



CENTRAL BANK OF THE GAMBIA



ANNUAL REPORT 2010

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FORWARD BY THE GOVERNOR

Global indicators of real economic activity were somewhat strong in 2010, underpinned by the robust growth in Asia and other emerging economies. The recovery was broad based, with glaring signs of more firms, countries and regions coming out of recession. However, the down side risks have risen sharply against the backdrop of developments in debt-laden regions such as some countries in the Euro Zone and the US; thereby impacting confidence. Similarly, private demand continues to be beset by higher unemployment.

The Gambia maintained macroeconomic stability thanks mainly to strong growth in agriculture and telecommunication services supported by prudent monetary policy, structural reforms as well as technical and financial assistance from the development partners. Economic growth averaged 5.7 percent in the past three years and in 2010, growth of real GDP was 6.1 percent relative to 6.3 percent in 2009.

Driven mainly by food, consumer price inflation rose more than 3 percentage points to 5.8 percent in 2010. Against this back drop, monetary policy was tightened to curb inflationary pressures and also mitigate the impact of the fiscal deficit. Money supply growth was 13.7 percent in 2010 relative to 20.0 percent in 2009.

The Bank continues to strengthen the financial system. A Prompt corrective Action (PCA) framework which was piloted in 2009, continued to be implemented through to 2010. The framework is a means to promote a safe and sound financial system by monitoring each bank's compliance and performance against "five critical elements" and ensuring progressively more stringent corrective measures are taken in response to deteriorating compliance or performance of a bank.

In the face of capacity constraints resulting from the increase in the number of banks operating in The Gambia, the Bank stepped up efforts to strengthen supervision by hiring 7 new full-time banking supervision staff.

The Bank has also initiated the Electronic Financial Supervision System (EFASS) project for increased efficiency in intermediation in line with best international practice, reduction in transaction costs, strengthening credit governance and supervision, among others.

The WAMZ Payment Systems Development Project for The Gambia, Sierra Leone and Guinea Conakry, financed by the African Development Bank (ADB) is steadily progressing. The project

aims to harmonize and improve the payment systems of these countries to the same level as those in Nigeria and Ghana.

Under the Automated cheque processing/automated clearing house (ACP/ACH) stream, it is expected that payments and settlements will now be quicker and more efficient. The Central Bank has prepared and circulated to all commercial banks the new bank sort codes and banks have now started issuing to their customers MICR compliant cheques. The training of IT/Functional staff of both the Central Bank and commercial banks end users was conducted locally with facilitators drawn from BFI, (the solution providers for ACP/ACH).

The real time gross settlement/securities settlement system (RTGS/SSS) that handles large value transactions with instant settlement achieved is also progressing smoothly. This has the advantage of removing risks inherent in large value payments by means other than cash; for example payments by cheque (with the exception of Banker's Cheques) where dishonoured cheques are returned and funds not received.

An end-to-end parallel run of all the systems, ACP/ACH, RTGS and core banking application (CBA) will be conducted after the completion of the customization of the CBA by the solution providers (INLAKS).

In the area of INFRASTRUCTURE, Central Bank made significant investments in equipping the Data Centre housed in the CBG building, Data Recovery (DR) Site in Mile 7 and also invested in security systems like CCTV cameras, biometric access and alarm systems. The CBG allocated three rooms in its main building in Banjul for RTGS, ACP/ACH, and also a Service Bureau where banks that have technical problems with their system could use for transactions going through RTGS.

The Bank has also installed a three faced dedicated power service at the DR Site at Mile 7 in order to ensure continuous power supply.

All these positive developments would not have been possible without the dedication of Bank staff and the Board of Directors. I am grateful for their support.

BOARD OF DIRECTORS

Momodou B. Saho	-	Governor/Chairman
Benjamin J. Carr	-	Member
Mustapha A. Kah	-	Member
Rene Geoffrey Renner	-	Member
Mod A.K. Secka	-	Member, Permanent Secretary, MOFEA
Momodou B. Mboge	-	Secretary

GOVERNORS' OFFICE

Momodou B. Saho	-	Governor
Basiru A.O. Njai	-	First Deputy Governor
Oumie Savage-Samba	-	Second Deputy Governor
Momodou Ceesay	-	Adviser to the Governor

DEPARTMENTAL OVERVIEW

Administration Department

- **Herbert M.V. Carr**
- Haddy Joof
- Omar K. Janneh

This Department performs critical support services including human resource management, coordinating training of Bank staff, procurement, protocol services as well as organizing meetings and conferences.

Banking Department

- **Amadou Colley**
- William W. Eunson
- Baboucarr Koita
- Mbye M. Jammeh

This Department is made up of the following Units:

- Banking and Payment Systems
- Open Market operations
- Currency Unit

The Banking Unit is responsible for providing banking services to Government and commercial banks. The Unit is also responsible for ensuring that the payment and settlement systems are safe and efficient.

The Open Market Operations Unit plans and executes open market operations in line with the policy stance of the Bank. The frequent contact of the staff with money market participants enables them to contribute to the monetary policy implementation process. The Unit also manages the issue and redemption of the domestic debt.

The Currency Unit discharges the Bank's statutory obligation of ensuring that there are enough banknotes and coins to meet the demand of the public.

Economic Research Department

- Ismaila Jarju
- Bakary Jammeh
- Fatou Jagne

This Department is made up of the following Units:

- Money, Credit and Banking
- Balance of Payments
- Liquidity Forecasting and Public Finance
- Statistics
- Real Sector and Non-Bank Finance

The Economic Research Department (ERD) is responsible for providing the Bank with the economic analysis necessary to conduct monetary policy. Staff of the ERD performs research on developments in the Gambian and international economy and produce the quarterly Bulletins and Annual Report. Staff of the Department also plays a key role in the Bank's relationship with the International Monetary Fund (IMF), West African Monetary Institute (WAMI) and West African Monetary Agency (WAMA). The Department provides reports for Monetary Policy Committee (MPC), in addition to conducting special studies for the Governor and the Board. The Statistics Unit compiles the monetary and other financial statistics.

Finance Department

- **Ousainou Corr**
- Michael Barraï

This Department is made up of the following Units:

- Treasury
- Budget and Finance
- Verification and Implementation

The Department is responsible for financial planning. It prepares and monitors the budget to ensure that the financial transactions are consistent with the accounting procedures. Staff of the Department are also responsible for preparing the annual accounts, payroll and foreign currency budget as well as foreign currency payments and receipts and debt service payments on behalf of the Government.

Additionally, the Department provides back office services in the management of the external reserves, including settlement of interbank foreign exchange deals entered into by the Bank.

Financial Supervision Department

- **Ousman A. Sowe**
- Essa Drammeh
- Abdoulie Jallow
- Paul Mendy
- Pa Alieu Sillah

This Department is made up of the following Units:

- Banking Supervision
- Insurance

The maintenance of a sound and stable financial system is one of the most important functions of the Bank. Financial stability, a precondition for a strong and sustained growth, is achieved by, inter alia, regulating and supervising commercial banks and insurance companies.

The Department is responsible for evaluating application for Insurance and bank licence as well as preparing and implementing regulatory and supervisory guidelines but in a manner that does not stifle innovation and competition. The Department also conducts on-site examination with a view to ensuring that the financial system as a whole is safe and sound.

The supervision of insurance companies was added to the mandate of the Bank by the 1997 Constitution.

Foreign Department

- **Omar Jaata**
- Ebrima A.C. Ndong

The Foreign Department is responsible, jointly with the Financial Supervision Department, for evaluating applicants to operate foreign exchange bureaus. The remit of the Department also includes the management of the foreign reserves portfolio inline with the Foreign Reserve Management Guidelines.

Internal Audit Department

- **Lansana Farti**

The Internal Audit Department provides an independent appraisal of the adequacy and effectiveness of the Bank's internal control systems. The Department can delve into every aspect of the Bank's work with the aim of providing independent advice to the Board and senior management that the Bank is taking appropriate levels of risk. Although the head of the Department reports to the Governor, the Department reports to the Audit Committee of the Board.

Micro Finance Department

- **S. Bai Senghor**
- **Fatou Deen-Touray**
- **Seeku Jaabi**

This Department is made up of the following Units:

- Development
- Supervision

The Department performs functions similar to the Financial Supervision Department, but with a focus on the microfinance sector. Microfinance currently accounts for a small part of the Gambian financial system but has been growing rapidly.

The Development Unit formulates the institutional and operational framework and regulatory guidelines for the Microfinance Institutions (MFIs). The Unit also works with the stakeholders to prepare strategic action plans for the sector.

The Supervision Unit is responsible for registration, licensing and supervision to ensure the safety and soundness of MFIs. The Unit is also mandated to collect, analyze and disseminate data relating to MFIs as well as prescribe corrective action.

Legal Unit

- **Momodou B. Mboge**

The Legal Unit provides advice on legal matters and ensures maximum protection of the Bank's interest with respect to contracts.

Information Technology Unit

- **Peter Prom**
- Saffie Secka

The Unit is responsible for the management of the Bank's information system, provides information technology support to the departments and coordinates the development of new information system projects.

Risk Management Unit

- **Alieu B.S. Gaye**

The Risk Management Unit is the middle office for external reserves management purposes. It is responsible for risk identification, risk management and financial performance measurement.

GOVERNANCE

The Central Bank of The Gambia (CBG) has varied responsibilities. It has responsibility for achieving and maintaining price stability, conduct research and analysis of domestic and external economic and financial matters as well as ensuring that the financial system is safe and sound. The Bank supervises banks, insurance companies, foreign exchange bureaus, MFIs in addition to its oversight responsibility of the country's payment systems. The Bank also serves as fiscal agent to Government and manages the domestic debt. Additionally, the Bank has sole responsibility for issuing banknotes and coins.

The governance framework is set by the Central Bank of The Gambia Act 2005, which provides for a Board of Directors, Committees of the Board and a Monetary Policy Committee.

The Board of Directors

The Board consists of the Governor, who is also the Chairman, and four other directors. Members of the Board are appointed by The President of the Republic of The Gambia, in consultation with the Public Service Commission. The members, other than the Chairman, are appointed for a term of two years and are eligible for re-appointment.

Under the Act, the Board is responsible for the observance of the objectives of the Bank and its general administration and the formulation of policies necessary for the achievement of these objectives.

Among the issues discussed by the Board during 2010 were:

- Decisions of the MPC.
- Impact of the global economic crisis on the Gambian economy.
- Revised foreign exchange reserves management guidelines;
- Poverty Reduction and Growth Facility (PRGF) program with the International Monetary Fund (IMF);
- Code of conduct for participants in the foreign exchange markets
- The increase in the minimum capital of banks;
- The Bank's adoption of International Financial Reporting Standard (IFRS) as a Financial reporting framework
- Report on Construction of Governor's Residence
- Upgrading of the IT Unit to a Department

- Status Report on Bank's Strategic Plan
- Recurrent and Capital Expenditure Budgets for FY 2011
- Report on Central Bank Training Programme 2010/2011
- Amendment of Rule 714 of the CBG Services Rules
- Payment System Law
- Framework for human resource planning policy

The Committee of the Board

The Board has the following Committees:

- The Audit Committee
- The Financial Supervision Committee
- The Human Resources Committee

The Audit Committee

The CBG Act establishes the Audit Committee as a Committee of the Board. Under the Act, the functions of the Committee are to:

- Establish appropriate accounting procedures and controls;
- Monitor compliance with laws applicable to the Bank;
- Review the external auditor's report;
- Review the work of the Internal Audit Department;
- Make a decision on any matter brought to its attention by the Board or Bank Management.

The Committee is chaired by Mr. Mustapha A. Kah. The other members are Mr. Benjamin J. Carr and Mr. Rene Geoffrey Renner. The Audit Committee meets at least once every quarter. The Committee reviewed the 2010 Audit Plan and the quarterly reports of the Internal Audit Department.

The Financial Supervision Committee

The Committee is responsible for overseeing the functions of the Financial Supervision Department. The Committee reviews onsite examination reports of financial institutions and takes decisions on appropriate actions to address shortcomings. The Committee is chaired by Mr. Benjamin J. Carr. The other members are Mr. Mustapha A. Kah and Mr. Rene Geoffrey Renner.

The Human Resources Committee

The Human Resources Committee has responsibility for recruitment of professional staff. During 2010, its mandate was expanded to include responsibility for staff retention, career development, succession planning and remuneration policies.

The Committee is chaired by Mr. Rene Geoffrey Renner. The other members are, Mr. Benjamin J. Carr and Mr. Mustapha A. Kah.

The Monetary Policy Committee

The CBG Act 2005 provides for a Monetary Policy Committee (MPC) to enable the Bank discharge its core function of attaining price stability effectively. Price stability is an important pre-requisite to achieving balanced and sustainable growth. The MPC is responsible for:

- Providing the statistical data for the formulation of monetary policy and importantly;
- Setting the policy interest rate to achieve the price stability objective of the Bank;

The MPC meets every two months. The membership comprises of the Governor, the two Deputy Governors, three other members from the Bank and two members appointed by the Minister of Finance and Economic Affairs.

MEMBERS OF THE MPC

Momodou B. Saho	-	Governor (Chairman)
Basiru A. O Njai	-	First Deputy Governor
Oumie Savage-Samba	-	Second Deputy Governor
Mod A.K Secka	-	Permanent Secretary, MOFEA
Serign Cham	-	Permanent Secretary, Ministry of Finance
Ousman Sowe	-	Director, Financial Supervision Dept.
Amadou Colley	-	Director, Banking Department
Ismaila Jarju	-	Director, Research Department

PART I

1.0 DEVELOPMENTS IN THE DOMESTIC ECONOMY

Introduction

Global economic growth has gradually slowed down in recent periods as strong performance in developing and emerging economies is offset by higher-than-expected weaknesses in the US and fiscal concerns in the Euro zone.

Weaker projections of growth across regions, commodity price volatility, persistent housing market weakness in the United States pointing to fragile recovery, sovereign debt concerns in the euro area, rising inflationary expectations and volatility in global financial conditions with the potential of limiting capital flows to developing countries have some ramifications on the Gambian economy.

Despite the growth in Sub-Saharan African Economies moving close to pre-crisis levels, with output estimated to have expanded by 4.9 percent in 2010, the recent surge in fuel prices is expected to dampen the region's resilience.

Reflecting the above coupled with domestic conditions such as the high domestic debt level due to increase in government borrowing lowering access to credit by private sector, and the decline in the tourism sector, real GDP growth was estimated at 6.1 percent in 2010 compared to 6.3 percent in 2009.

