from operations	18	929,452	(373,143)
Cash inflow/(outflow) from investing activities			
Acquisition of property and equipment		(20,961)	(6,067)
Proceeds from the disposal of fixed assets		159	93
Net increase in Government securities		(8,712)	(8,403)
Net decrease in foreign securities		6,480	170, 189
Net increase in other investments		(157,375)	(82,851)
Cash inflow (outflow) from investing activities		749,043	(300,182)
Cash inflow from financing activities			
Net (decrease)/increase in long term liabilities		(246,170)	264,558
Net increase in currency in circulation		234,716	401,608
		737,589	365,984
Increase in cash and cash equivalent			
Cash and cash equivalents at the beginning of the year		1,329,581	963,597
		2,067,170	1,329,581
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER 2004			

REPRESENTED BY:

Central Bank of The Gambia

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 *December 2004*

	Share Capital	Statutory Reserves	Revaluation Reserves	Other Reserves	Accumulated Profit	Total
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
At 1 January 2003	1,000	3,000	422,295	4,314	(209,998)	**220,611**
Loss for the year	-	-	-	-	(125,447)	**(125,447)**
Transfers			180,144	-	(53,523)	**126,621**
At 1 January 2004	1,000	3,000	602,439	4,314	(388,968)	**221,785**
Loss for the year					(120,790)	**(120,790)**
Transfers			(73,649)			**(73,649)**
At 31 December 2004	**1,000**	**3,000**	**528,790**	**4,314**	**(509,758)**	**27,346**

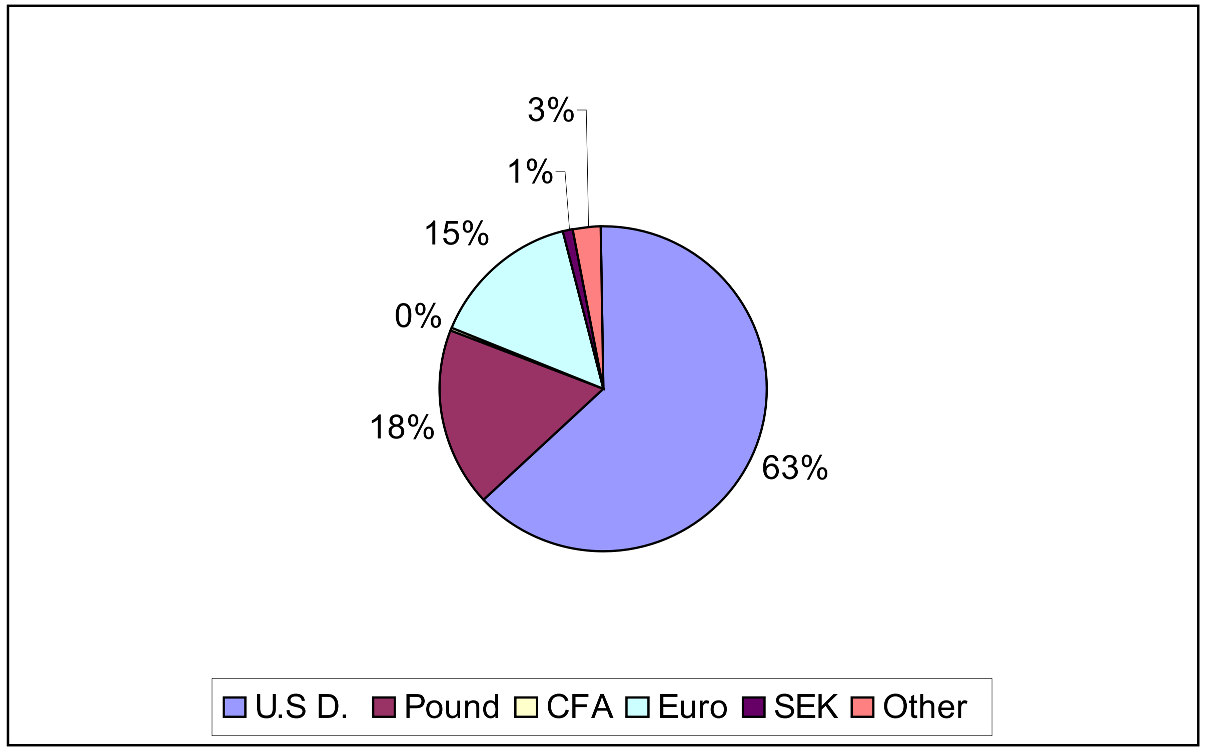
The notes on pages 13 to 24 form an integral part of these financial statements

(6.2) Market Share of Currencies

The US Dollar continues to be the dominant currency in the interbank market, accounting for 63.0 percent of trading volume in the inter-bank market, higher than 58.3 percent in 2003. This was attributed to selling of dollars as the currency weakened against the major currencies particularly the Pound Sterling and Euro. The market share of SEK and other currencies also rose, albeit slightly to 1.2 percent and 2.8 percent, compared to 1.1 percent and 1.6 percent respectively in 2003.

In contrast, the market share of the Pound Sterling and the Euro decreased to 18.0 percent and 15.0 percent compared to 21.5 percent and 16.9 percent respectively a year earlier. The market share of the CFA also fell to 0.2 percent against 0.6 percent in 2003.

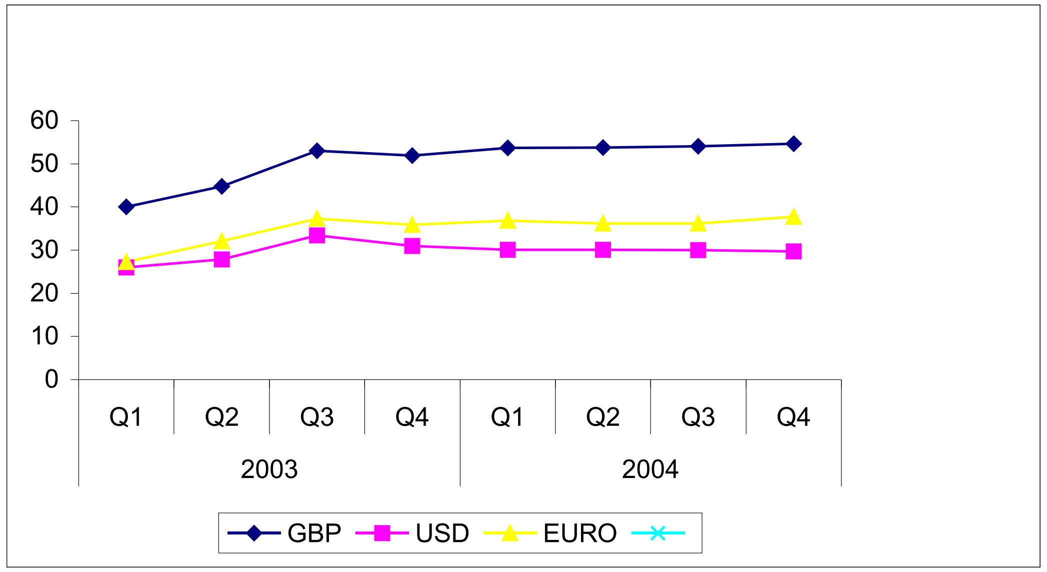
Figure 22: Average Market Share of Key Currencies



(6.3) Exchange Rate Movements

The Dalasi was quite stable depreciating slightly against all the major currencies except the U.S Dollar. The Dalasi weakened against the Pound Sterling and Euro by 5.3 percent and 5.2 percent respectively from a year ago, but strengthened by 4.1 percent against the Dollar reflecting in part the weakening of the Dollar in the international currency markets. Against the CFA, the Dalasi fell by 4.5 percent owing in large part to the strengthening of the Euro, the anchor currency of the CFA.

Figure 23: Exchange Rate Movements



(7.0) DEVELOPMENTS IN THE FINANCIAL SYSTEM

The financial system in The Gambia comprised the Central Bank as the apex financial institution, 6 deposit money banks, 11 insurance companies, 37 foreign exchange bureaux, 62 village savings and credit associations (VISACAs), 4 credit companies, 1 post office savings "bank" and myriad savings and credit groups.

(7.1) Banking Sector

The total number of commercial banks was unchanged relative to 2003. Of the 6 banks, 5 are engaged in conventional banking and 1 in Islamic banking. The total number of commercial bank branches, including head office branches increased to 26 from 25 in 2003. With the expansion of the economy, the activities of the commercial banks have correspondingly increased. Rapid advances in telecommunications and computer technology and increased competition have caused banks to expand automation, including linking their branches through a computer network.

The banking sector remained concentrated. The market share, based on total assets, of the two biggest banks was 80.0 per cent compared to 66.9 per cent in 2003. The industry is well capitalised. The average capital adequacy ratio as at end-December 2004 was 20.2 per cent against the minimum regulatory of requirement of 8.0 per cent.

(7.1.1) Structure of Assets and Liabilities of Commercial Banks

(I) Assets

Commercial banks' total assets increased to D6.59 billion, or 19.2 per cent from 2003. All components of assets increased, with the exception of loans and advances and bills purchased and discounted.

Loans and advances, which constitutes the lion's share of gross assets, declined to D1.5 billion, or 14.4 per cent. Correspondingly, the share of loans and advances to total assets declined to 22.7 per cent from 31.7 per cent in 2003. Bills purchased and discounted decreased to D8.87 million, or 85.2 per cent and accounted for less than 1.0 per cent of gross assets.

After registering a strong growth of 64.2 per cent in 2003, thanks to the increase in the reserve requirement from 14.0 percent to 18.0 percent of deposit liabilities, balances held with the Central Bank rose to D601.6 million, or 16.1 per cent from 2003. Balances with banks abroad continued its robust growth, increasing to D12.6 billion, or 49.7 per cent from the previous year.

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BALANCE SHEET

As at 3l December 2004

	Note	31-Dec-04	31-Dec-03
		D'OOO	D'OOO
ASSETS			
Cash and bank balances	7	**2,067,170**	1,329,581
Government securities	8	**668,897**	660,1 85
Foreign securities	9	**172,735**	179,215
Other investments	10	**283,258**	125,883
Loans and advances	11	**723,688**	1, 080,602
Other assets	12	**124,301**	99,411
Property, Plant and Equipment	13	**41,130**	24,028
TOTAL ASSETS		**4,081,179**	3,498,905
LIABILITIES			
Deposits	14.	**1,713,109**	986,394
Other liabilities	15.	**105,912**	44,460
Long-term liabilities	16	**749,243**	995,43
Currency in circulation		**1,485,569**	1 ,250,853
		4,053,833	3,277,120
EQUITY			
Share capital	17.	**1,000**	1,000
Statutory reserves	17.	**3,000**	3,000
Revaluation reserves	17.	**528,790**	602,439
Other reserves	17.	**4,314**	4,314
Accumulated loss		**(509,758)**	(388,968)

These financial statements were approved by the Board of Directors on 31 December 2005 and were signed on their behalf by:

.... *Governor*

.... *General Manager*

.... *Director*

The notes on pages 13 to 24 form an integral part of these financial statements.