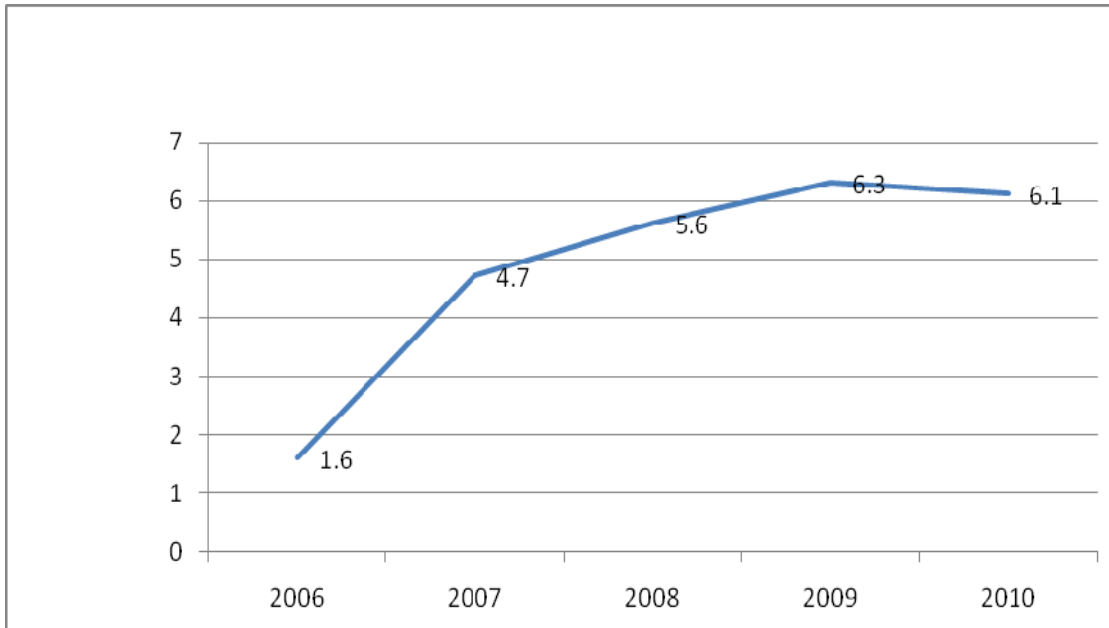
1.1 Gross Domestic Product (GDP)

Economic performance in The Gambia has been solid over the past four years underpinned by strong growth in agriculture and telecommunications services. Consequently, per capita GDP was estimated at US \$556 in 2010 from US \$542 in 2009.

According to the Gambia Bureau of Statistics (GBoS) revised estimates, growth in real GDP moderated in 2010 to 6.1 percent from 6.3 percent in 2009, mainly due to the slow recovery in the tourism sub sector, wholesale and retail trade and sluggish growth in crop production and financial intermediation.

On the other hand, livestock, transport & communications and construction sub-sectors have been supportive to growth in 2010.

Fig.1: Real GDP growth rate



As a share of GDP, the services sector continues to drive the economy, accounting for 58 percent of total output followed by agriculture (30 percent) and industry (12 percent) respectively.

Fig.2 GDP components

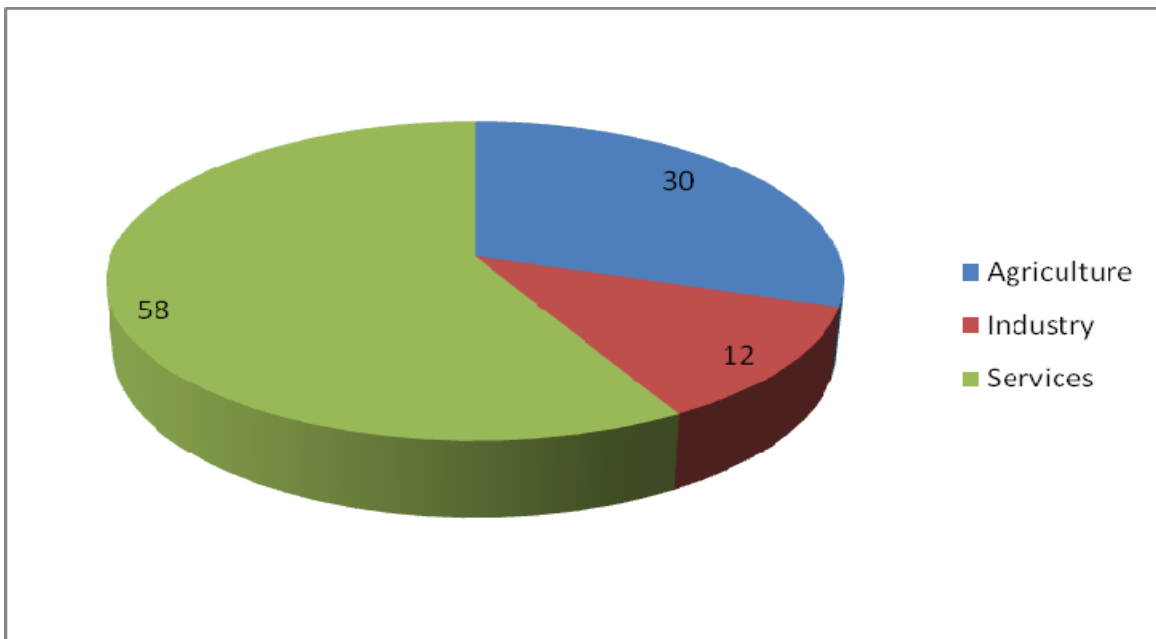


Fig 3: Contribution to growth by sector: 2005 - 2010

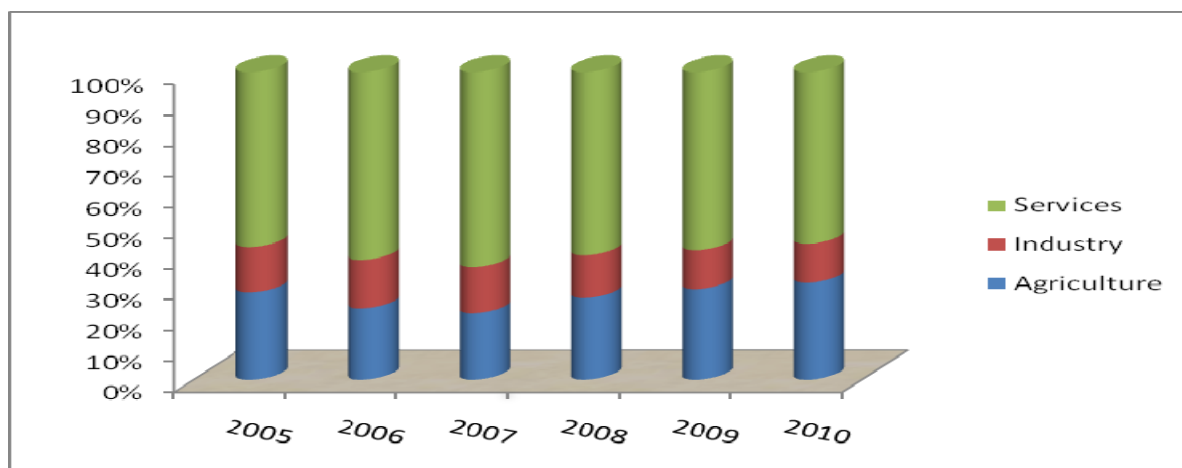
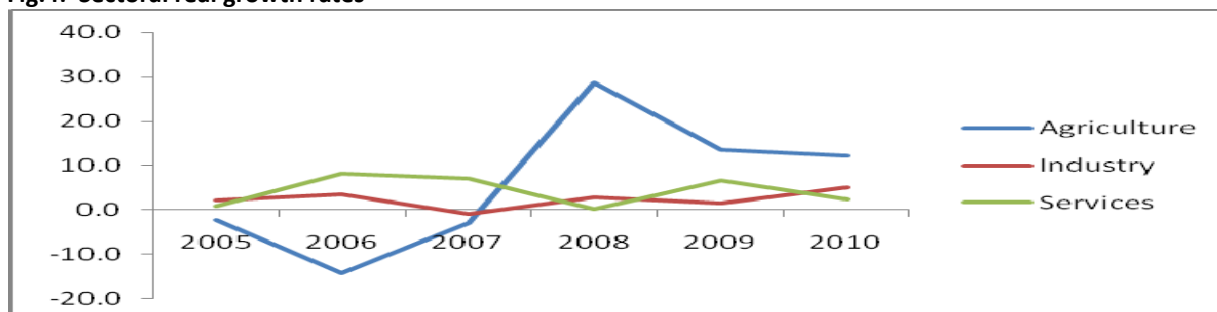


Fig.4: Sectoral real growth rates



While the industry and services sectors witnessed somewhat stable growth, agriculture is showing sharp volatility in output growth, typical of rain and weather-dependent production.

Table 1: sectoral real growth rates

	2005	2006	2007	2008	2009	2010
Agriculture	-2.3	-14.3	-2.9	28.6	13.5	12.1
Industry	2.3	3.5	-0.9	2.8	1.5	5.1
Services	0.8	8.2	7.2	0.2	6.6	2.4

1.1 Agriculture

Following the recognition of agriculture as one of the key sectors for long-term sustainable economic growth and poverty reduction, the government has formulated and launched in 2010 the Gambia National Agriculture Investment Program (GNAIP) with the objective of achieving increased contribution of agriculture and natural resources to GDP through higher productivity by commercialisation and private-sector participation.

In ensuring attainment of the said target, budgetary allocation to the sector will be doubled to 6.0 percent of GDP in 2011 from 3.0 percent of GDP in 2010 and is expected to rise gradually to 10.0 percent towards the requirement under the 2003 Maputo Declaration with the finalization of the agricultural plan.

Agricultural growth declined to 12.1 percent in 2010 from 13.5 percent in 2009 and 28.6 percent in 2008. Between 2008 and 2010, agricultural production improved significantly with growth averaging 18.1 percent.

Crop production, the main driver of agricultural activity, constituting 62 percent of its output, recorded an increase of 14.3 percent in 2010. The livestock subgroup also grew by 10.9 percent and accounts for 30.7 percent of agricultural output.

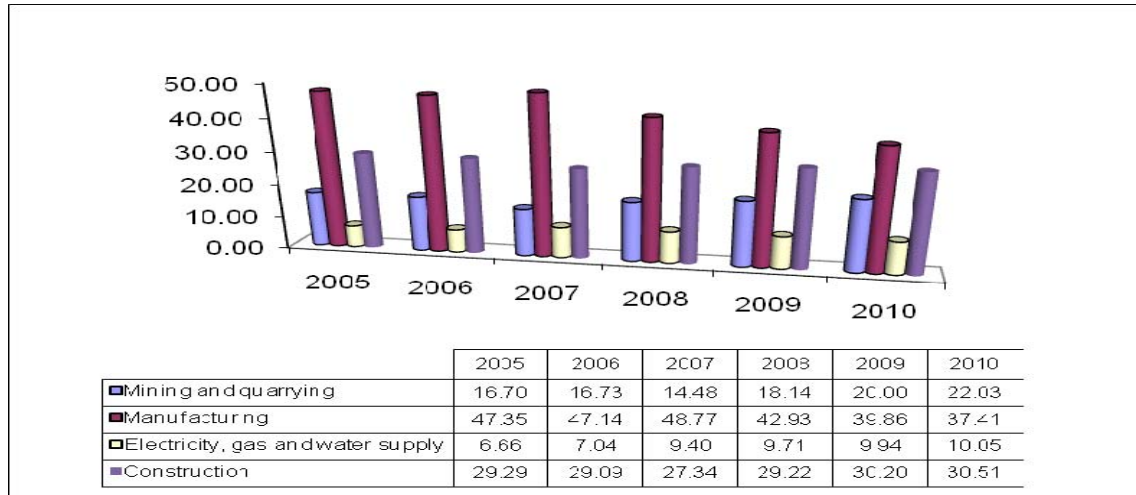
1.2 Industry

Industrial growth was estimated at 5.1 per cent in 2010 from 1.5 per cent a year earlier, supported by expansion in mining and quarrying (14.2 percent) and Electricity, gas and water supply (7.8 percent).

The construction sector, the second largest contributor to industrial output in 2010 (30.5 percent of total industry) rose by 5.0 percent from 3.0 percent in 2009.

Output of manufacturing sector increased by 0.5 percent following two consecutive years of negative growth against the backdrop of constraints such as higher electricity cost, weak technology and infrastructure, small domestic market and limited skilled labour, among others.

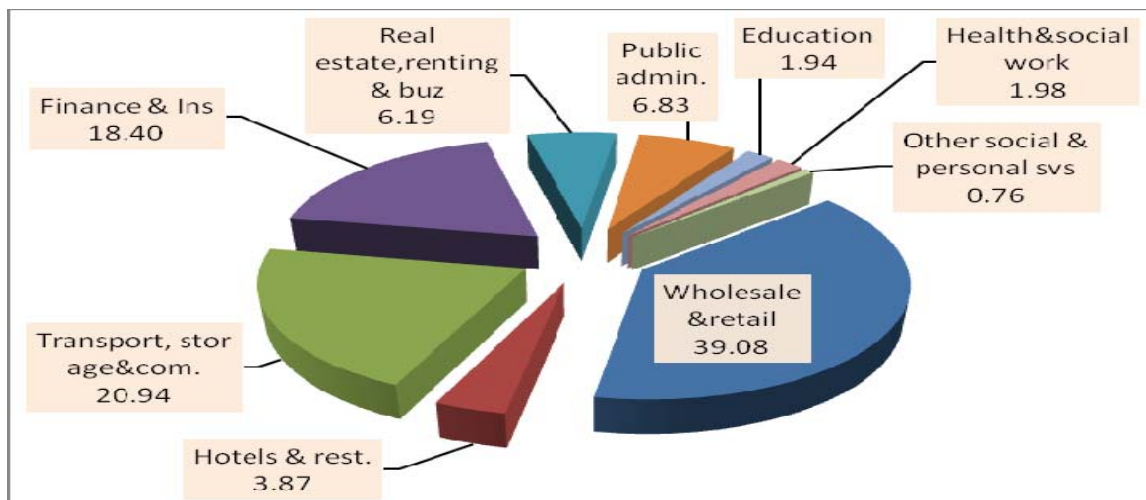
Fig.5: Shares in Industrial Output



1.3 Services

The services sector, the leading sector of the economy (53 percent of total output), recorded a moderate growth of 2.4 per cent in 2010 compared to 6.6 per cent in 2009. This is reflective of contractions in output from trade and hotels of 0.4 percent and 35.7 percent respectively with lower growth in financial services (10.5 percent in 2010 compared to 27.9 percent in 2009) and public administration (7.3 percent in 2010 compared to 15.0 percent in 2009). Communications sub-sector grew by 9.2 percent in 2010 from 7.7 percent in 2009.

Fig. 6: Services Shares, 2010



The trade sub-sector constituted 39.1 percent of the services sector in 2010 followed by the transport and communications sub-sector (20.9 percent). Finance and insurance and real estates and business accounted for 18.4 percent and 6.2 percent respectively during the same period.

1.4 Tourism

The tourism sector has also been identified as a priority sector for Government due to direct and significant impact it has in reducing poverty. The Government, in an effort to expand the market and discover new partners to increase output, embarked on new marketing strategies and has secured USD3 million from the World Bank under the Growth and Competitiveness Project and an additional D3 million to be provided by the Government to boost the sector.

Between 2005 and 2007, the industry recorded average growth of 16.6 percent. However, activity in the sector slowed somewhat since the global economic crises began and continues to remain weak. The sector's contribution to GDP has fallen by 1.3 percentage points from 2009 to 2.0 percent in 2010. Tourist arrivals fell by 35.7 percent to 91,099 visitors during the review period.

1.5 Agriculture

(i) Government's Strategic Objectives for the Agriculture Sector

The strategic objectives of the agricultural sector are articulated in three key strategic documents: the Vision 2020, the Poverty Reduction Strategy Paper and Strategy for Poverty Alleviation (PRSP/SPAII) as well as the Agriculture and Natural Resource Policy (ANRP).

To significantly reduce poverty, the PRSP targets an overall GDP growth of 6.3 percent. ANRP on the other hand has four strategic objectives.

- Maintain good and measurable level of food and nutrition security of the country, particularly for the vulnerable groups of the Gambian population;
- Ensure a commercialized agricultural sector with a view to ensuring efficient and reliable food and agriculture value chains with easy access to markets;
- Capacity building to strengthen institutions and create an enabling environment to improve and sustain food and nutrition security;
- Good and sustainable natural resource management.

Furthermore, the Government also set measurable long-term output targets for some key crops, for example, rice which is the staple food of the country.

Figure 7:

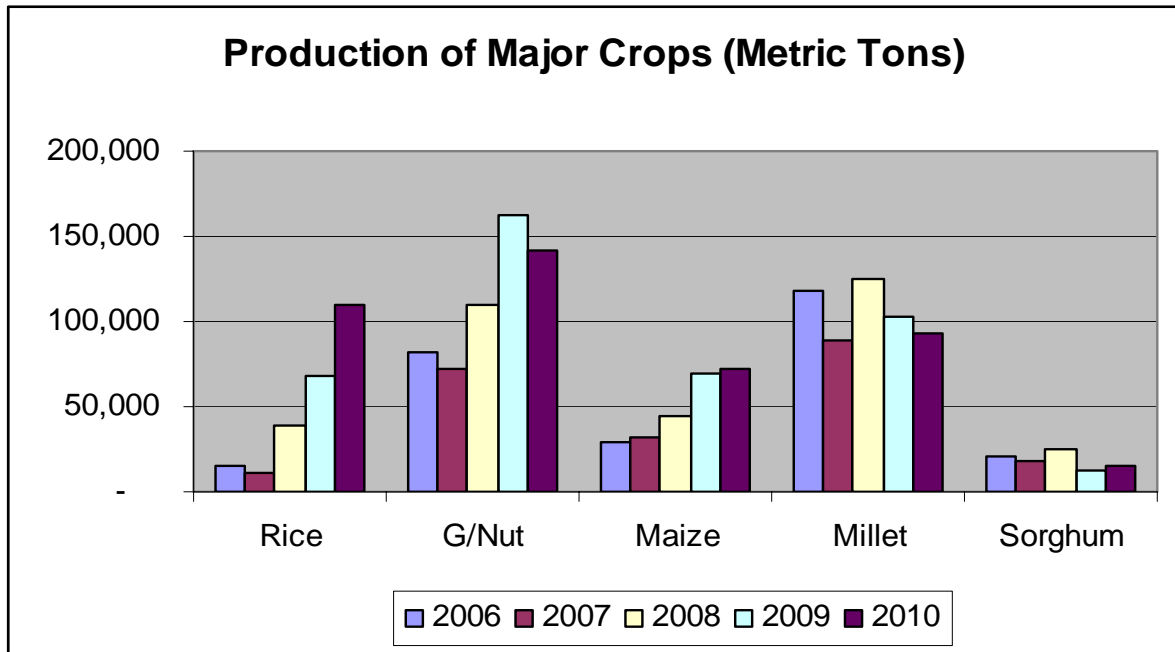


Table 2: Production of major crops (metric tones)

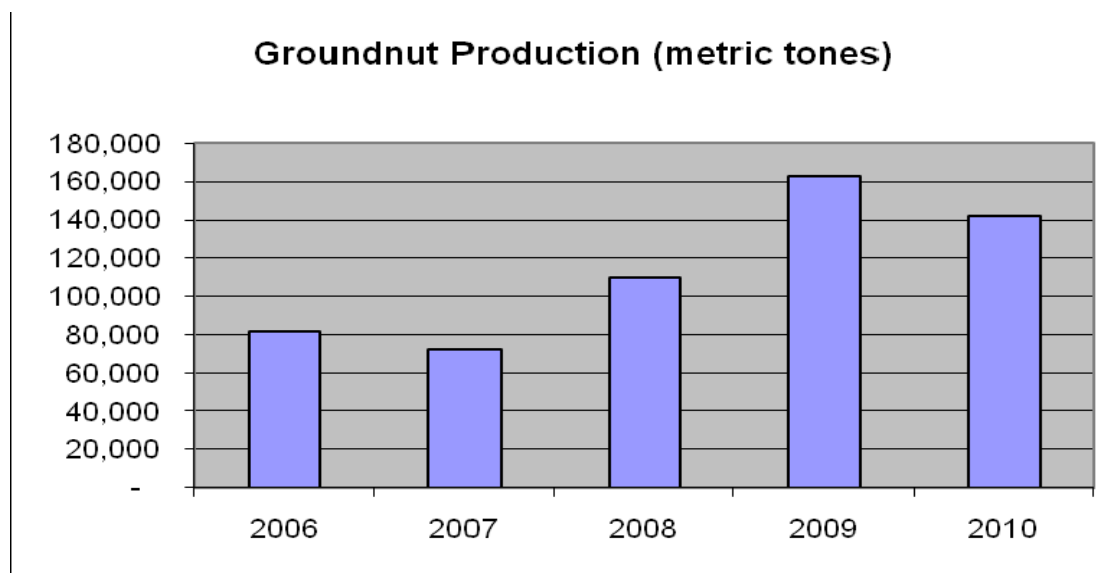
	Rice	G/Nut	Maize	Millet	Sorghum
2006	15,832	81,800	29,147	118,160	20,266
2007	11,394	72,557	31,408	89,186	17,951
2008	38,300	109,642	44,894	125,600	25,624
2009	67,760	162,850	68,800	102,870	12,920
2010	109,889	141,864	72,123	93,264	15,018

1.6 Production of Major Crops

(i) Groundnut Production

Groundnut production decreased both in terms of output and yield per hectare (kg/ha) due mainly to a reduction in the number of farmers engaged in groundnut cultivation and yield per hectare. Total output of groundnut decreased to 141,864 metric tones, or 14.8 per cent relative to the previous year. While total area cultivated increased by 3.9 percent in 2010, output per hectare (kg/ha) decreased by 21.6 per cent.

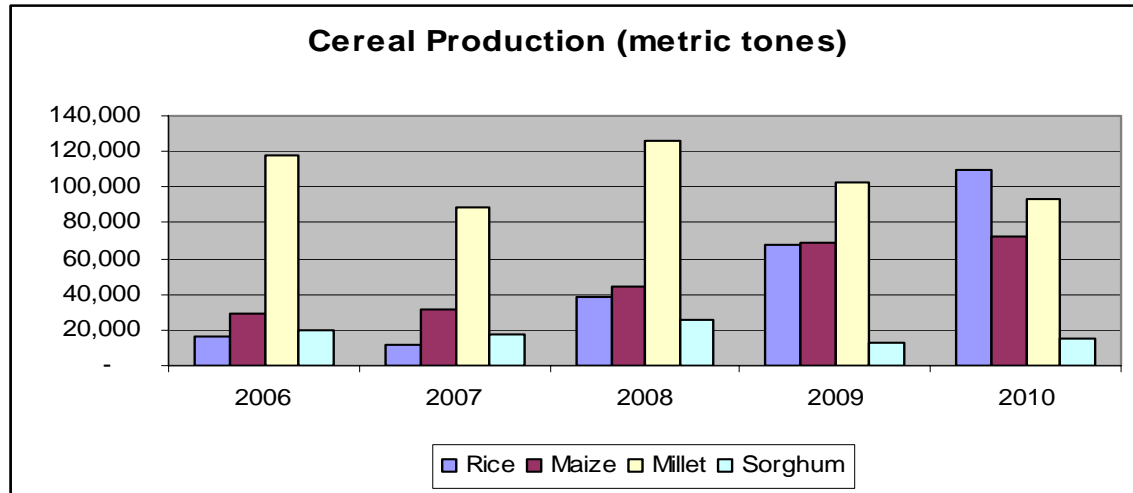
Figure 8: Ground production (metric tones)



(ii) Cereal Production

Cereal production, which comprises principal food crops such as sorghum, maize, millet and rice, increased to 290,294 metric tones, or 15.0 percent from the previous year due mainly to increased rice production. Similarly, total area under cereal cultivation also increased by 22.8 per cent.

Figure 9: Cereal Production (metric tones)



(iii) Rice Production

Rice production increased substantially to 109,889 metric tones, or 62.2 percent reflecting mainly the increase in cultivated area. Total area under cultivation rose to 131,810 hectares, or 82.4 percent relative to 2009.

In 2010, total output of upland rice increased to 55,986.8 metric tones or 23.2 per cent and area under cultivation also rose by 34.6 per cent in the review period.

Output of swamp rice rose to 14,197 metric tones, or 58.2 per cent due mainly to increased area cultivated. Total cultivated area increased to 25,431.6 hectares or 56.0 percent while the average yield rose marginally by 0.1 per cent.

(iv) Coarse Grains

Production of coarse grains, which consist of early and late millet, maize and sorghum decreased from 184,595 metric tones in 2009 to 180,405 metric tones in 2010. The output of all crops increased except early millet which declined by 19.3 percent.

Output of late millet rose from 11,925 metric tones in 2009 to 19,846 metric tones in 2010. The area under cultivation grew by 55.8 percent and yield per hectare increased by 11.9 percent compared to the previous year.

The production of maize increased to 72,123 metric tones, or 4.8 percent from 2009 mainly reflecting the increase in yield per hectare which rose by 11.1 percent. Area cultivated however, declined by 10.1 percent from the previous year.

Sorghum production rose from 12,925 metric tones in 2009 to 15,018 metric tones in 2010. While area under sorghum cultivation increased by 29.2 percent, yield per hectare declined by 10.1 percent in the review period.

1.7 Fisheries Production

The overall goal of the National Fisheries Sector Policy is to encourage responsible fishing and fish utilization practices, and sustainable development of fisheries for food security and poverty reduction in The Gambia.

(i) Fisheries Sector Policy Objectives

The policy objectives are:

- To effect a rational and long-term utilization of the marine and inland fisheries resources;
- To use fish as a means of improving nutritional standards of the population;
- To increase employment opportunities in the sector;
- To increase the net foreign exchange earnings;
- To increase and sustain the participation of Gambian entrepreneurs in the fisheries sector;
- To develop aquaculture;
- To improve the institutional capacity and legal framework for the management of the fisheries sector; and,
- Strengthen regional and international collaboration in the sustainable fishing, management and conservation of shared stocks and shared water bodies, promote bio-diversity maintenance and enhancement and prevent environmental degradation.

Fish production increased to 49,911 metric tones relative to 49,060 metric tones in 2009. Artisanal output increased from 45,881 metric tones in 2009 to 45,910 metric tones in 2010. Similarly, industrial sub-sector output also increased from 3,179 metric tones in 2009 to 4,001 metric tones in 2010.

Fig 10: Artisanal Production (mt)

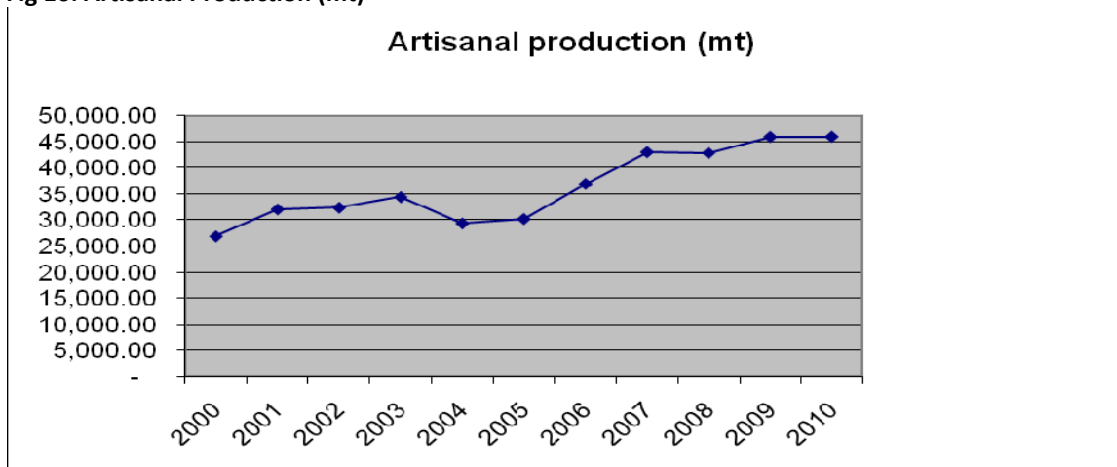


Fig 11; Industrial Production (mt)

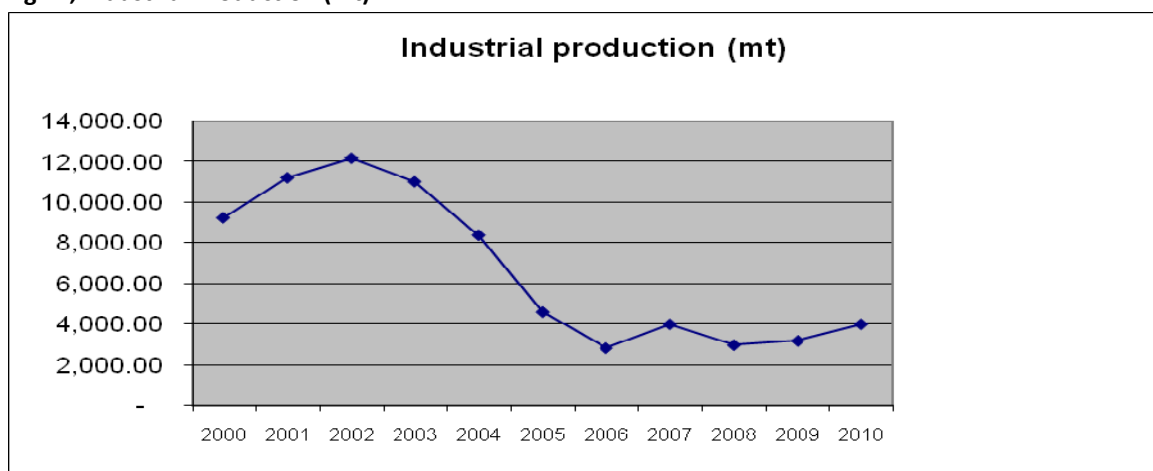


Table 3: Production (mt)