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INCOME STATEMENT
For the year ended 31 December 2004

	Notes	31-Dec-04 D'OOO	31-Dec-03 D'OOO
Interest income			
Interest Expense	2. 3.	74,352	118,028
		15,387)	(41,119)
Net interest Income		58,965	76,909
		9,916	1,202
Other income	4.	-	
		68,881	78,111
Total operating revenue less interest expense		(21,872) (118,177) (3,103)	(17,662) (55,764) (3,949)
Personnel costs General and administration cost Depreciation and amortisation	5. 13.	(143,152)	(77,375)
		(74,271)	736
(Loss)/Profit on ordinary activities		(46,519)	(126,183)
Provisions for credit losses		(120,790)	(125,447)
Loss for the financial year			

Table 8: Consolidated Assets of deposit Money Banks Deposit Money Banks' Balance Sheet (D'millions)

	2002	2003		2004	
Assets	Amount	Amount	% Change	Amount	% Change
Gambia notes & coins	52.0	68.0	30.8	69.3	1.97
Total Foreign Currency	21.3	211.1	893.4	243.1	15.18
Balance held with the Central Banks	315.6	518.3	64.2	601.6	16.07
Bills purchased & discounted	10.1	59.9	490.9	8.9	-85.2
Loans & Advances	1264.7	1754.5	38.7	15023.6	-14.37
Investments	990.4	684.1	-30.9	1284.3	87.7
Fixed Assets	224.4	234.8	4.6	283.6	20.82
Acceptance Endorsements/Guarantees	810.4	797.0	- 1.7	923.9	15.92
Other Assets	225.3	350.2	55.4	406.4	16.0
Government Securities	5.5	5.5		5.5	
Total Assets	4468.0	5528.0	23.8	6593.2	19.2

Investments increased significantly to D1.28 billion, or 87.7 per cent following a contraction of 30.9 per cent in 2003 and accounted for 19.4 per cent of total assets.

Fixed assets and other assets increased to D283.6 million and D406.4 million, or 20.8 per cent and 16.0 per cent and accounted for 4.0 per cent and 6.2 per cent of total assets respectively.

Foreign currency holdings increased from D211.1 million in 2003 to D243.1 million in 2004 while acceptance, endorsements and guarantees rose to D923.9 million, or 15.9 per cent following a contraction of 1.7 per cent in 2003.

Mirroring gross assets, deposit money banks' liabilities amounted to D6.59 billion, representing an increase of 19.3 per cent from 2003.

Table 9: Consolidated Liabilities of Deposit Money Banks

LIABILITIES	AMOUNT 2002	AMOUNT 2003	% CHANGE	AMOUNT 2004	% CHANGE
Capital & Reserve	491.5	604.3	22.9	652.5	8.0
Demand Deposit	939.4	1690.1	76.2	1691.3	0.07
Savings Deposit	1084.1	1374.0	26.8	1786.0	30.0
Time Deposit	361.6	345.4	-4.5	538.4	55.8
Total Deposit	2405.1	3410.1	41.8	4015.7	1.8
Balances due to other bank	51.3	40.4	-21.2	79.2	96.2
Borrowing from	374.8	129.6	-99.6	129.6	
Acceptance Endorsements/Guarantees	810.4	797.0	-1.6	923.6	36.4
Other Liabilities	333.4	674.6	102.3	920.0	36.4
Total Liabilities	4466.6	5527.8	23.8	6593.2	19.3

(II) Liabilities

Deposit liabilities rose to D4.0 billion, or 1.8 per cent, following robust growth of 41.8 per cent in 2003. Savings and time deposits increased at a strong pace of 29.9 per cent and 55.8 per cent respectively, while demand deposits grew by a minuscule 0.07 per cent. Deposit liabilities accounted for 60.7 per cent of total liabilities compared to 61.8 per cent in 2003.

Balances due from other banks, acceptance, endorsements and guarantees, and other liabilities increased by 96.2 per cent, 15.9 per cent and 36.4 per cent to D79.2 million, D923.9 million and D920.6 million respectively.

(7.1.2) Deposit Money Banks' Income Statement

Deposit money banks aggregate profit before tax rose to D453.9 million, or 7.6 per cent from 2003. Although interest income increased, operating expenses (salaries, rent, and depreciation) and other expenses also rose. Provision for bad and doubtful debt, however decreased.

(7.1.3) Revenue

Banks derive their revenue 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, mainly consists of revenue from commission on turnover and purchase and sale of foreign currency as well as other bank charges.

Interest income totalled D730.7 million, an increase of 42.9 per cent from the previous year. Interest payments grew at a stronger pace of 89.8 per cent to D274.9 million. Consequently, net interest income rose by 24.4 per cent to D455.8 million. The share of net interest income to gross income increased to 39.6 per cent from 38.1 per cent in 2003. In contrast, non-interest income decreased to D419.2 million, or 7.0 percent. Accordingly, the share of non-interest income to total income decreased to 36.5 percent against 46.9 percent in 2003.

Table 10: Consolidated Income Statement of Deposit Money Banks (D'millions)

	2002	2003		2004	
Income Statement		**Amount**	**% Change**	**Amount**	**% Change**
Interest Income	339.6	511.1	50.5	730.7	42.95
Interest Expenses	94.5	144.8	53.2	274.7	89.8
Net Interest	245.1	366.3	49.5	455.8	24.4
Non-interest Income	296.3	451.0	52.2	419.2	-7.05
Gross Income	635.9	962.1	51.3	1150.0	19.5
Operating Expenses	44.5	64.0	44.0	86.3	34.7
Salaries & Other Comp. Benefits	76.4	99.4	30.0	129.3	30.1
Other Expenses	123.5	162.0	31.2	193.3	19.3
Provision for Credit Losses	20.3	65.6	222.4	59.4	-9.3
Aggregate Profit before Tax	287.4	421.6	46.5	453.9	7.6

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Qualified opinion: Limitation in scope

Except for the possible effect of the limitation in evidence available to us discussed in the preceding paragraph, in our opinion the financial statements give a true and fair view of the state of the bank's affairs as at 31 December 2004 and of its loss for the year then ended. 1n all other respects, in our opinion, the financial statements have been properly prepared in accordance with generally accepted accounting principles and the requirements of the Central Bank of The Gambia Act 1992.

Deloitte & Touche
Chartered
Accountants
Registered Auditor

Dated: ...25 January...............2006

Central Bank of The Gambia
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AUDITOR'S REPORT

Deloitte
1 Paradise Beach
Place Bertil Harding
Highway PO.Box 268,
Banjul The Gambia

TO THE MEMBERS OF THE CENTRAL BANK OF THE GAMBIA

We have audited the financial statements on pages 9 to 24, which have been prepared under the historical cost convention and the accounting policies, set out on pages 13 to I5.

Respective responsibilities of directors and auditors

As described on page 5 the directors of the bank are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

However, The financial statements show a balance of D219, 934,999 in the Treasury bill investment account. There were no procedures that we could adopt to confirm the valuation of the recorded investment of D219, 934,999.

As part of our requirement to review compliance with local laws and regulations, we noted the following material non-compliance matters:

- NIB notes in the form of promissory notes from the Department of State for Finance and Economic Affairs are required to be issued to CBG to cover for foreign losses and operational losses. We noted that these have not been issued since 1999 to cover for losses which have cumulatively i impaired the bank's capital as provided under section 32 (2) of the CBG Act.
- Non complying facilities were granted to Premier Agro Oils Gambia Limited amounting to D80 million in contravention of the provisions of Section 47-49 prohibiting the granting of facilities to private sector entities. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the possible effect of non compliance With the Central Bank of The Gambia Act 1992, however, our opinion is not qualified in this respect.

(7.1.4) Expenditure

Deposit money banks' operating expenditure amounted to D86.3 million, D22.2 million more than in 2003. Salaries and other compensation benefits, accounting for 27.6 per cent of operating expenses, increased by 11.2 per cent over 2003.

Other expenses rose to D193.3 million, or 19.3 per cent while provision for bad and doubtful debts totalling D59.5 million, contracted by 9.3 per cent.

(7.1.5) Deposit Money Banks' Loans and Advances

Deposit money banks' loans and advances decreased to D1.6 billion, or 15.8 per cent from 2003. This was mainly attributed to high real interest rates and higher-than-expected borrowing by Government from the banking industry, which crowded out the private sector.

Lending to distributive trade declined to D499.4 million, or 16.5 per cent. However, distributive trade continues to absorb the lion's share of bank lending, accounting for 30.9 per cent of gross advances.

Advances to the construction and transportation sectors decreased to D89.1 million and D128.0 million, or 6.2 per cent and 15.1 per cent respectively. Also, personal and other unclassified loans declined by 8.0 per cent and 40.2 per cent to D367.6 million and D228.9 million respectively. These four sectors are quite interest rate sensitive and may have been particularly impacted by high lending rates.

Loans to the fishing sector increased to D16.7 million, or 59.0 per cent while credit to the tourism industry rose to D102.9 million, or 2.3 per cent. Advances to agriculture also grew markedly by 30.1 per cent to D181.4 million. The bulk of agricultural lending went into groundnut marketing.

(7.1.6) Liquidity Position of Deposit Money Banks

It is essential that banks are liquid to meet obligations to borrowers, provide credit, and meet other short-term commitments.

Liquid assets rose to D2.2 billion, or 26.7 per cent from 2003 attributed to increased holdings of Treasury bills, foreign bank balances, and foreign cash holdings. Treasury bill holdings totalled D801.5 million, or an increase of 21.6 per cent reflecting mainly the attractive yields. Treasury bills accounted for 37.1 per cent of liquid assets.

Foreign bank balances and foreign cash holdings rose to D511.9 million and D203.9 million, or 134.5 per cent and 21.7 per cent respectively owing to increased foreign inflows, the bulk of which passed through the banking system.

The industry continues to maintain liquid assets over and above the statutory requirement of 30.0 per cent of deposit liabilities. Excess liquidity amounted to D1.0 billion, or 86.0 per cent above the requirement relative to 70.0 per cent in 2003. Banks' cash reserves also exceeded the requirement by D674.5 million, or 99.0 per cent compared to 75.0 per cent in 2003.

(7.2) MICRO-FINANCE SECTOR

The Central Bank continues to design and implement sound micro-finance polices to create the enabling environment for the development of myriad grassroots and private sector-owned and managed micro-finance institutions (MFIs).

The performance of Village Savings and Credit Associations (VISACAs) has been impressive. Reflecting an upsurge in membership from 21,000 in 2003 to 36,848 in 2004, cumulative savings and loans increased to D14.7 million and D16.4 million, or 110.0 per cent and 105.0 per cent respectively from 2003.

Having successfully scaled up operations and fulfilling other criteria such as capital adequacy, financial soundness and effective management, 6 VISACAs were upgraded to a higher tier, that is, Micro-Savings and Credit Institutions (MISACIs). MISACIs have a wider outreach than VISACAs.

About sixty-seven (67) credit unions were established in 2004. Total savings mobilised and credit outstanding rose to D61.1 million and D47.0 million, or 59.1 per cent and 37.4 per cent respectively from the previous year.

The National Association of Co-operative Credit Unions (NACCUG) Central Finance Facility (CFF) had 77.6 per cent of credit unions as investors in 2004. Investments (savings) by member credit unions rose to D2.5 million, or 0.5 per cent. The loan portfolio also increased to D726,180, or 4.1 per cent.

Cumulative savings and loans of finance companies was D28.0 million and D35.0 million respectively. Gambia Women's Finance Association (GAWFA) remains the dominant finance company. The company's assets increased to D24.3 million compared to D23.1 million in 2003, with loans outstanding amounting to D18.9 million, or 77.8 per cent of total assets.

Despite these gains, faster development of the micro-finance sector continues to be stymied by many constraints, including weak managerial capabilities, difficulty in attracting and retaining highly trained personnel, and weak linkages with the formal financial sector. To address these problems, the sector continues to receive technical support from the Central Bank and the Rural Finance and Community Initiatives Project (RFCIP).

(8.0) BALANCE OF PAYMENTS (BOP) DEVELOPMENTS

Government's external sector policy in the medium to long-term is aimed at ensuring sustainable BOP as well as to build reserves adequate to cushion the economy against external and internal shocks. Foreign currency reserves were programmed to cover at least five months of imports in 2004.

The overall balance is estimated at a surplus of D988.3 million which compares favourably with the deficit of D139.4 million in 2003. The improvement stemmed primarily from increased private capital inflows, particularly foreign direct investment (FDI).

Central Bank of The Gambia
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DIRECTORS AND THEIR INTERESTS

The directors who held office during the year are as shown on page 4. The Central Bank Act requires non executive directors to serve a maximum term of 3 years so far as possible, that not more than one director's term of office shall expire in anyone year. An appointive director shall be eligible for reappointment.

AUDITORS

The auditors, Deloitte & Touche who were appointed by the National Audit Office will continue in office.

By order of the Board of Directors

Secretary

Date: 31/12/2005

PART IV

QUALIFIED REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE CENTRAL BANK OF THE GAMBIA

Central Bank of The Gambia
Annual Report and Financial Statements
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DIRECTORS' REPORT
The Directors present the audited financial statements and results of The Central Bank of the Gambia for the year ended 31 st December 2004.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Central bank of The Gambia Act 1992 requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the bank and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

c select suitable accounting policies and then apply them consistently;
c make judgements and estimates that are reasonable and prudent;
c state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the bank and to enable them to ensure that the financial statements comply with the Central Bank of the Gambia Act 1992. They are responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES OF THE BANK
The principal activities of the bank are as follows:

c Regulate the issue, supply, availability and international exchange of money, promote monetary stability and sound financial structure, credit and exchange conditions conducive to the orderly and balanced economic development of the country;
c Act as the banker for the Commercial Banks, Government Departments and Projects;
c Issuing of currency notes and coins;
c Managing the overall monetary and financial affairs of the country by being the banker, financial advisor and fiscal agent of the Government;

RESULTS
The results of the bank are as detailed in the accompanying financial statements.

EMPLOYEES
The number of employees and the costs associated with these employees is as detailed in note 5.

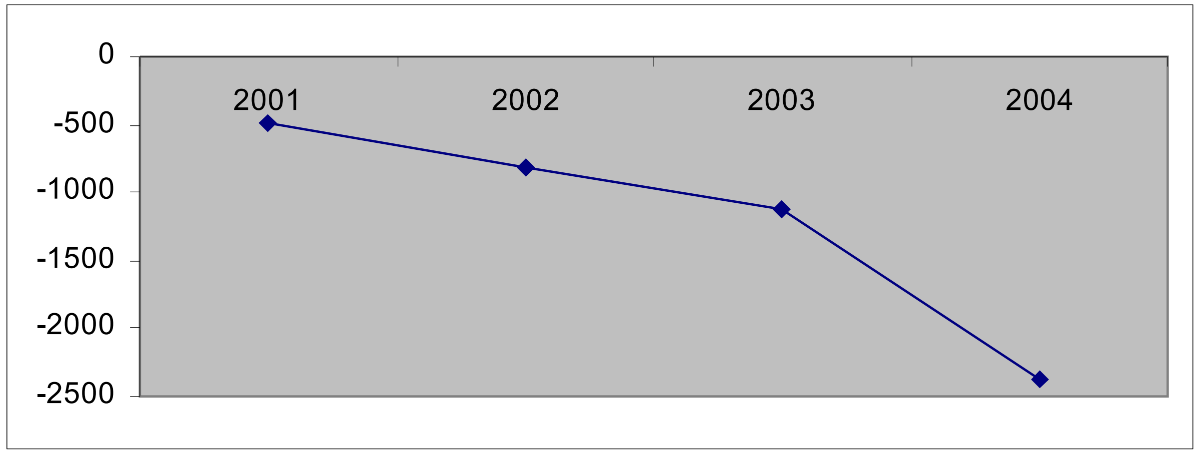
DONATIONS
During the year the bank made charitable donations amounting to D 1 46,500.

(8.1) Current Account

The current account balance, including official transfers, is estimated at a deficit of D1.4 billion compared to D510.2 million in 2003 largely as a result of the worsening of the trade balance and the deterioration in net factor services balance. Excluding official transfers, the current account is projected to deteriorate to a deficit of D2.6 billion, from D1.4 billion the previous year.

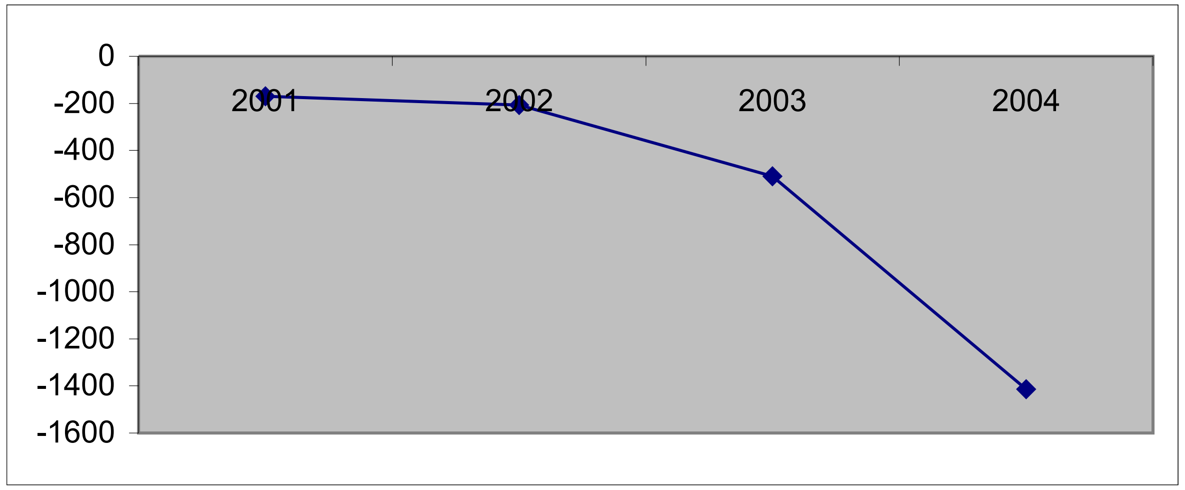
The merchandise trade deficit is estimated at D2.4 billion relative to D1.1 billion in 2003 as imports (especially FDI-related imports) continue to grow faster than exports. The total import bill is projected at D6.2 billion, or an increase of 54.6 per cent from 2003. In terms of value, capital equipment, heavy machinery and general goods constitute the bulk of imports. Exports were revised downwards as a result of the less-than-expected performance of the re-export sub-sector. Exports are projected at D3.8 billion, higher than the D2.9 billion in the preceding year. Total income from tourism is projected at D1.7 billion, from D1.5 billion in 2003.

Figure 24: Trade Balance (Millions of Dalasis)



Reflecting partly the strong growth in imports, net outflows with respect to insurance and freight costs is estimated to increase to D884.5 million, compared to D572.0 million in the previous year.

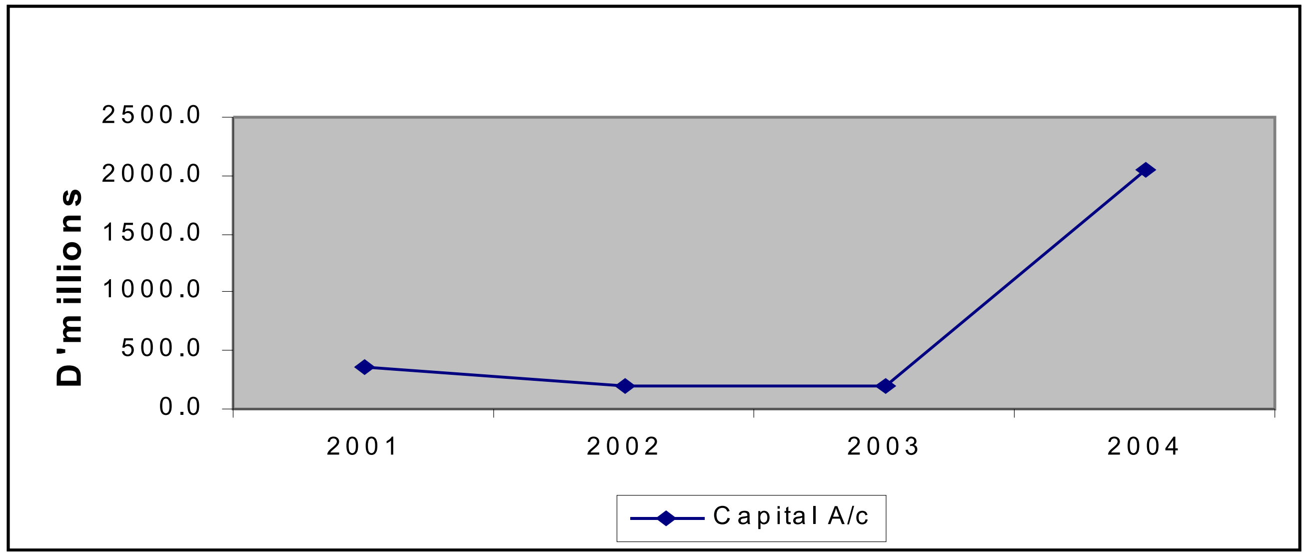
Figure 25: Current Account Balance, Including Official Transfers



(8.2) Capital Account

The balance in the capital account, including short-term capital and errors and omissions, which recorded a surplus of D197.5 million and D190.5 million in 2002 and 2003 respectively, is projected to increase significantly to D2.0 billion in 2004 thanks to increased private capital inflows, particularly FDI. Foreign direct investment (net) is projected to increase to D1.5 billion, or 287.3 per cent from 2003. Tourism continues to attract most of the FDI inflows followed by the banking sector.