Year	Industrial	Artisanal	Total
2000	9,236.60	26,867.00	36,103.60
2001	11,198.00	32,016.00	43,214.00
2002	12,160.00	32,336.00	44,496.00
2003	11,005.00	34,365.00	45,370.00
2004	8,375.00	29,317.00	37,692.00
2005	4,600.00	30,169.00	34,769.00
2006	2,830.00	36,898.00	39,728.00
2007	4,000.00	43,007.00	47,007.00
2008	2,973.00	42,841.00	45,814.00
2009	3,179.00	45,881.00	49,060.00
2010	4,001.30	45,910.00	49,911.30

1.8 Tourism

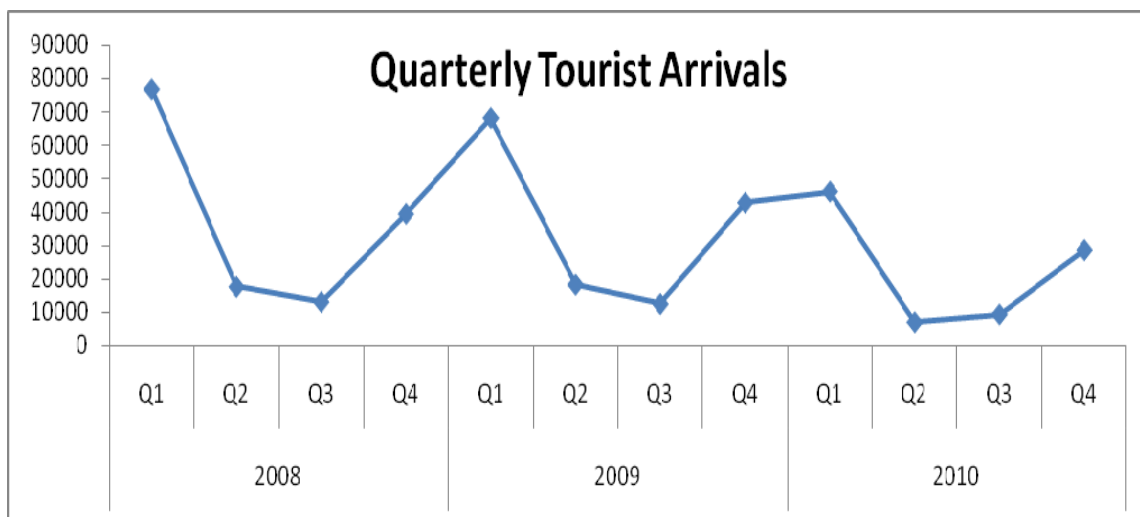
The tourist season in the Gambia, over the years is characterized by “high and low seasons”. A high season normally begins in the last quarter of the year and ends in the first quarter of the succeeding year.

Tourism continues to play an important role in the Gambia’s socio-economic and socio-cultural development. The industry is very central in the services sector of the country and has the potential to provide significant employment opportunities, both direct and indirect, for the economy.

The sector has been beset with a number of challenges in the past three years, including decline in arrivals from major source markets, Britain and Germany. The impact of the global economic crisis leading to slow demand has negatively impacted on tourist arrivals in The Gambia. As a result arrivals in 2010 totaled 91,099, representing a decline of 35.7 percent from the previous year.

Britain continued to be the most important source market accounting for 44.2 per cent of total arrivals in 2010 compared to 45.2 percent in 2009. Arrivals from Britain totaled 40,250, a decrease of 37.0 percent from the previous year. Visitors from the Netherlands and Sweden fell by 37.7 per cent and 21.8 per cent respectively. Visitors from Britain, Sweden and Netherlands combined accounted for 61.0 percent of total arrivals.

Fig 12: Quarterly Tourist Arrivals



From the Central Bank’s estimates, average length of stay virtually remained unchanged at 13 days. However, total out-of-pocket expenditure fell by 35.8 percent to D1.2 billion in 2010 relative to the preceding year. Similarly, income from hotel beds declined to D0.6 billion or 36.0 percent.

Table 4: Income from Tourism (Dalasis unless otherwise)

	2009	2010
Number of Air Chartered Visitors	141,569	91,099
Average out of pocket expenditure(dalasi)	500	500
aver length of stay	13	13
Hotel rate per night (GBP)	12	12
Departure fees (Dalasi)	170	170
Tourists Arrival Tax (GBP)	5	5
Average Exchange rate(Dal/GBP)	43.0415	42.8647
Income from Hotel Beds	950,561,370	609,169,284
Total out of pocket expenditure	920,198,500	592,143,500
Income from Arrival fees	30,466,711	19,524,657
Income from Departure fees	24,066,730	15,486,830
Total Income from Air-chartered Tourists	1,925,293,310	1,236,324,270

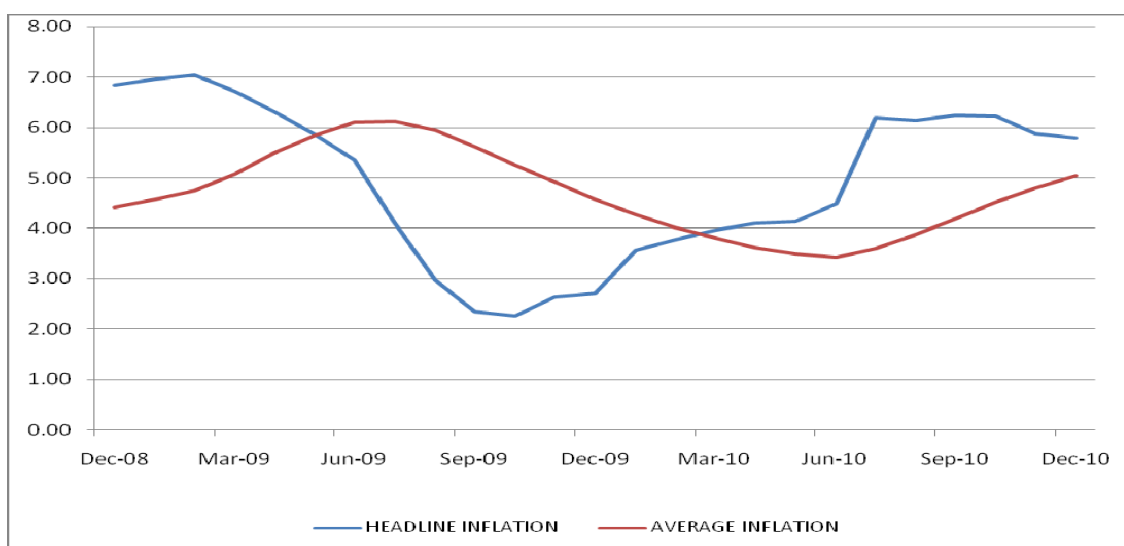
2.0 CONSUMER PRICE INFLATION

Consumer price inflation measured by the National Consumer Price Index (NCPI) was 5.8 percent at end-December 2010 up more than 3.0 percentage points compared to a year earlier. The marked increase in headline inflation is mainly attributable to the increase in consumer price inflation of food items.

2.1 Average Inflation

Average inflation (12-month moving average) was 5.6 percent at end-September 2009 before declining to 4.6 percent at end-December 2009. Average inflation increased marginally to 4.3 percent in January 2010 before declining to 3.8 percent in March and 3.4 percent in June. However, average inflation increased to 4.2 percent in September and 5.0 percent at the end of 2010.

Fig 2: Headline and Average Inflation



Source: Central Bank of The Gambia

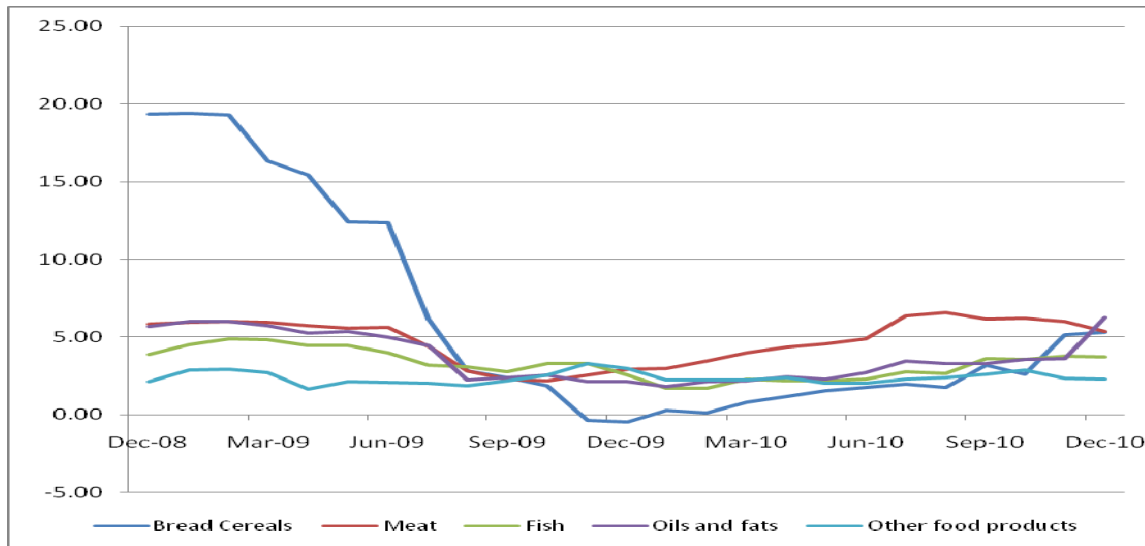
2.2 Food Inflation

During the period under consideration, consumer food inflation increased to 8.3 percent from 2.7 percent a year earlier, due in the main, to the increase in consumer price inflation of 'bread cereals' (from negative 0.4 percent in 2009 to 5.3 percent in 2010), 'meat' (from 2.6 percent in 2009 to 5.4 percent in 2010), 'fish' (from 3.3 percent in 2009 to 3.7 in 2010), 'milk cheese and eggs' (from 2.7 percent in 2009 to 3.8 percent in 2010), 'oils and fats' (from 2.1 percent in 2009 to 6.3 percent in 2010), 'vegetables, root crops and tubers' (from 5.4 percent in 2009 to 15.3 percent in 2010), and 'sugar, jam, honey and sweets' (from 13.3 percent in 2009 to 48.6 percent in 2010).

In contrast, consumer food inflation of 'fruits and nuts' and 'other food products' declined to 1.9 percent and 2.3 percent during the review period from 2.5 percent and 3.3 percent respectively a year earlier.

Consumer price inflation of non-alcoholic beverages increased moderately to 2.4 percent at end-December 2010 from 1.2 percent in the preceding year.

Fig 3: Food Inflation



Source: Central Bank of The Gambia

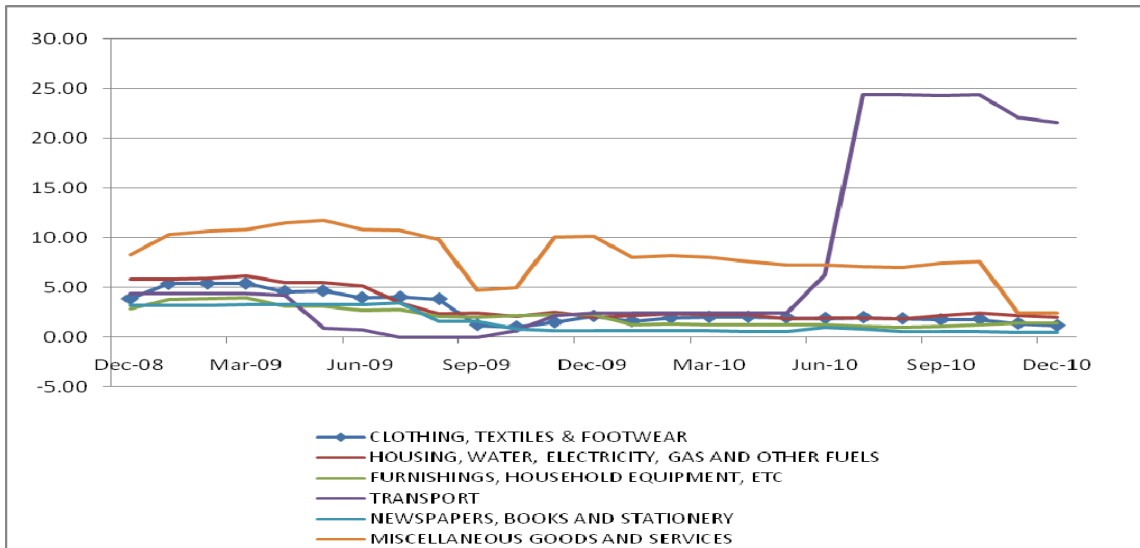
2.3 Non-Food Inflation

Consumer price inflation of 'non-food products and services' was 1.9 percent in December 2010 from 2.7 percent a year earlier. The decrease in non-food inflation was due to the decline in 'clothing, textiles and footwear' (from 1.5 percent in 2009 to 1.2 percent in 2010), 'clothing, garments and tailoring services' (from 1.4 percent in 2009 to 1.0 percent in 2010), 'furnishings, household equipment, etc' (from 2.2 percent in 2009 to 1.5 percent in 2010), 'communication' (from 0.6 percent in 2009 to 0.1 percent in 2010), and 'miscellaneous goods and services' (from 10.1 percent in 2009 to 2.5 percent 2010).

On the other hand, consumer prices of 'transport' and hotels, cafes and restaurant increased to 21.5 percent and 8.5 percent in 2010 from 2.5 percent and 3.8 percent in 2009.