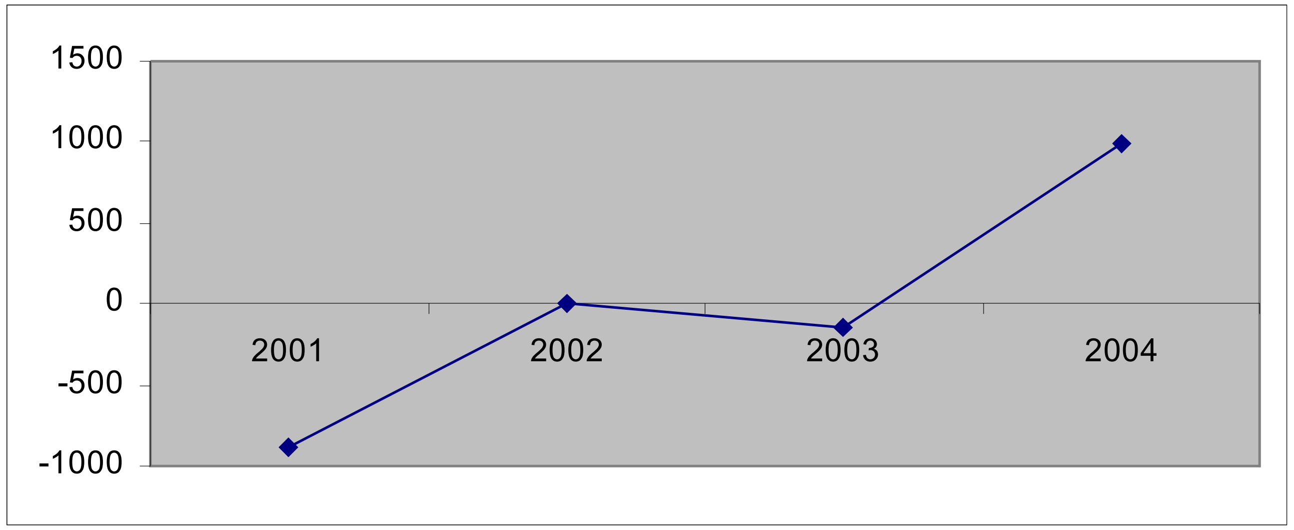
Figure 26: Capital Account



(8.3) Overall Balance

Reflecting these developments, the overall balance of payments is estimated at a surplus of D988.3 million relative to a deficit of D139.4 million in 2003. As a result, gross official reserves is projected to increase by D652.0 million and repayments to the IMF amounting to D336.3 million. Exceptional financing in the form of London and Paris Club loans that amounted to D7.0 million in 2002 is projected at zero in 2004.

Figure 27: Overall Balance



(II) COMMEMORATIVE COINS

The Central Bank of The Gambia continued to sell gold and silver commemorative coins during the year under review. The coins were issued to commemorate important events and to stimulate in The Gambia

The Bank derives income from royalties on the sale of these coins worldwide. The coins are also sold locally to the general public and tourists. The commemorative coins currently available for sale at the Bank are:

- Millennium Coin
- Save The Children
- The Gambia Silver Jubilee
- Papal Visit
- UN 50th Anniversary

(III) DEPOSITS

The Central Bank in performing its role as depository and fiscal agent for government also provides banking services to other government agencies and deposit money banks.

In 2004, total Government deposits, comprising project funds and Government main Treasury Account increased to D1,092.5 million from D103.2 million at end-2003 principally on account of significant net issuance of treasury bills during 2004.

In contrast, commercial banks' deposits decreased marginally from D605.0 million in 2003 to D575.0 million in 2004.

(IV) INVESTMENTS

As at end-2004, investments in Gambia Government Securities by the Central Bank of The Gambia increased marginally to D654.8 million, or 0.1 percent. These investments were mainly in Treasury Bills (D205.8 million), Government bonds (D250.0 million) and Government Treasury Notes (D199.0 million).

PART III

A. OPERATION AND ADMINISTRATION OF THE BANK

(1.0) Assets/Liabilities

The assets of the Central Bank increased to D4.08 billion, or 16.6 per cent from 2003. All the components of assets increased, with the exception of foreign securities and loans and advances.

Foreign cash and balances rose to D2.07 billion, or 55.5 per cent and accounted for 50.6 per cent of total assets. Investment in Government securities also increased, albeit slightly to D669.0 million from D660.2 million in 2003, but holdings of foreign securities declined to D172.7 million, or 3.6 per cent. Other investment, which includes shareholdings in regional organisations such as the Africa Re-Insurance, West African Central Bank, etc, rose to D283.2 million against D125.9 million in 2003. Loans and advances decreased to D723.7 million, or 33.0 per cent and accounted for 17.7 per cent of total assets. Other assets and property, plant and equipment increased to D124.3 million and 41.1 million, or 25.0 per cent and 71.2 per cent respectively from 2003.

Regarding liabilities, deposits, including Government and commercial banks' deposits, increased from D986.4 million in 2003 to D1.71 billion in 2004 and accounted for the lion's share of liabilities (42.0 per cent). Other liabilities comprising accrued interest payable, staff pension fund, etc also rose to D105.9 million, or 138.2 per cent, but long-term liabilities (outstanding central bank bills, special drawing rights allocations, IMF ESAF and PRGF) decreased to D749.2 million, or 24.7 per cent reflecting mainly substantial repayments to the IMF. Currency in circulation increased to D1.5 billion compared to D1.2 billion in 2003 and accounted for 36.6 per cent of total liabilities.

Share capital, statutory reserves and other reserves totalling D1.0 million, D3.0 million and 4.3 million were unchanged compared to 2003. The revaluation reserves, however, decreased to D528.8 million relative to D602.4 million in 2003 reflecting modest appreciation of the Dalasi in 2004 compared to 2003.

(2.0) Income Statement

Central Bank's operating revenue declined to D68.9 million compared to D78.1 million in 2003 owing to the decrease in net interest income to D59.0 million, or 23.3 per cent from 2003. Although interest expense decreased from D41.1 million in 2003 to D15.4 million in 2004, it was offset by marked decline in interest income. Interest income amounted to D74.4 million relative to D118.0 million in 2003. Other income, in contrast, increased to D9.9 million from D1.2 million in 2003.

Operating costs, comprising personnel costs, general and administration cost, depreciation and amortisation amounted to D143.2 million, higher than D77.4 million in 2003. As a result, loss on ordinary activities amounted to D74.3 million against a surplus of D0.7 million in 2003. Taking into account provisions for bad and doubtful debt of D46.5 million, loss for the year ending December 2004 was D120.8 million, slightly lower than D125.4 million in 2003. Consequently, cumulative losses increased to D509.8 million in 2004 compared to D389.0 million in 2003.

(3.0) BANKING SERVICES DEPARTMENT

(I) CURRENCY IN CIRCULATION

The Central Bank of The Gambia as the sole currency issuing authority continued to perform this function, issuing the legal tender for use in domestic transactions. Currency in circulation increased to D1,485.6 million or 18.8 per cent from end - 2003. Currency in circulation tends to exhibit a seasonal pattern, increasing in the first and fourth quarter when economic activity is at its highest. The D100.00, D50.00, D25.00, D10.00, and D5.00 notes accounted for 44.3 per cent, 41.2 per cent, 10.9 percent, 3.6 percent and 0.39 percent of the value of notes in circulation respectively. Amongst the family of Gambian coins, the 1 Dalasi coin accounts for 62.1 percent of the value of coins in circulation.

(9.0) GOVERNMENT FINANCE

(9.1) Fiscal Policy

Sound and sustainable fiscal policy promotes economic growth in many ways. Sustainable fiscal balance means there is less need to create money to finance public spending. The resulting low inflation enhances growth. Low fiscal deficits also encourage the mobilization of savings for higher levels of investment, leading to higher economic growth

The 2004 budget was based on the following assumptions; real GDP of 8.0 percent, single digit inflation and budget deficit including grants of 4.5 percent of GDP. To raise revenue, Government introduced a number of budgetary measures detailed in box 2.

BOX 2 Revenue and Budgetary Measures

Fees and Charges

I. Raised the charges on domestic and foreign postal transactions by an average of 30.0 Percent.

II. Increase firearms and game licenses, driving licenses and ordinary number plates, an general dealers licenses to more realistic levels;

III. An upward adjustment in the license fees and the road tax on commercial passenger goods vehicles;

IV. An adjustment in the land rent and survey fees of different categories of property, depending on whether they are for commercial/industrial, or tourism development (residential or hotels) purposes;

V. The adjustment of registration fees and charges for foreign and local fishing vessels depending on their category;

VI. An upward adjustment in the processing fees and charges on customs documents by 0.5 percentage points;

VII. An adjustment of the pump price of PMS by D3.00 but kerosene and diesel fuel remained unchanged.

To improve tax administration, Government created the Revenue Authority by amalgamating Customs and Income Tax into a single authority.

(9.2) Total Revenue and Grants

Total revenue and grants increased significantly to D3.1 billion, or 68.8 percent from the previous year and was above projection by D0.7 million, or 0.2 percent.

Domestic revenue rose to D2.5 billion, or 60.8 percent and exceeded the target of D2.3 billion. Both tax and non tax revenue increased.