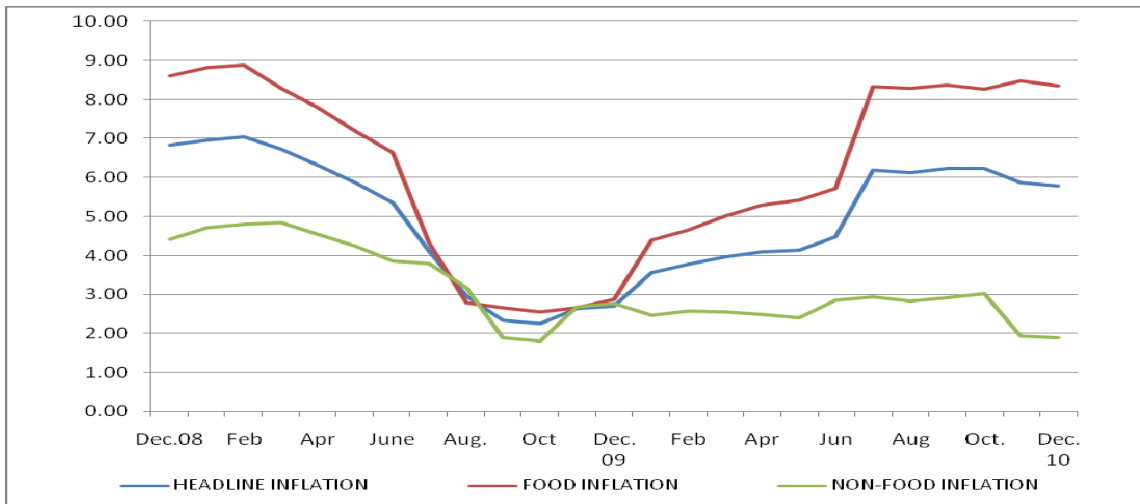
The consumer price inflation of 'housing, water, electricity, gas and other fuels' remained unchanged at 2.0 percent during the review period.

Fig 4: Non-food Inflation



Source: Central Bank of The Gambia

Fig 5: Movements in the Determinants of Headline Inflation



Source: Central Bank of The Gambia

2.4 Core measure of inflation

Core 1 inflation, which strips out energy and utility prices was 5.7 percent at end-December 2010 compared to 1.7 percent in the same period last year.

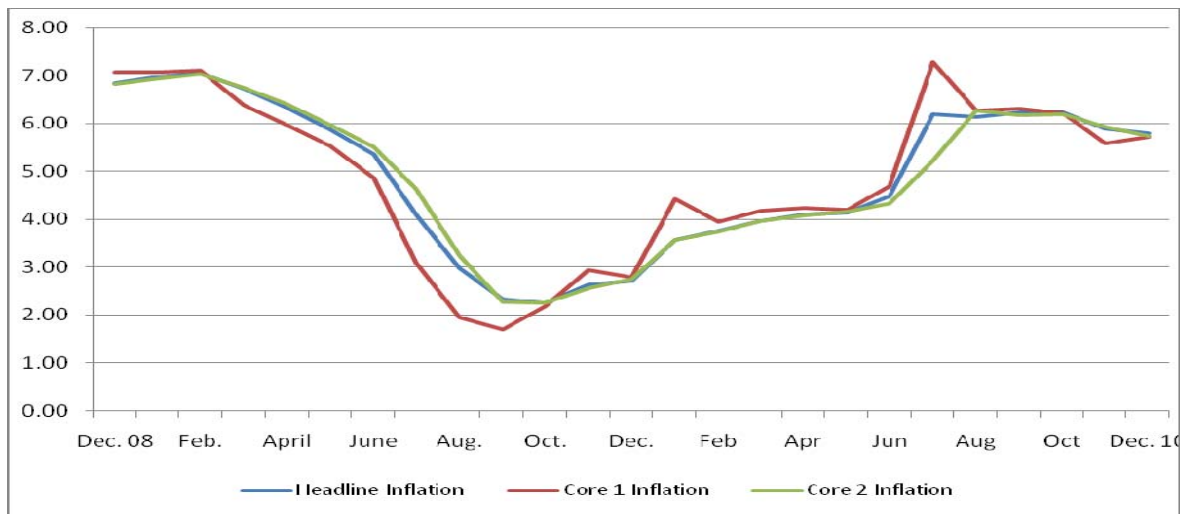
Core 2, which excludes the prices of energy, utilities and volatile food items, increased to 5.7 percent in 2010 from 2.8 percent in 2009, mirroring the trend in headline inflation.

Table 1: Measures of Inflation (Year-on-Year)

	Nov. 08	Nov. 09	Dec. 09	June. 10	Sept 10	Dec. 10
Headline	6.61	2.64	2.72	4.49	6.13	5.79
Core 1	6.64	2.96	2.80	4.69	6.30	5.72
Core 2	6.57	2.55	2.75	4.32	6.16	5.73

Source: Central Bank of the Gambia

Fig 6: Headline, Core 1 and Core 2 Inflation



Source: Central Bank of The Gambia

3.0 MONETARY POLICY

The Central Bank of The Gambia in 2010 aimed at containing inflation below 5 percent, maintain stable exchange rate and build the Bank's foreign reserves to at least five months of imports and support the Governments overall objective of maintaining high and sustained economic growth for poverty reduction. In pursuance of its objective(s), the Bank uses broad money and reserve money as the intermediate and operating targets. Broad money was projected to grow in 2010 by 13.7 percent and reserve money by 10.5 percent assuming stable velocity and money multiplier of 2.3 percent and 3.8 percent respectively.

3.1 Monetary Policy Instruments

The Central Bank in the conduct of its monetary policy uses open market operations (OMO), interest rate, reserve requirement and rediscount windows.

3.2 Open Market Operations

Open market operations (OMO) through the auctioning of Treasury bills continued to be the principal instrument of monetary policy in the management of liquidity in the domestic economy. The objectives of OMO are to inject liquidity when there is shortage in the system and also to mop up excess liquidity to curb inflation.

3.3 Interest Rates

The Bank's interest rate policy continues to be directed by its objective of price stability. With the formation of the Monetary Policy Committee (MPC) in 2004, the Bank uses rediscount rate as the policy rate to signal the direction of monetary policy.

For the first seven (7) months of 2010, the rediscount rate was left unchanged at 14 percent on account of subdued inflation pressures. As inflation picked up in the later part of the year, the MPC at its meeting in August, 2010 decided to raise the policy rate by 1 percentage point to 15 percent.

3.4 Reserve Requirements

Deposit money banks are required by law to maintain reserve deposits with the Central Bank. The required reserves are held on a fourth night basis but are allowed to go below the required ratio at times, provided that on average, the ratio is maintained during the period. Interest is not paid on reserve deposits but a penalty equivalent to 3.0 percentage points above the policy rate is charged on a daily basis on banks that fail to meet the reserve requirement. The reserve requirement was kept at 16.0 percent of deposit liabilities throughout 2010.

3.5 Rediscount Facility

The rediscount window is an avenue where deposit money banks are allowed to rediscount their Treasury bills at a penalty equivalent to the policy rate. It also provides short term liquidity for banks in need from the Central Bank discount window at the market rate.

3.6 Monetary Developments

The thrust of monetary policy in 2010 was to contain inflation below 5.0 percent. To this end, the Central Bank used its main monetary policy instrument, open Market Operations (OMO) to manage liquidity in the economy with the policy rate (rediscount rate) serving as the main signaling mechanism of the Bank's policy stance.

3.7 Growth in Money Supply

In the twelve months to end-December 2010, money supply grew by 13.7 percent to D13.3 billion relative to a year ago. The growth in money supply was due to the growth in both the NFA and NDA of the banking system. Of the components of money supply, both narrow and quasi money grew robustly with the later growing at a much faster pace.

Narrow money (M1) which comprises currency outside banks and demand deposits rose to D5.6 billion or 7.5 percent from a year ago. Currency outside banks and demand deposits increased by 3.0 percent and 10.1 percent respectively in December 2010. The ratio of narrow money to broad money declined from 47.9 percent in December 2009 to 45.3 percent in December 2010.

Quasi money, which includes savings and time deposits, increased to D7.3 billion or, 19.3 percent from the corresponding period a year earlier. Time and savings deposits rose by 21.0 percent and 17.8 percent respectively. The share of quasi money to broad money rose from 52.1 percent at end-December 2009 to 54.7 percent at end-December 2010.

Table 2: Monetary Survey in (D'millions)

	Dec 2009	% Δ	Dec 2010	% Δ
NET FOREIGN ASSETS	3,902.36	10.51	4,020.99	3.04
Monetary Authorities	3,231.52	16.69	2,665.04	-17.53
Foreign assets	4,937.20	62.98	4,615.85	-6.51
Foreign liabilities	-1,705.68	556.43	-1,950.81	14.37
Commercial banks	670.84	-11.94	1,355.95	102.13
NET DOMESTIC ASSETS	7,792.64	24.38	9,271.24	18.97
Domestic Credit	7,503.18	16.58	10,073.42	34.26
Claims on Government, net	3,033.02	13.99	4,953.06	63.30
Claims on Public Entities	764.60	78.50	870.37	13.83
Claims on Private Sector	3,693.56	16.74	4,240.32	14.80
Claims on Other Financial Institutions	12.00		9.67	-19.42
Other items, net	289.46	-269.09	-802.18	-377.13
<i>o/w: Revaluation account</i>	<i>50.81</i>	<i>-113.45</i>	<i>40.96</i>	<i>-19.39</i>
BROAD MONEY	11,695.00	19.38	13,292.23	13.66
Narrow Money	5,599.77	9.38	6,021.97	7.54
Quasi-money	6,095.23	30.33	7,270.26	19.28

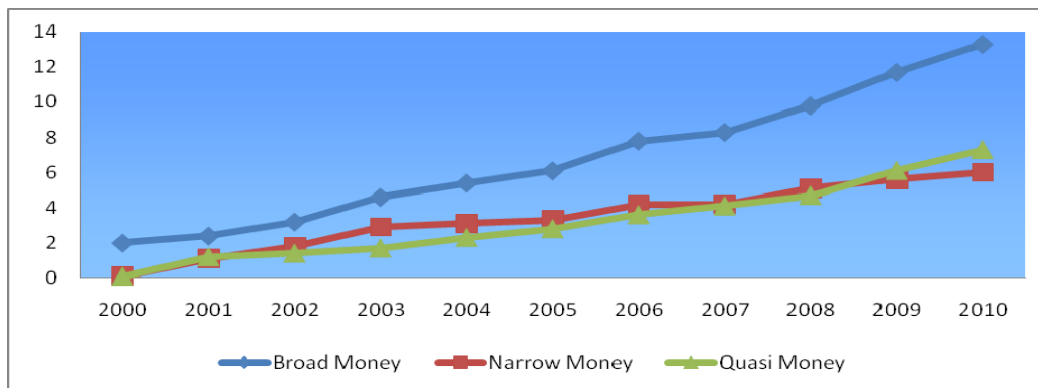
Source: Central Bank of The Gambia

3.8 Factors Affecting Money Supply

(i) Net Foreign Assets (NFA)

The net foreign assets (NFA) of the banking system rose from D3.9 billion in December 2009 to D4.0 billion in December 2010 on account of a substantial increase in NFA of deposit money banks. The NFA of deposit money banks increased by 25.7 percent mirroring the recapitalisation of banks in December 2010. The foreign liabilities of deposit money banks, on the other hand, declined by 38.6 percent, explained mainly by the fall in balances held for banks and foreign borrowing. The NFA of the Central Bank contracted to D2.7 billion or 17.5 percent in December 2010. Central Bank's gross official reserves declined to D4.6 billion or 6.5 percent whilst its external obligations rose to D1.9 billion or 14.4 percent.

Fig 7: Money Supply in (D'billions)



Source: Central Bank of The Gambia

(ii) Net Domestic Assets (NDA)

In the twelve months to end-December 2010, the net domestic assets (NDA) of the banking system increased to D9.3 billion or by 19.0 percent reflecting a robust domestic credit growth during the review period. Domestic credit grew by 34.3 percent owing to a substantial increase in claims on government, net, to D5.0 billion or by 63.3 percent. The share of government credit to total domestic credit rose from 40.4 percent in December 2009 to 49.2 percent in December 2010 reflecting increased borrowing from the Treasury bills market.

Claims on private and public sectors increased by 14.8 percent to D4.2 billion and 13.8 percent to D0.9 billion respectively. The share of both public (10.2 percent in 2009 to 8.6 percent in 2010) and private sector credit (49.42 percent in 2009 to 42.1 percent in 2010) to total credit from the banking system declined during the review period.

(iii) Base Money

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

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

3.9 Annual Growth in Monetary Base

In 2010, base money grew by 10.5 percent, slightly higher than the growth rate of 9.3 percent registered in the previous year. Both currency issued and reserves of deposit money banks rose by 9.9 percent and 11.8 percent respectively.

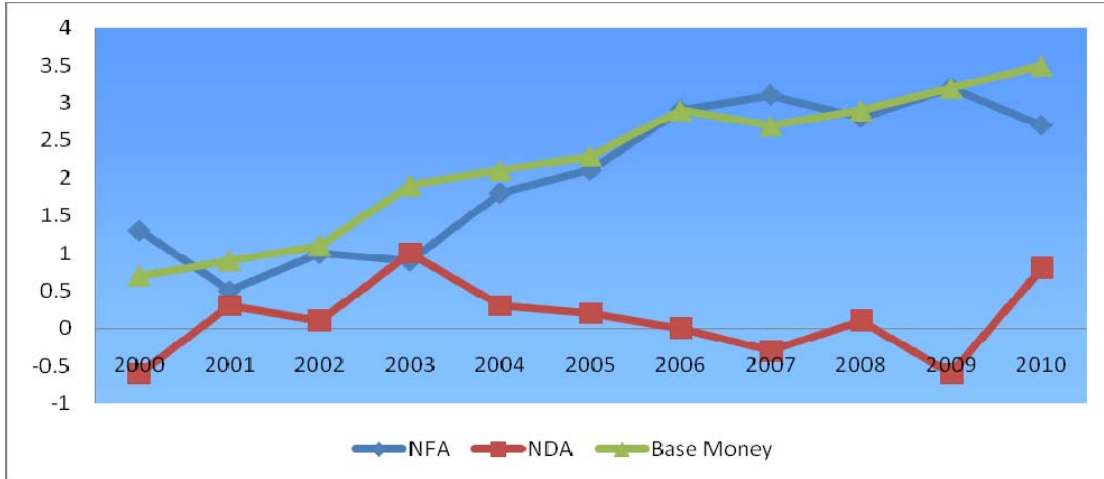
Table 3: Summary Account of the Central Bank (in D'millions)

	Dec 2009	% Δ	Dec 2010	% Δ
NET FOREIGN ASSETS	3,231.52	16.69	2,665.04	-17.53
Foreign assets	4,937.20	62.98	4,615.85	-6.51
Foreign liabilities	1,705.68		1,950.81	14.37
Other Liabilities	1.67		0.21	-87.43
IMF - ESAF	724.79		878.95	21.27
SDR Allocations	979.22		1,071.65	9.44
NET DOMESTIC ASSETS	-60.09	-145.28	838.28	-1,495.04
Domestic credit	-292.65	-286.44	580.74	-298.44
Claims on government (net)	-434.39	97.94	524.98	-220.85
Gross claims	250.00	-32.32	2,283.46	813.38
<i>o/w Government bond</i>			250.00	
<i>30 yr. Government bond</i>			1,825.00	
<i>Bridge loan to Government</i>			208.46	
(less) Government deposits	684.39	16.22	1,758.48	156.94
Claims on Public Enterprises	84.68	-17.53	0.00	-100.00
Claims on private sector	45.06	-1.27	46.09	2.29
Claims on Other Financial Institutions	12.00		9.67	-19.42
Other items (net)	232.56	-1,059.01	257.54	10.74
Revaluation account	50.81	-113.45	40.96	-19.39
RESERVE MONEY	3,171.43	9.28	3,503.32	10.46
Currency in circulation (i.e issued)	2,216.72	8.12	2,436.39	9.91
Reserves of commercial banks	954.71	12.06	1,066.93	11.75

Source: Central Bank of The Gambia

NDA of the Central Bank increased to D838.3 million compared to negative D60.1 million in December 2009. This increase is on account of a 30 year-Government Bond and bridge loan facility to Government to cover the shortfall in budget support from donors. Credit to the private sector rose marginally by 2.3 percent to D46.1 million.