Tax revenue, which accounted for 89.2 percent of domestic revenue, rose to D2.2 billion, or 63.3 percent. Both direct and indirect taxes increased. Direct taxes, which constituted 27.0 percent of tax revenue, rose to D606.3 million, or 37.4 percent but was lower than budget estimate by some D70.4 million. Personal and corporate taxes surged to D207.4 million and D367 million, or 34.4 percent and 38.1 percent respectively. Revenue from capital gains and payroll taxes also rose markedly to D17.0 million and D14.9 million, or 38.2 percent and 69.3 percent respectively.

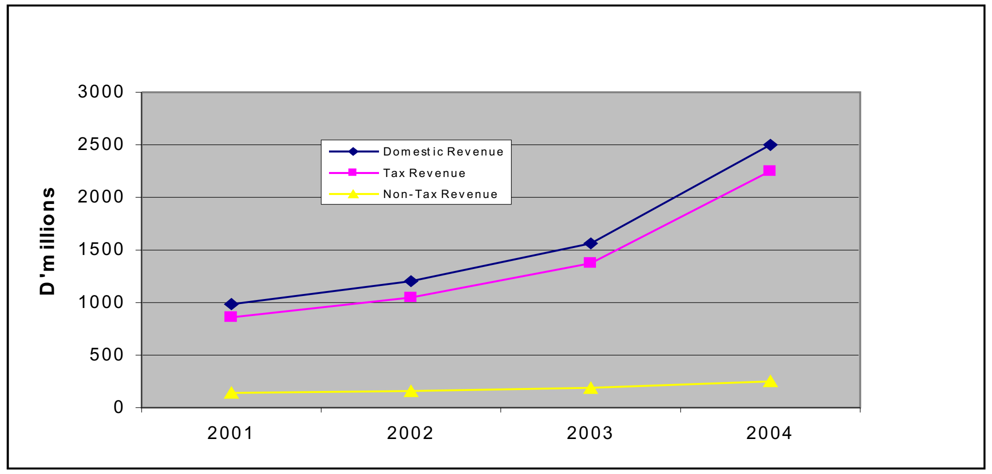
Revenue from indirect taxes increased from D932.0 million in 2003 to D1.6 billion in 2004, due mainly to improved performance of taxes on international trade. Revenue from international trade, accounting for 82.2 percent of indirect taxes, almost doubled from D727.7 million in 2003 to 1.3 billion in 2004. Revenue from customs duty and sales tax on imports increased to D760.5 million and D586 million, or 85.5 percent and 84.5 percent respectively.

Table 11: Total Revenue and Grants

	2002	2003	2004	2004 (Budget Est.)	Variance
Revenue & Grants	**1518.6**	**1811.4**	**3065.0**	**3064.3**	**0.7**
Total Revenue	**1201.7**	**1565.9**	**2517.8**	**2818.1**	**(300.3)**
Tax Revenue	1040.2	1374.1	2244.7	2412.7	(168.0)
Direct Tax	318.0	441.2	606.3	676.7	(70.4)
Non-Tax Revenue	722.2	932.9	273.1	405.4	(132.0)
Domestic Tax on goods & services	124.9	205.2	291.4	333.9	(42.5)
Grants	**316.9**	**245.5**	**559.4**	**246.2**	**313.2**

Source: Department of state for Finance and Economic Affairs

Figure 28: Domestic Revenue



Revenue from domestic taxes on goods and services amounted to D291.4 million, or an increase of 42.0 percent. Revenue from both stamp duty and excise duties more than doubled to D12.2 million and D39.5 million respectively while domestic sales tax increased to D239.8 million, or 29.0 percent.

Non tax revenue totalled D273.1 million compared to D136.0 million in 2003. Service charges increased to D195.4 million, or 16.6 percent while revenue from interest, dividend and property as well as income from pension funds rose to D54.7 million and D3.4 million, or 161.2 percent and 12.1 percent respectively.

Grants increased to D559.4 million, or 127.9 percent and was equivalent to 4.5 percent of GDP, up from 1.9 percent in 2003. Project and HIPC grants rose to D409.8 million and D149.8 million, or 253.1 percent and 15.8 percent respectively.

Table 15: Consumer Prices (Annual percent change unless otherwise noted)

	2002	2003	2004	2005
Advance 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
Japan	-0.9	-0.2	-0.2	-0.1
United Kingdom	1.3	1.4	1.6	1.9

Source: IMF World Economic Outlook, Sept. 2004

Table 16: Consumer Prices (Annual percent change unless otherwise noted)

	2002	2003	2004	2005
Africa	**9.7**	**10.3**	**8.4**	**8.1**
Cote D'Ivoire	3.1	3.3	1.5	2.0
Gambia, The	8.6	17.0	10	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

Source: IMF World Economic Outlook, Sept. 2004 & World Bank Projections

(1.1) Commodity Markets

Spot oil prices exceeded US$50 per barrel in 2004, reflecting continued tensions in the Middle East, strong demand growth and weather-related and other disruptions to supply. The associated increase in futures prices suggests that higher oil prices are likely to persist into the medium term, though the price of oil remains well below previous historic peaks in real terms.

The global recovery, which boosted demand, coupled with supply shortages are mainly responsible for the rebound in non-oil commodity prices. The prices of metals and minerals recorded the highest price increases since 2001, surging by almost 60.0 percent. The depreciation of the US dollar means the impact of these price increases were not profound in many countries. Higher commodity prices have increased the incomes of low and middle-income countries by an estimated 1.1 percent of GDP. However, virtually all of the gains accrued to oil exporting countries. Most developing country oil importers suffered net terms of trade losses.

The major beneficiaries were the Middle East and North Africa, Europe, Central Asia, Latin America and the Caribbean Regions - all of which include oil exporters. The net gains for non-oil commodity exporters were modest or even negative because most of the non-oil commodity gains were concentrated in metals and minerals prices, which restricted the benefits to a few resource-rich countries. The terms of trade impact on incomes of oil exporting countries was 5.6 percent of GDP whereas for oil importers the impact was a loss of 0.3 percent.

(1.2) World Trade

The strong import demand from China and the concomitant increase in industrial production and investment and the continued tendency for domestic demand in the US to exceed production contributed to the exceptional 10.2 percent increase in world trade volumes. More than 20.0 percent of the increase in trade volumes was accounted by China whose imports rose by 32.0 percent reflecting accession to the World Trade Organisation (WTO), high rate of investment and consumption demand, robust demand for raw materials, in particular, oil and steel. China's share of world exports increased from 2.9 percent in 2000 to 5.8 percent in 2004.

In 2005 and 2006, slower activity throughout the global economy should translate into less rapid expansion in trade. A retreat from recent efforts to reduce trade barriers or failure to make further progress - especially concerning agricultural subsidies - could have substantial negative consequences on many of the world's poorest countries. Moreover, should the US authorities fail to address the twin deficits, this could have significant impact on developing countries, especially if failure leads to an increase in protectionist behaviour. Trade in goods and non-factor services are projected to slow to 8.5 percent, down from an estimated 10.0 percent in 2004.

Table 14: World Economic Outlook Projections (Annual percent change unless otherwise noted)

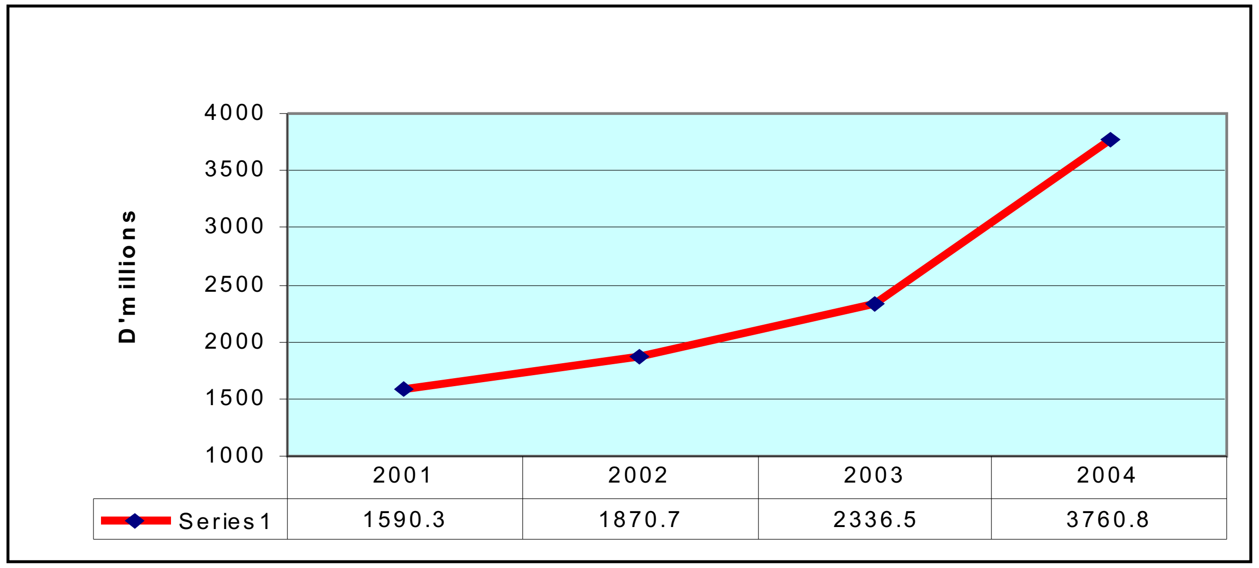
	2002	2003	2004	2005
World Output	3.0	3.9	6.0	4.3
Advanced economies	1.6	2.1	3.6	2.9
United States	1.9	3.0	4.3	3.5
Euro area	0.8	0.5	2.2	2.2
Germany	0.1	-0.1	2.0	1.5
France	1.1	0.5	2.6	2.3
Japan	-0.3	2.5	4.0	2.3
United Kingdom	1.8	2.2	3.4	2.5
Other emerging market economies	4.8	6.1	6.6	5.9
Africa	3.5	4.3	4.9	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	9.0	7.5
India	5.0	7.2	6.4	6.7
Middle East	4.3	6.0	5.1	4.8

Source: IMF World Economic Outlook, Sept. 2004 & World Bank Projections

(9.3) Total Expenditure and Net Lending

Total expenditure and net lending rose to D3.8 billion, or 61.0 per cent. As a percentage of GDP, total expenditure and net lending increased from 26.7 per cent in 2003 to 30.3 percent in 2004.

Figure 29: Expenditure and Net lending, 2001 - 2004



Current expenditure, accounting for 57.4 per cent of total expenditure and net lending, increased to D2.2 billion against D1.7 billion in 2003. Interest payments on domestic and external debt at D1.0 billion, accounted for the lion's share of current expenditure (46.5 per cent) compared to 35.7 per cent in 2003. Domestic interest payments amounted to D633.2 million, an increase of 42.6 per cent while external interest payments rose by 126.5 per cent to D369.9 million.