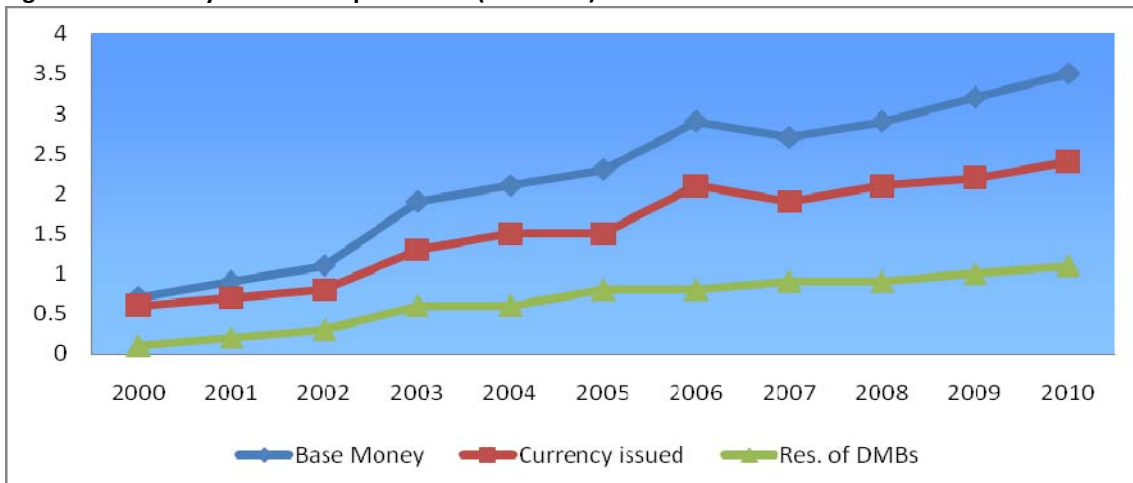
Fig 8: NFA, NDA and BM of CBG in (D'billions)



Source: Central Bank of The Gambia

In contrast, the net foreign assets (NFA) of the Central Bank declined to D2.7 billion in December, 2010 or by 17.5 percent. The gross official reserves of the Bank declined to D4.6 billion or 6.5 percent whilst foreign liabilities increased to D1.9 billion or 14.4 percent.

Fig 9: Base Money and its Components in (D'billions)



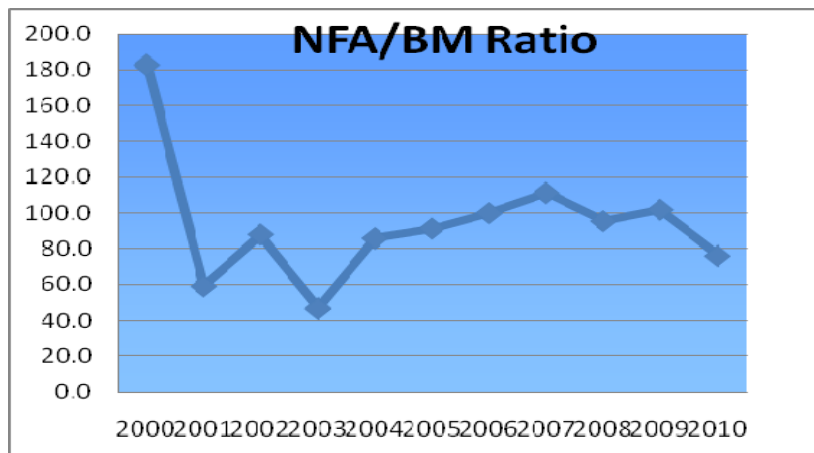
Source: Central Bank of The Gambia

3.10 Central Bank's NFA/Base Money ratio

The ratio of the Central Bank's NFA to base money is an important lead indicator of possible pressures on the exchange rate. A fall in the ratio could be due to excess liquidity which, in turn, may give rise to rapid domestic credit expansion and because of the economy's high import propensity, could lead to a net outflow of external reserves, with a possible depreciation of the Dalasi.

Fig 10: NFA/BM Ratio

Figure 10 shows movement of the Bank's NFA and base money. The ratio declined from 111.3 percent in 2007 to 95.4 percent in 2008. In 2009, the ratio rose by 6.5 percentage points to 101.9 percent before sliding markedly to 76.1 percent in 2010.



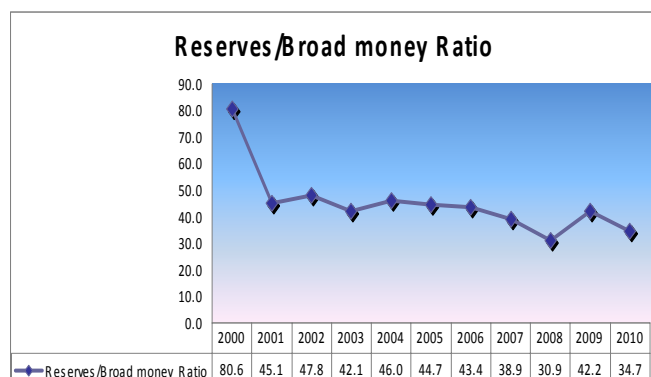
(i) Measure of Appreciation/Depreciation Pressures

Adequate gross official reserves help maintain confidence in the domestic currency and an important buffer in the case of temporary shocks or seasonal swing in the balance of payments.

The ratio of international reserves to money supply is also a good indicator of possible pressures on the exchange rate.

Fig 11: Reserves/M2 Ratio

This chart shows the ratio of gross official reserves to money supply. In 2009, the ratio rose to 42.2 relative to 38.9 in 2008. However, in 2010 the ratio declined to 34.7 indicating upward pressure on the exchange rate.



(ii) Money Multiplier (MM)

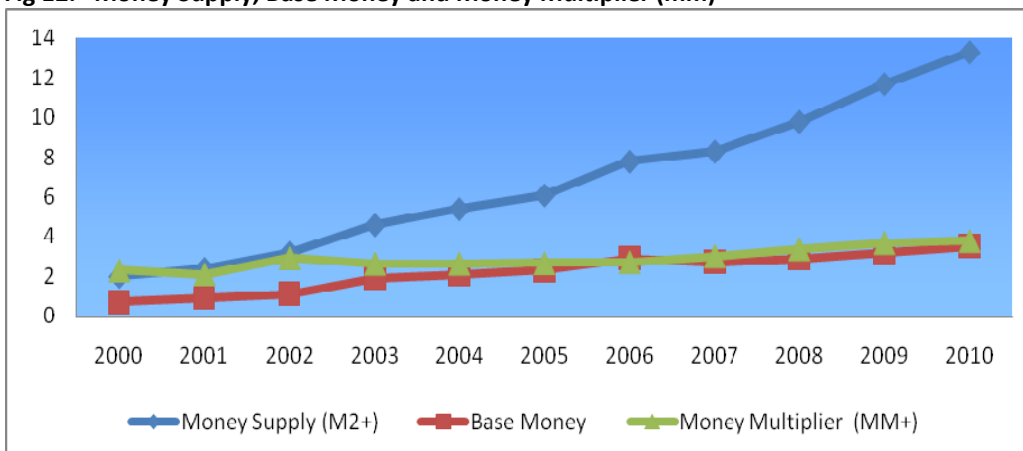
The money multiplier (mm) is simply the ratio of broad money to base money. Put differently, the mm indicates how much money one unit of base money potentially creates. Money supply can therefore increase either because of an increase in money multiplier, or an increase in base money.

Table 4: Money Multiplier of (M2+) and (M2) (D'millions)

Period	Money Supply (M2+)	Money Supply (M)	Reserve Money	Money Multiplier (M2+)	Money Multiplier (M)
2003	4,593.03	3,697.81	1,855.88	2.47	1.99
2004	5,431.96	4,756.59	12,472.90	2.30	2.62
2005	6,145.19	5,514.57	13,174.00	2.14	2.39
2006	7,757.60	6,964.47	2,866.47	2.71	2.43
2007	8,273.90	7,255.47	2,744.54	3.01	2.64
2008	9,796.37	8490.63	2,902.14	3.38	2.93
2009	11,695.00	10,245.85	3,171.43	3.69	3.23
2010	13,292.24	11,542.94	3,503.32	3.79	3.29

Table 4 depicts the money multiplier (mm) of both M2+ and M2. The M2+ multiplier increased steadily from 2.7 in 2006 to 3.8 in 2010. Similarly, the M2 multiplier exhibited similar movement rising to 3.3 in 2010 from 2.4 in 2006.

Fig 12: Money Supply, Base Money and Money Multiplier (mm)



(iii) Velocity

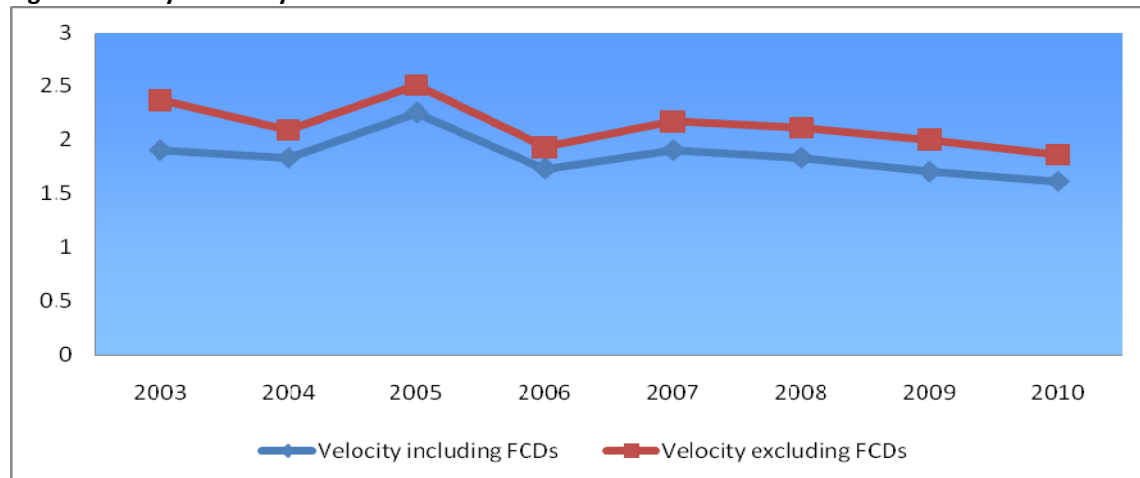
Velocity is defined as the ratio of national income (GDP) to the money stock. In other words, velocity is the number of times the stock of money is spent, on average, in a given period in financing the flow of nominal spending. In the financial programming framework, velocity is assumed to be generally constant. However, in many countries, it rises somewhat with increases in inflation and interest rates, and also sensitive to changes in income.

Table 5: Velocity of (M2+) and (M2)

Period	Money Supply (M2+)	Money Supply (M2)	Nominal GDP	Velocity (M2+)	Velocity (M2)
2003	4,593.03	3,697.81	8,748.40	1.90	2.37
2004	5,431.96	4,756.59	9,917.90	1.83	2.09
2005	6,145.19	5,514.57	13,824.00	2.25	2.51
2006	7,757.60	6,964.47	13,453.00	1.73	1.93
2007	8,273.90	7,255.47	15,732.00	1.90	2.17
2008	9,796.37	8,490.63	17,901.00	1.83	2.11
2009	11,694.99	9,969.06	19,916.00	1.70	2.00
2010	13,292.24	11,542.94	21,477.00	1.61	1.86

Between 2007 and 2010, velocity for both M2+ and M2 decreased from 1.9 and 2.2 to 1.6 and 1.9 respectively.

Fig 13: Velocity of Money



4.0 FOREIGN EXCHANGE DEVELOPMENTS

The domestic foreign exchange market operated smoothly during 2010. Transaction volumes (i.e. total purchases and sales) continued to increase. The Central Bank continued to host the weekly foreign exchange sessions to discuss, among other things, developments in the market, provide a forum for trading as well as determine the customs valuation rate.

4.1 Exchange Rate Policy

The authorities continue to maintain a flexible exchange rate regime. In other words, the exchange rate of the Dalasi continued to be determined by the forces of demand and supply for foreign exchange. During the year under review, the Central Bank intervened in order to build up its foreign reserves.

4.2 Volume of Transactions

Volume of transactions, measured by aggregate purchases and sales, amounted to D47.09 billion in 2010, an increase of 18.6 per cent from 2009. Similarly, in US Dollar terms, volume of transactions rose from US\$1.49 billion in 2009 to US\$1.65 billion in 2010. Total sales (indicating demand) amounted to D24.30 billion in the year to end-December 2010 relative to D19.65 billion last year. Total purchase (indicating supply) increased to D22.79 billion from D20.05 billion in 2009.

Table 6: Foreign Exchange Transactions (billions of Dalasis)

	2009	2010	% Changes
Purchases	20.05	22.78	14.0
Sales	19.65	24.30	24.0
Total	39.7	47.08	19.0

4.3 Exchange Rate Movements

The Dalasi was quite stable in 2010. Although the Dalasi depreciated against the GBP (1.7 percent) and US Dollar (5.3 percent), it strengthened against the Euro (5.0 percent), and CFA (0.6 percent).

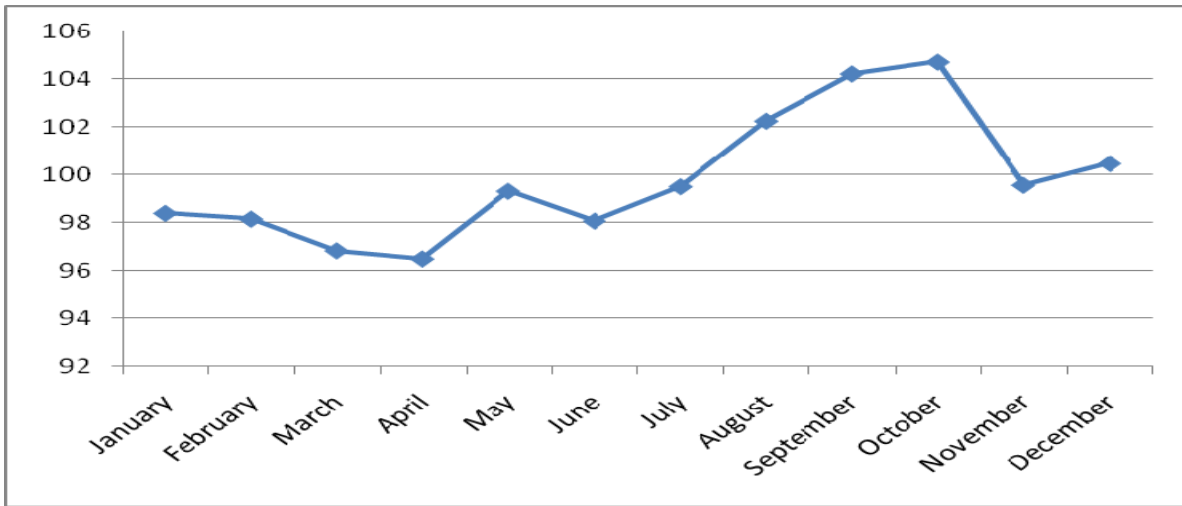
In nominal effective terms, the Dalasi depreciated marginally by 1.6 percent in December 2010 against a basket of currencies compared to appreciation of 9.7 percent in 2009.

Table 7: Nominal Effective Exchange Rate Index

Period		GBP	USD	SEK	CFA	Euro	OVERALL
	Weights (2005=100)	18.13	59.73	0.71	0.57	20.86	100.00
2005	December	100.00	100.00	100.00	100.00	100.00	100.00
2006	December	108.25	99.69	110.56	110.11	107.38	102.98
2007	December	89.30	80.11	94.86	101.16	97.35	85.60
2008	December	80.63	87.23	109.37	102.88	105.81	90.16
2009	December	86.45	95.76	100.27	114.43	118.27	98.91
2010	January	86.38	95.74	104.48	114.85	115.76	98.39
	February	85.00	95.74	107.44	112.85	115.74	98.15
	March	81.62	95.84	100.23	109.14	112.45	96.83
	April	82.35	96.87	106.23	111.71	106.94	96.49
	May	78.55	102.10	101.74	111.49	108.93	99.31
	June	83.91	99.01	99.61	113.64	107.17	98.07
	July	86.77	99.63	104.35	111.87	109.68	99.50
	August	90.76	101.82	101.26	113.45	113.25	102.26
	September	90.25	104.27	111.94	116.34	115.64	104.23
	October	93.06	103.42	107.51	121.77	117.99	104.72
	November	86.28	99.21	110.04	114.50	111.34	99.56
	December	86.10	100.91	108.40	113.15	111.10	100.47

Source: Central Bank of The Gambia

Fig 14: Nominal Effective Exchange rate



Source: Central Bank of The Gambia

5.0 DEVELOPMENTS IN THE FINANCIAL SYSTEM

In 2010, the number of licensed commercial banks decreased to thirteen from fourteen in 2009. This followed the decision taken by Oceanic Bank International Plc, the parent company of Oceanic Bank (Gambia) Limited to apply for a national commercial banking license. Consequently, Oceanic Bank Plc choose to divert its operations in The Gambia. In addition, eleven insurance companies and several micro finance institutions and Foreign Exchange Bureaux operated in 2010.

The minimum capital requirement of banks was raised to D150 million and D200 million in 2010 and 2012 respectively. The higher minimum capital requirements served several purposes: (i) Ensure that banks are better able to withstand periods of economic and financial stress (ii) Maintain market confidence in the solvency of the banking system (iii) Imposes market discipline and (iv) Provides a large cushion to protect tax payers from the risk of being called upon to bail out failing banks.

Settlement risk is perhaps the largest single threat to financial stability. Large and unpredictable exposures combined with limited information about their true size and distribution constitutes a mechanism which could propagate and intensify financial distress.

With the support of the African Development Bank (ADB), under the West African Monetary Zone (WAMZ) Payments System Project, The Gambia's payments system is being modernized. The project comprises five components via: (i) Automated Cheque Processing/Automated Clearing House (ii) Real Time Gross Settlement System (iii) Scriptless Securities Settlement (iv) Banking Application and (v) Infrastructure Upgrade.

Also, the Bank initiated a project called Regulatory, Compliance and Supervision System (V-RegCoss). This custom built system would enable banks submit returns electronically thus enhancing the efficiency of the banking system.

5.1 Bank Lending and Deposit Rates

Interest rate spreads continue to be wide. Lending rates in the range of 18 - 27 percent were unchanged.

Interest rates on the three and six months deposits declined to a range of 5 - 12 per cent and 6 - 13 per cent from 3.5 -15.5 percent and 3.5 -15.5 percent respectively. Twelve months-and-over deposit rates also fell to a range of 8 - 11.5 per cent and 7 - 15.3 percent compared to 3.5 - 15.3 percent in 2009.

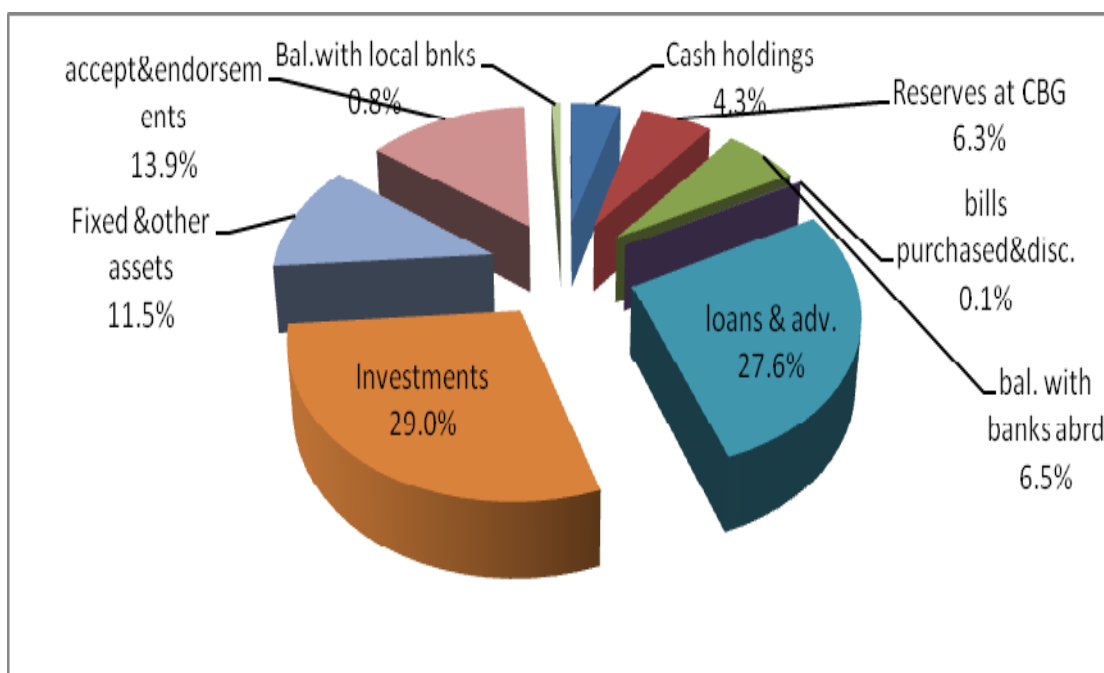
Treasury bills yields declined by 0.56 percentage point to 13.09 percent year-on-year. The rediscount rate, the policy rate, was raised to 15.0 percent from 14 percent in 2009.

5.2 Structure of Assets and Liabilities of Commercial Banks

Commercial banks' assets totaled D17.8 billion representing an increase of 20.3 per cent over the previous year. Total loans and advances, accounting for 29.5 per cent of total assets, increased by 17.0 per cent to D5.3 billion.

Investments, which accounted for 29.0 percent of total assets rose by 29.2 percent to D5.2 billion. Investments in Treasury bills constituted 91.7 percent of total investment reflecting mainly increased domestic borrowing by Government to finance the budget deficit.

Fig 15: Composition of Commercial banks' assets in 2010



Commercial banks' reserves at the Central Bank and balances held with banks abroad rose to D1.12 billion and D1.15 billion or 11.7 percent and 18.5 percent respectively from 2009.

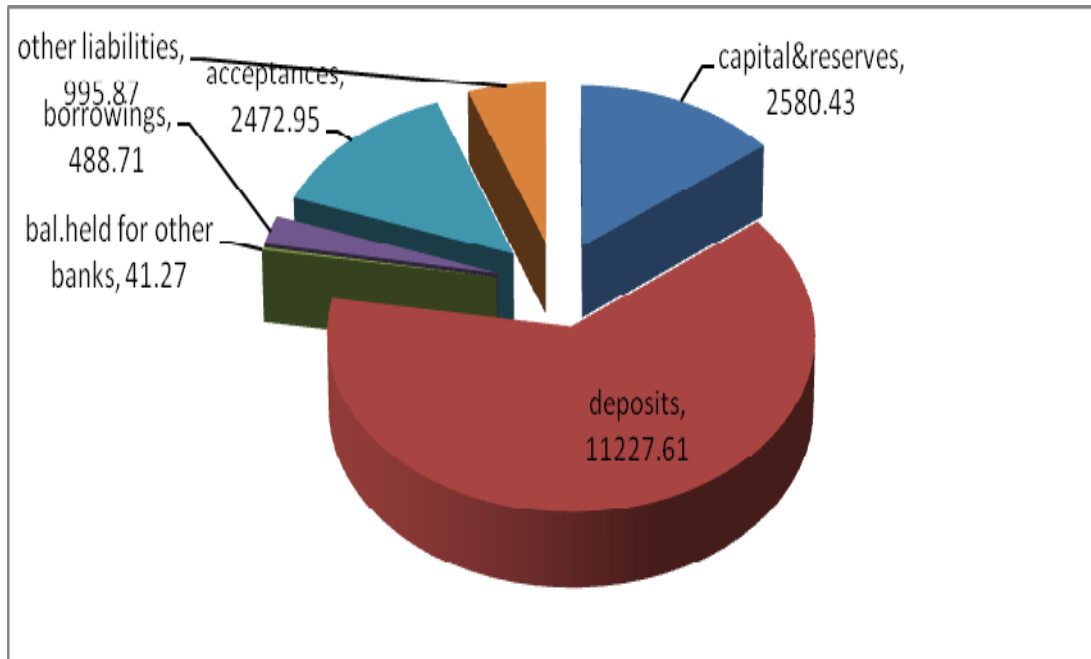
Fixed assets declined to D1.11 billion or 2.5 percent and accounted for 6.25 percent of total assets.

Cash holdings rose to D773.50 million or 262.2 percent. About 51.94 percent of total cash held was in foreign currency.

The banking industry's capital and reserves rose to D2.58 billion or 62.9 percent reflecting the increase in the minimum capital requirement.

Deposit liabilities increased to D11.23 billion or 15.9 percent. All categories of deposit liabilities rose. Demand, savings and time deposits increased to D3.96 billion, D3.86 billion and D3.41 billion or 10.1 percent, 17.8 percent and 21.0 percent respectively.

Fig 16: Composition of Commercial Bank Liabilities (D'millions)



5.3 Deposit Money Banks' Income Statement

Although income declined to D2.4 billion or 5.5 percent, profit before tax rose to D279.0 million or 58.5 percent reflecting, in the main, the decrease in the overheads and allowance for credit losses of D149.9 million and D97.4 million respectively.

Interest income, which constituted 60.0 percent of total income, fell to D1.4 billion or 12.5 percent. Non-interest income on the other hand, increased to D956.3 million or 4.1 percent.

Interest income on loans and advances totaled D880.14 million and accounted for 61.9 percent of interest income. Income from securities amounted to D471.9 million and represented 33.2 percent of interest income.

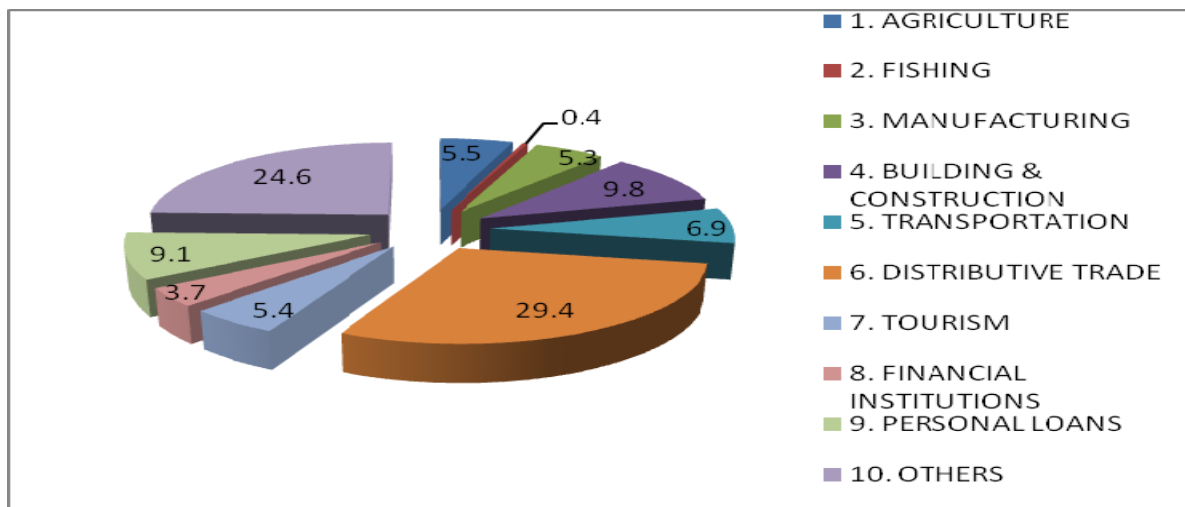
Both interest and non-interest expenditures declined to D660.88 million and D1.33 billion or 8.6 percent and 2.4 percent respectively from 2009.

5.4 Sectoral Distribution of Bank Credit

Commercial banks` credit rose to D5.26 billion or 17.0 percent over 2009. Credit to the distributive trade sector increased to D1.55 billion or 25 percent and accounted for 29.41 percent of outstanding credit.

Credit to agriculture and construction rose to D289.76 million and D513.42 million or 10.4 percent and 2.5 percent respectively. However, personal loans and advances, transportation and tourism declined to D476.14 million, D361.0 million and D285.0 million or 37.5 percent, 16.8 percent and 82.5 percent respectively.

Fig. 17: Share of Sectoral Credit to Total Credit



5.5 Liquidity Position of Commercial Banks

Commercial banks` liquid assets rose to D5.04 billion or 68 percent from 2009. Both reserves and investment on Treasury bills increased.