Wages and salaries increased to D517.7 million, or 12.7 per cent and accounted for 24.0 per cent of GDP relative to 27.0 per cent in 2003. "Other charges" including expenditure on goods and services and subsidies and transfers rose by a modest 3.5 per cent to D571.6 million, but was below the budget estimate by D689.6 million.

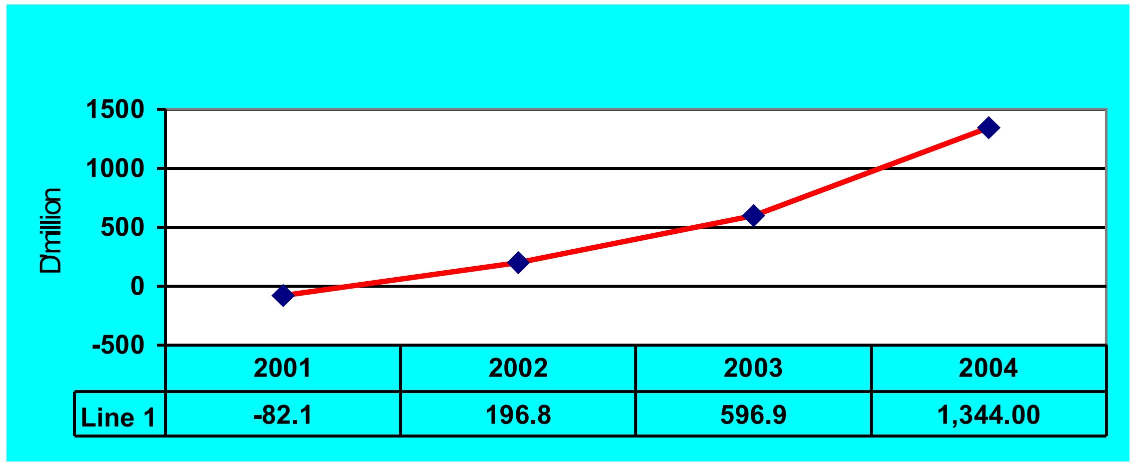
Net lending, that is, gross on-lending less repayments totaled negative D23.5 million. There was zero on lending while repayments totaled D23.5 million. In 2003 net lending amounted to negative D22.6 million.

Capital expenditure rose to D1.6 billion, or 147.1 per cent and exceeded the budget estimate by D967.5 million. Capital expenditure was financed by external loans (53.0 per cent), external grants (34.4 per cent), Gambia Local Fund (5.5 per cent) and HIPC Funds (7.1 per cent).

(9.4) Primary or Non-interest balance

The primary or non-interest deficit measures the effects of current discretionary budgetary policy by excluding interest payments from the 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 30: Basic Primary Balance

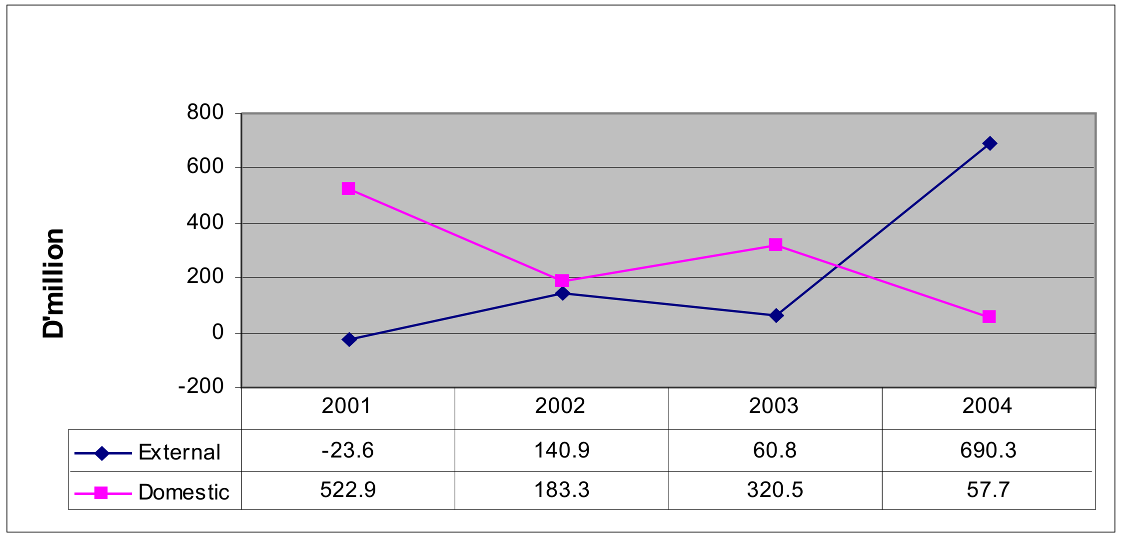


The balance was in a surplus of D1.3 billion (9.4 per cent of GDP) compared to a surplus of D596.9 million (5.0 per cent of GDP) in 2003. The improvement in domestic primary balance reflects Government's intention to put a lid on the public debt.

(9.5) Overall Fiscal Balance and Financing

The overall budget deficit (commitment basis) excluding grants and without HIPC assistance was D1.1 billion (8.7 per cent of GDP) compared to a deficit of D681.0 million (7.8 per cent of GDP) in 2003. The overall budget deficit excluding grants but with HIPC assistance was D763.5 million (8.7 per cent of GDP) in 2003 lower than D1.3 billion (10.2 per cent of GDP) in 2004. Including grants, the overall budget deficit (commitment basis) was D702.8 million (5.7 per cent of GDP) compared to D490.1 million (5.6 per cent of GDP) in 2003.

Figure 31: Financing of deficit on cash basis



The deficit on cash basis of D748.0 million was financed from external and domestic sources. Net external financing amounted to D690.3 million, reflecting external borrowing of D1.2 billion and amortization of D431.0 million.

Domestic financing, on the other hand, totalled D57.7 million of which non-bank financing amounted to D635.7 million and repayment to the banking sector of D578.0 million

PART II

DEVELOPMENTS IN THE INTERNATIONAL ECONOMY

(1.0) Gross Domestic Product (GDP)

World GDP growth is estimated at 5.0 percent in 2004, underpinned by accommodative macroeconomic policies, rising corporate profitability, rising equity markets, house prices and the very strong growth in China. However, economic growth is expected to slow in 2005 and 2006 owing to the following:

(i) The investment cycle in the United States is almost at its peak and a slow down in growth is expected; (ii) Excess demand over supply will continue to push prices of oil and non- oil commodities, moderating demand in many countries; (iii) Higher interest rates will slow investment growth as central banks continue shifting from a loose to a more neutral stance and ; (iv) Efforts in China to bring growth down could contribute to weaker global demand.

Growth in the United States continues to out-perform the Euro area. Growth in the US economy is estimated at 4.0 percent in 2004 compared to 3.0 percent in 2003.

However, the twin deficits (budget and trade deficits) could stifle growth. The trade deficit is in excess of 5.0 percent of (GDP) and heading toward 6.0 percent. This overshot the previous high of 3.5 percent in 1986, when the trade deficit caused calls from the US government to protect domestic industries against Japanese and European imports.

In China, growth in GDP is estimated at 9.4 percent. The selective credit rationing adopted by the Chinese authorities failed to ease growth of imports of raw materials. Growth is forecasted at 10.0 percent in 2005.

In the Euro zone, growth continues to lag behind the US, Japan and China. GDP growth averaged 2.2 percent in 2004. However, export growth is at a risk due to the strong euro and the expected slow down in the global recovery in 2005. Overall, output growth is projected to be the same as in 2004.

For much of the second half of 2004, Germany, the Euro zone's largest economy, witnessed a slow down in economic activity. As a result growth is estimated at about 1.2 percent in 2004 causing the IMF to lower its 2005 growth forecast for Germany from 1.8 percent to 1.5 percent, the lowest in the 12-member euro zone.

Looking forward, the expectations for export growth in the Euro area are dimming because of the record surge in the euro. Since May 2004, the euro has jumped some 9.0 percent to US$1.29 to the euro. Added to the rising euro are surging oil prices which have reached record highs.

In the UK, GDP growth is estimated at 3.4 percent reflecting surged in consumer and capital expenditure.

In the Middle East and North Africa, growth was robust, supported by revenue from oil exportation. The region is also benefiting from the strengthening consumption demand, reflecting high oil incomes but this growth projection still falls below the highs observed in 2003, which were boosted by sharp increases in oil production.

Sub-Saharan Africa continues to benefit from the recovery in the prices of non-oil commodities, but many oil importing countries in Africa remain vulnerable due to high oil prices. Despite this improved performance, the region continues to lag behind the rest of the world, leading to the widening of income gaps. The terms of trade appear to be turning against most countries in the region, as non-oil commodity prices are expected to ease. In addition to development aid and debt relief, improved macroeconomic conditions and the efficiency of public expenditures are required to help the region to speed the pace of the march toward meeting the Millennium Development Goals (MDGs).

(4.0) Exposure to Exchange Rate Risk

Banks' foreign currency assets totalled D1.6 billion compared to D1.4 billion in 2003. In contrast, foreign liabilities decreased to D1.2 billion, or 7.7 per cent from 2003.

The most common measure of foreign exchange exposure is the net open position. According to the Basel Committee on Banking Supervision, a bank's net open position in each currency should be calculated as the sum of the net spot position and net forward position, guarantees, net future income and expenses not yet accrued but already fully hedged and any other item representing a profit or loss in foreign currencies.

(4.1) Net Exposure (Assets less Liabilities) as a % of Capital

The net exposure measures deposit money banks' exchange rate risk exposures relative to capital. The higher the ratio, the greater the ability of capital to absorb losses from exchange rate movements. Net exposure to capital ratio was 64.4 per cent in 2004 compared to 23.6 per cent in 2003 and markedly higher than the prudential limit of 25.0 per cent. This indicates a significant improvement in the ability of capital to absorb exchange losses consequent of adverse exchange rate movements.

Figure 37: Net Exposure (Assets less Liabilities) as a % of Capital

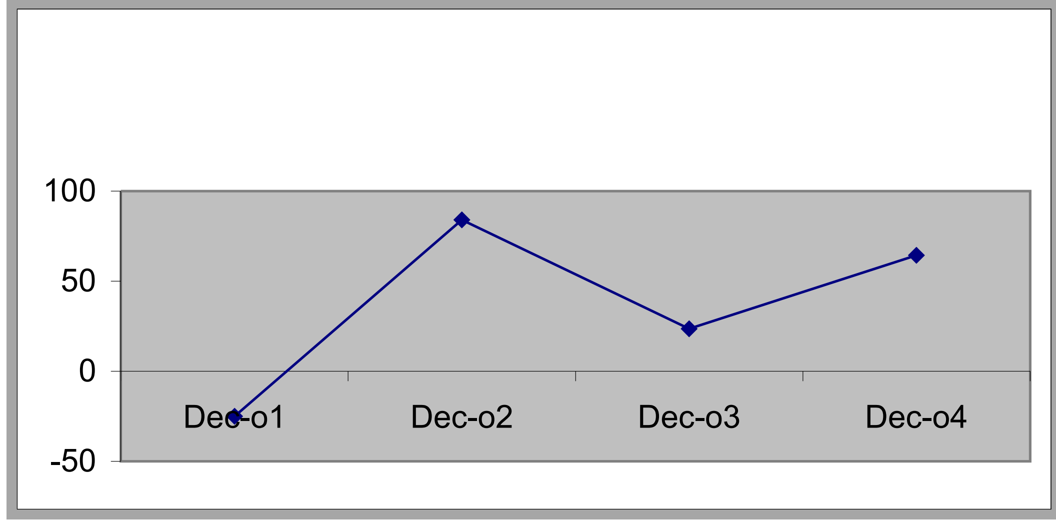


Table 12: Total Expenditure and Net Lending

	2004		
	Actual	**Budget**	**Variance**
Expenditure and Net Lending	3,750.4	3,684.3	66.1
Current Expenditure	2,035.8	2,420.7	(84.9)
Wages and Salaries	517.5	547.5	(30.0)
Other Charges	583.8	906.2	(322.4)
Interest	867.9	949.7	(81.8)
External	234.6	226.9	7.7
Domestic	633.3	722.8	(89.5)
Current Expenditure	1,733.5	1,295.9	437.6
External	1517.0	1,071.2	445.8
Loans	1,121.3	868.2	253.1
Grants	395.7	203.0	192.5
GLF (Gambia Local Fund)	88.8	198.8	(110.0)
Net Lending	-23.4	-29.3	5.9
Contingency	0	0	0
Extra Budgetary expenditure	4.5	0	0
Basic balance 1/	284.4	202.0	82.4
Overall balance	-685.5	-623.0	(62.5)
Statistical discrepancy 2/	-62.6	0.5	(63.1)
Adjusted overall balance	-748.0	-622.5	(125.5)
Financing	748.0	622.5	125.5
External (Net)	690.0	351.7	338.3
Borrowing	1,121.3	868.2	253.1
Amortization	-431.0	-516.5	338.6
Charge in arrears	0	0	0
Exceptional financing	0	0	0
Domestic	57.7	270.8	(213.1)
Net borrowing	57.7	270.8	(213.1)
Bank	-578.0	65.8	(643.8)
Non-bank	635.7	205.0	430.7

Source: Gambian authorities; and IMF staff estimates and projections

1/ Domestic revenue expenditure and net lending, excluding externally financed capital spending
2/ The difference between financing and the overall balance of revenue and expenditure

(9.6) PUBLIC DEBT

(9.6.1) Domestic Debt

The domestic debt totalled D4.09 billion compared to D3.02 billion in 2003. The debt comprised marketable and non- marketable interest bearing debt of D3.32 billion and D0.82 billion respectively as well as non marketable interest free debt of D0.14 million.

The outstanding stock of marketable interest bearing debt increased to D4.0 billion, or 70.4 percent from 2003. Treasury bills accounted for 96.4 percent of the debt, development stock (0.7 percent) and discount note series (2.9 percent).

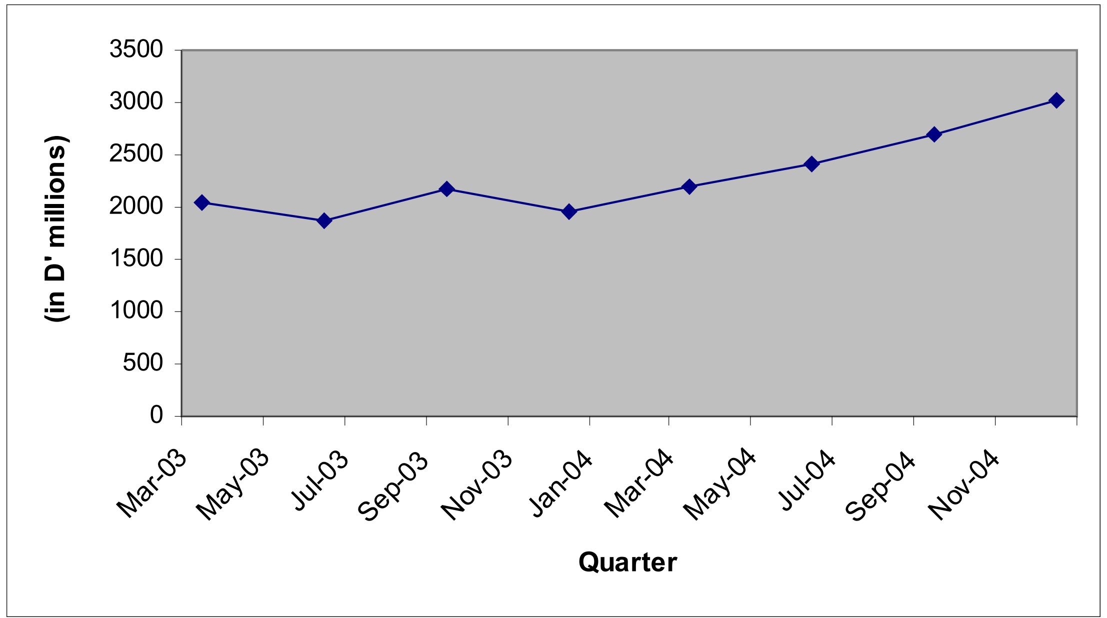
Treasury bills outstanding increased to D3.13 billion, or 51.9 percent. Banks investment in Treasury bills including Central Bank holdings totalled D1.27 billion compared to D840.3 million in 2003. Deposit money banks holdings of D1.4 billion represent an increase of 83.6 percent, while Central Bank investments decreased to D80.9 million compared to DD192.2 million in 2003.

Treasury bills held by the non-bank rose from D1.1 billion in 2003 to 1.7 billion in 2004 with public entities (parastatals) investments amounted to D1.1 billion, or 62.8 percent of total non - banks holdings. Outstanding development stocks and discount series were unchanged at D23.2 million and D90.8 million respectively.

The non-marketable interest bearing debt comprises of Government bonds held by the Central Bank of D250.0 million and Central Bank foreign exchange loan to Government (D565.0 million) and account for 6.1 percent and 13.8 percent of the domestic debt respectively.

Non-market interest free debt comprised Government NIB Treasury notes and Central Bank overdraft to Government of D143.9 million and D0.0 million compared to D144.93 million and D278.7 million respectively in 2003.

Figure 32: Treasury Bills Outstanding (Discounted Value)



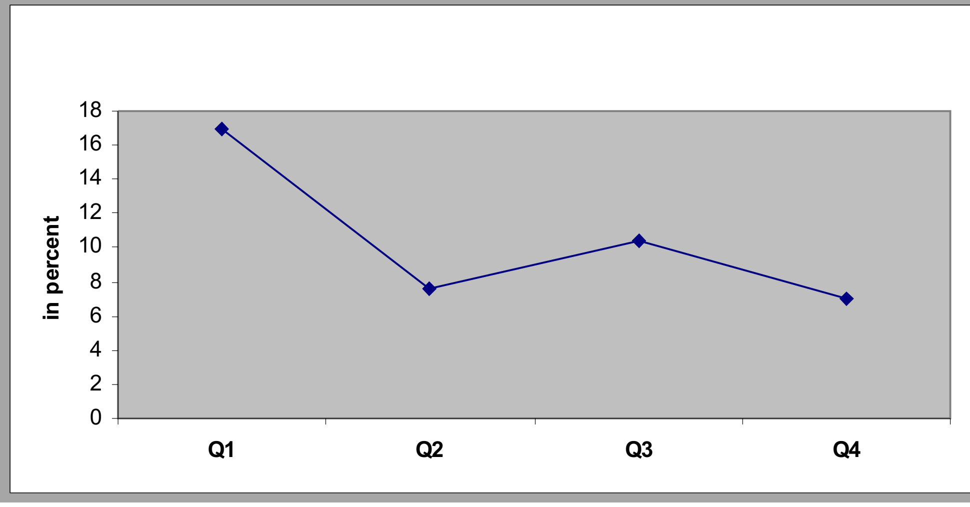
(9.6.2) External Debt

The Gambia's external debt rose to US$ 640.7 million, or 26.4 per cent from 2003 owing largely to increased borrowing to finance infrastructural development. Of the debt stock, US$ 529.0 million, or 82.6 per cent was owed to multilateral institutions and the remaining 17.4 per cent to bilateral creditors.

(9.6.3) Debt Service Payment

Total debt service payments, comprising amortisation and interest payments rose to US $22.3 million, or 5.2 per cent from the previous year. About US$14.6 million was on account of principal and interest payments (US$ 7.7 million).

Figure 35: Average Return on Equity



(3.0) Capital Adequacy

Capital adequacy measures the capacity of the banking sector to absorb losses emanating from its operations.

(3.1) Risks-Weighted Capital Adequacy Ratio

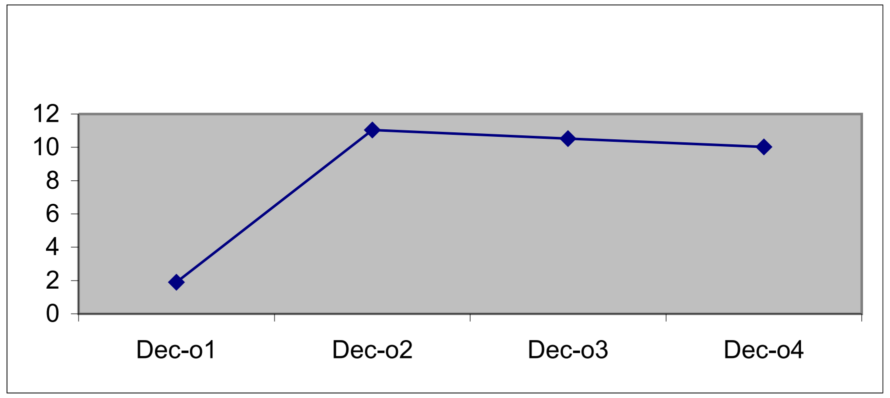
Aggregate risk-based capital ratios, particularly the ratio of regulatory capital to risk-weighted assets are the most common indicators of capital adequacy. An adverse trend in these ratios may signal increased risk exposure and possible capital adequacy problems.

The industry wide-capital adequacy ratio was ..... per cent in 2004, compared to 25.9 per cent in 2003, and significantly higher than the required minimum of 8.0 per cent.

(3.2) Total Capital/Total Assets

The capital to asset ratio provides an indication of financial leverage, that is, the extent to which assets are funded by own resources. After increasing to 11.0 per cent in 2002, the ratio decreased to 10.5 per cent and 10.0 per cent in 2003 and 2004 respectively. This implies that 90.0 per cent of the industry's assets were funded externally in 2004.

Figure 36: Total Capital/Total Assets



1.2) Problem Loans Net of Provisions to Capital

This ratio gives an indication of the capacity of bank capital to absorb non-performing loan losses. More specifically, it shows the impact of non-performing loans on capital. Therefore, the lower the ratio, the smaller the impact. After increasing to 53.0 per cent in 2003 from 18.0 per cent in 2002, the ratio fell to 41.0 percent in 2004. This indicates improved loan loss provisioning, coupled with the build-up of capital and reserves to provide sufficient cushion against loan losses.

(1.3) Exposure to the Agricultural Sector as a per cent of Total Loans

Although agriculture is the dominant sector of the Gambian economy, it is mainly rain-fed and therefore at the mercy of the weather. Production is also largely subsistence.

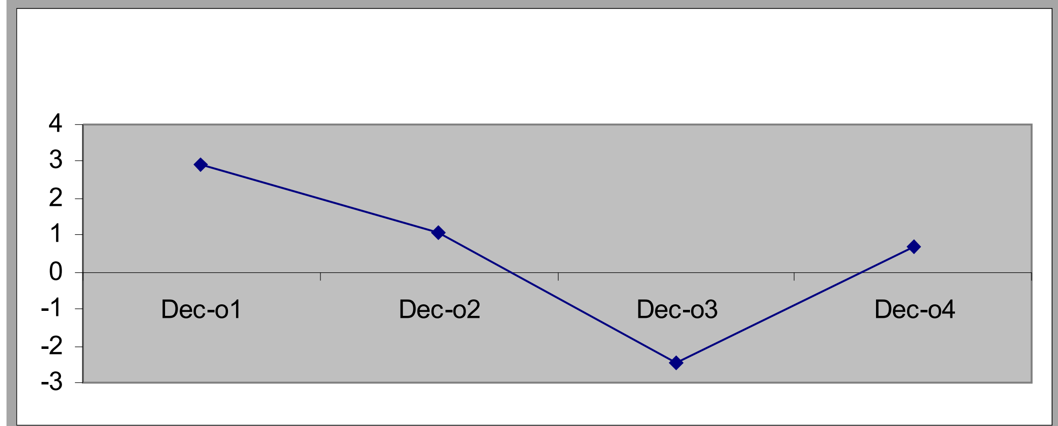
High exposure to the agriculture sector could impair asset quality in the event of crop failure. This ratio is estimated at 7.0 per cent in 2003 compared to12.0 per cent in 2004.

(2.0) Portfolio Performance

A profitable banking sector is better able to withstand negative shocks and contribute to the stability of the financial system. The industry's aggregate profit before tax increased to D453.9 million, or 7.6 from 2003.

Return on assets, which is a measure of efficiency in using assets, however declined to 5.0 per cent from 19 per cent in 2003.

Figure 34: Average Return on Assets (in %)



Return on equity is a measure of banking institutions' efficiency in using capital and over time provides information on the sustainability of banks' capital position. The return of equity decreased precipitously to 7.0 per cent compared to 78.9 per cent in 2003.

(10.0) REGULATIONS AND SUPERVISION OF BANKS; POLICIES AND PROCEDURES

(A) Banking Supervision

The Financial Supervision Department (FSD) is solely responsible for the regulatory and supervisory functions of the Central Bank. The Department carries out its mandate through periodic on-site examination and off-site surveillance of banks.

The Department uses a risk based supervisory approach in keeping with internationally accepted practices. The approach focuses on risks that are associated with banking operations such as capital risk, credit and operational risks. Emphasis is also placed on good corporate governance, effective internal audit control procedures and more disclosure requirements.

Off-site surveillance entails monitoring of financial conditions of banks using weekly and monthly statements of assets and liabilities, liquid assets and quarterly statements of capital adequacy, income and expenses and non-performing loans. Audited financial accounts are submitted annually.

(B) Regulatory Requirements

The FSD continued to monitor compliance with the regulatory requirements ensuring adherence to the capital adequacy ratio, minimum liquid assets ratio, borrower limits and adequacy of provisions for bad and doubtful debts.

(C) Legal Reforms

Legal reforms continue to broadly focus on strengthening banking stability and expanding and improving the efficiency of banks' intermediation function.

In April 2004, the Central Bank introduced a minimum capital requirement of D60.0 million. This was with immediate effect for new banks. Existing banks are required to meet the requirement by March 31, 2006 with the provision that a capital augmentation plan is submitted. This is to ensure that the Central Bank adequately monitor progress leading to the deadline. The Central Bank waived Section 19(2) of the FIA 2003 to enable banks to utilize their statutory reserves to augment their capital.

(D) Disclosure Requirements and Transparency

The FSD continues to take steps to increase transparency and to strengthen the implementation of the prudential guidelines in line with the Basel Core Principles. In addition to the requirement to timely publish audited annual financial statements, banks are required to individually disclose fees and other charges to the public on a quarterly basis. And, to ensure goods corporate governance, Central Bank continues to conduct "fit and proper person" tests to prospective bank owners and managers.

(E) Banking Expansion and Exit

In order to deepen and broaden the financial sector, the Bank continues to encourage the establishment of more banks and other financial institutions. A potential new entrant was issued with a license-in-principle to start banking business in 2005 upon observing the licensing criteria in full.

Continent Bank (Gambia) Limited was closed in 2003 after it was placed under compulsory liquidation in 2002. The liquidation process is continuing with a view to recovering debt through the courts and to ensure that depositors are fully reimbursed.

BOX 2: FINANCIAL STABILITY

The Bank's primary objective is to ensure price stability. However, price stability can only be achieved in an environment of stable financial system.

Financial stability can be defined as the ability of the financial system to facilitate the efficient allocation of economic resources, to assess, price, allocate and manage financial risks and the ability to perform these key functions even when affected by external shocks or by a build-up of imbalances primarily through self corrective mechanisms.

Macro-prudential analysis is a key tool that helps to quantify and qualify the soundness and vulnerabilities of the financial systems. Financial soundness indicators (FSI's), a narrower definition of macro-prudential analysis, are used to analyse the soundness of the financial system of The Gambia in 2004 relative to 2003.

Table 13: FINANCIAL INDICATORS

	DEC 2001	DEC 2002	DEC 2003	DEC 2004
Total Assets (In D' millions)	2902.98	4466.17	5508.98	6,499.00
Total Loans to Private Sector	743.53	1258.3	1658.06	1,518.00
Total Loans to Public Sector	75.80	74.70	205.94	86.00
Total Capital and Reserves	315.06	492.92	580.19	651.00
PORTFOLIO (ASSET) QUALITY				
Problem Loans	84.60	88.92	302.85	220.00
Provision against problem Loans	67.57	62.83	127.26	104.00
Other Provisions	5.49	45.30	1.32	1
Problem Loans/Total Loans	56.10%	58.92%	16.25%	13.69%
Problem Loans/ Total Assets	20.20%	23.39%	5.50%	3.38%
Exposure to the Agricultural Sector (as a % of total loans)	4.91%	2.23%	-	
PORTFOLIO PERFORMANCE				
Average Return on Assets	2.90%	1.06%	-2.44%	0.70%
Average Return on Equity	54.90%	19.50%	78.88%	7.03%
CAPITAL ADEQUACY				
Total Capital / Total Assets	1.90%	11.04%	10.53%	10.02%
Risk-Weighted Capital Adequacy Ratio	21.70%	25.00%	25.90%	
EXPOSURE TO EXCHANGE RATE RISK				
Total Foreign Currency Assets	103.37	466.92	1448.56	1,653
Total Foreign Currency Liabilities	182.09	52.51	1311.62	1,234
Net Exposure (Assets-Liabilities) (as a % of Capital)	-25.00%	84.10%	23.60%	64.40%

Source: Financial Supervision department. Central Bank of the Gambia

(1.0) Asset Quality

Risks to the solvency of financial institutions most often derive from impairment of assets. This indicator therefore looks at the credit portfolio of the banking system, including information on loan diversification, ratio of non-performing loans (NPLs) to total loans, problem loans to total assets and problem loans net of provisions to capital.

Total assets of the industry increased to D6.5 billion, or 18.2 per cent from 2003. Loans and advances increased to D2.2 billion, or 16.4 per cent. Lending to the private sector declining by 36.8 per cent while outstanding credit of public sector increased by 179.6 per cent. Total capital and reserves, increased from D580.2 million in 2003 to D651.0 million in 2004.

A large concentration of credit in a specific economic sector or activity could increase the vulnerability of the banking sector to adverse developments. In other words, financial crisis could be caused or amplified by downturns in particular sectors of the economy spilling over into the financial system.

Sectoral distribution of credit shows a high concentration of lending with distributive trade, agriculture and personal loans combined accounting for 61.0 per cent of total loans compared to 63.0 per cent in 2003.

(1.1) Non-Performing Loans (NPLs) to Total Loans

Non-performing loans to total loans is an important proxy for asset quality. An increasing ratio may signal deterioration in the quality of credit portfolio. Loans are classified as non-performing when principal or interest is due and unpaid for 90 days or more.

Gross problem loans totalled D220.0 million in 2004, lower than D302.8 million in 2003. Provision against problem loans increased to D220.0 million, higher than D127.3 million in 2003. Other provisions, in contrast, declined to D1.0 million from D1.32 million in 2003.

Problem loans to total loans ratio decreased from 16.2 per cent in 2003 to 13.7 per cent in 2004 indicating improved asset quality. This is attributed mainly to improved macroeconomic conditions, including a decline in inflationary pressures and strong output growth, which may have enhanced the debt servicing capacity of borrowers, and better credit policies.

Problem loans to total assets also declined to 3.4 per cent against 5.5 per cent in 2003 reinforcing the fact that asset quality did improve in 2004.

Figure 33: Problem Loans/Total Loans