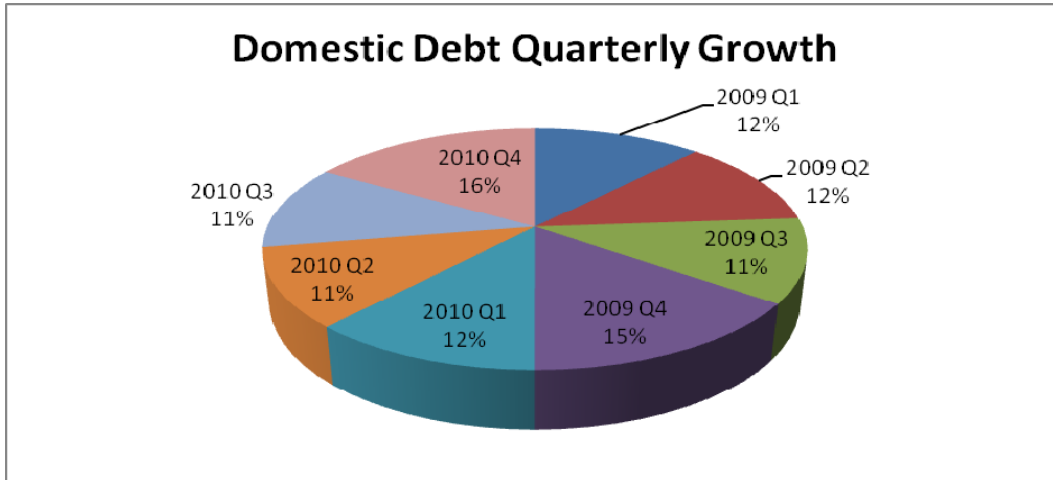
Reserves grew to D3.0 billion or 13.4 percent. Cash and foreign bank balances and investments in Treasury bills rose by 16.1 percent, 1.3 percent and 28.5 percent to D11.2 billion, D77.5 million and D4.6 million respectively.

Required liquid assets totaled D3.35 billion in 2010 compared to D2.96 billion in 2009. Excess reserves amounted to D4.2 million relative to D2.4 million in 2009.

5.6 Domestic Debt

The domestic debt increased to D8.7 billion (40.3 percent of GDP), or 18.9 percent over the previous year. The stock of interest bearing marketable debt increased to D8.4 billion or 50.7 percent. The stock of non-interest bearing debt constituting 3.2 percent of domestic debt fell by 84.1 per cent to D0.3 billion in 2010.

Fig 18: Domestic Public Debt (percent)



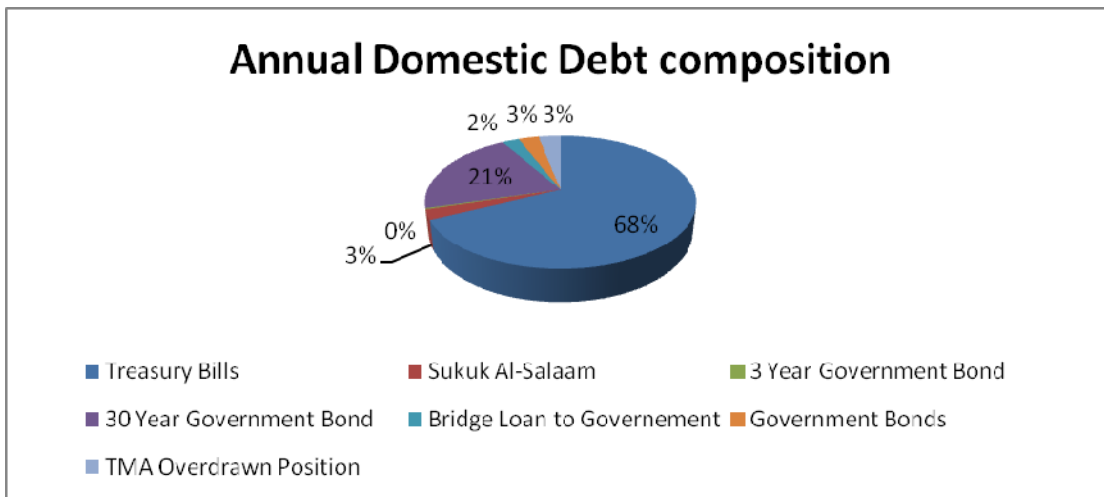
Interest bearing marketable debt comprised mainly Treasury bills and Sukuk Al-Salaam. Treasury Bills accounts for 67.9 percent of domestic debt which increased to D5.9 billion, or 14.0 percent from the previous year.

Commercial banks’ investment in Treasury bills, accounting for 79 percent of the stock rose to D4.7 billion, or 26.6 percent from the previous year.

The non-bank holdings of Treasury bills declined to D1.2 billion or 17.3 percent in 2010. Public enterprises held D0.4 billion of the stock of Treasury bills, representing 30.6 percent of non-bank holdings. Non-bank private sector investment in Treasury bills totaled D0.9 billion, or 69.4 percent of non-bank investment in Treasury bills.

Non-interest bearing debt fell to D0.3 billion or 84.1 percent from 2009.

Fig 19: Domestic Public Debt (Composition)



6.0 BALANCE OF PAYMENTS DEVELOPMENTS

Introduction

Provisional balance of payments estimates indicate an overall deficit of US\$25.27 million in 2010 compared to the revised surplus of US\$54.6 million recorded in 2009, reflecting in the main, the reduction in the capital and financial account surplus and the widening of the current account deficit.

(6.1) Current Account

(i) Goods and Services

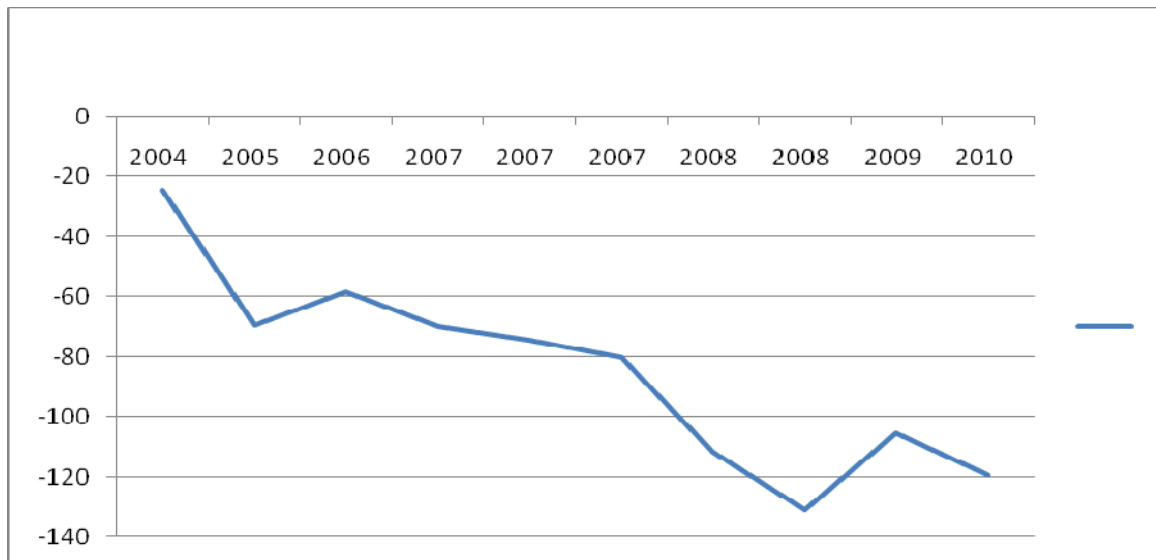
The goods and services account balance widened to a deficit of US\$177.9 million from US\$148.5 million in 2009. The deterioration in the trade balance offset the slight improvement in the services account balance. Exports and imports increased by 5.0 percent and 6.0 percent to US\$98.2 million and US\$313.1 million respectively. Imports of oil products amounted to US\$36.0 million and accounted for 12 percent of total imports compared to US\$30.7 million (10.3 percent of import bill) in 2009. Travel income increased to US\$70.9 million, or 5.0 percent following a contraction of 10.0 percent in 2009.

(ii) Income and Transfers

The income account improved from a deficit of US\$43.2 million in 2009 to a deficit of US\$40.0 million in 2010 partly reflecting the combination of HIPC and MDRI debt relief and the highly concessional borrowing by Government in recent years. Remittances increased to US\$45.2 million compared to US\$43.2 million in 2009. Official transfers, on the other hand, contracted to US\$9.8 million compared to US\$33.7 million in 2009.

As a result, the current account deficit (including official transfers) widened to US\$162.9 million compared to US\$105.30 million in 2009.

Fig 32: Current Account Balance (Incl. official transfers)



(6.2) Capital and Financial Account

The capital and financial account surplus narrowed from US\$152.0 million in 2009 to US\$137.2 million in 2010 reflecting mainly the contraction in foreign direct investment (FDI). Of the components of FDI, both equity and reinvested earnings declined by 6.1 percent and 6.8 percent respectively. Drawings on new loans amounted to US\$23.6 million whilst amortization totaled US\$12.8 million.

Consequently, the overall balance of payments recorded a deficit of US\$25.7 million relative to the surplus of US \$54.6 million recorded in 2009.

7.0 FISCAL POLICY AND BUDGETARY OPERATIONS

Government fiscal operations significantly impact on the overall economic activity. Prudent fiscal policy supports monetary policy as well as helps put a lid on public debt.

According to the fiscal data, the budget deficit including grants was 2.9 per cent of GDP compared to 2.8 percent of GDP in 2009. The basic balance also improved to 0.1 percent of GDP in 2010 relative to a deficit of 1.5 percent of GDP in 2009.

The basic balance (domestic revenue plus external financing less expenditure and net lending) indicates how the current fiscal actions of the Government affect its net debt and therefore it is important in assessing the sustainability of Government deficit. To the extent that basic balance deteriorated significantly in 2009, signals potential unsustainable rising indebtedness. This is because maturing loans and interest payments may have to be retired with additional loans. However, in 2010, the basic balance improved to a surplus from a deficit position in 2009.

(7.1) Total Revenue and Grants

Revenue and grants totaled D5.2 billion in 2010, an increase of 6.4 per cent from 2009. Although grants contracted marginally, domestic revenue increased significantly by 9.1 per cent to D4.3 billion (15.0 percent of GDP).

Table 15: Total Revenue and Grants

Receipt (in D'000,000)	2009	2010	Annual %Δ	
	(Actual)	(Actual)	2009	2010
Revenue and grants	4892.95	5204.97	30.7	6.4
<i>percent of GDP</i>	18.7	17.8		
Domestic Revenue	3904.89	4262.4	11.6	9.2
<i>percent of GDP</i>	14.9	14.7		
Tax Revenue	3517.47	3480.61	11.8	-1.0
<i>percent of GDP</i>	13.4	12.0		
Direct Tax	973.953	1108.72	-13.4	13.8
Personal	432.207	559.636	-0.5	29.5
Corporate	458.089	447.472	-14.8	-2.3
Capital Gains	27.0857	40.8843	-76.2	50.9
Indirect Tax	2543.51	2371.9	25.8	-6.7
<i>percent of GDP</i>	9.5	8.2		
Domestic Tax on goods and services	577.512	607.299	-10.0	5.2
Tax on International Trade	1966	1764.6	42.5	-10.2
Nontax Revenue	387.422	781.784	9.4	101.8
Government Services and Charges	128.299	53.9273	-10.3	-58.0
Grants	988.064	942.567	304.2	-4.6

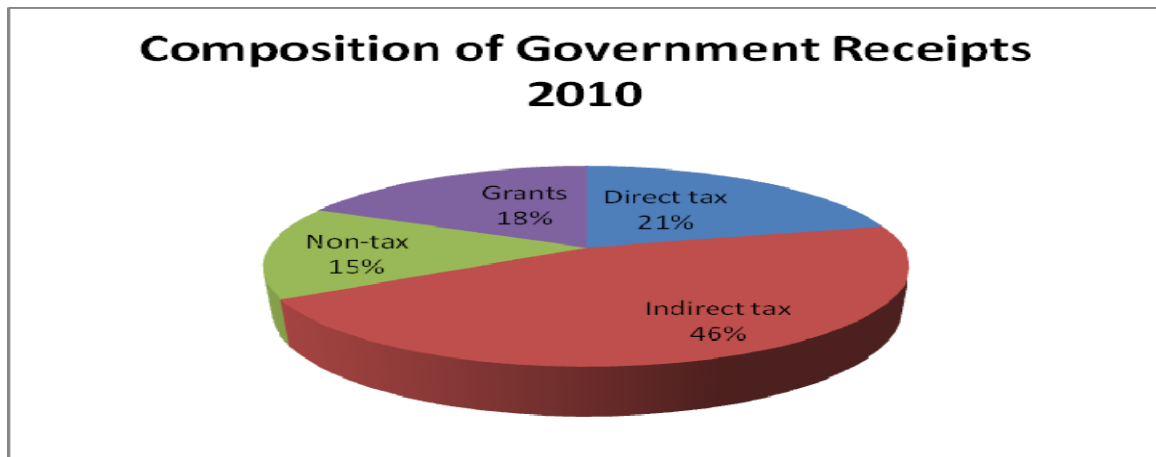
(i) Tax Revenue

Tax revenue accounting for 81.7 per cent of domestic revenue declined to D3.5 billion, or 1.1 percent from 2009 mainly as a result of the decline in receipts from indirect taxes. Indirect taxes decreased to D2.3 billion or 6.7 percent. Of the components of indirect taxes, domestic tax on goods and services rose marginally to D0.6 billion or 5.2 percent thanks to the marginal increase in revenue from stamp duties, domestic sales tax and excise duties.

Taxes on international trade declined to D1.8 billion, or 10.2 percent from 2009. Sales tax on imports increased by 9.4 per cent while customs duty declined by 24.0 percent.

Revenue from direct taxes increased to D1.11 billion, or 13.8 percent from 2009. With the exception of corporate taxes which fell by 2.3 percent, personnel and capital gains tax rose by 29.4 percent and 50.9 percent respectively.

Fig 33: Composition of Government Receipts 2010



(ii) Non Tax Revenue

Non-tax revenue increased to D781.8 million, or 101.8 percent owing largely to the 1008.2 per cent, 8.1 per cent and 12.4 per cent increase in receipts from scanning fees, telecommunications license and revenue from Customs and Excise Department (CED) respectively. Revenue from government services and charges, however, declined by 58.0 per cent to D53.9 million.

(iii) Grants

Grants declined to D942.6 million (3.3 per cent of GDP), or 4.6 percent from 2009.

(iv) Expenditure and Net Lending

Total expenditure and net lending increased to D6.1 billion (20.9 percent of GDP), or 7.4 per cent from 2009. The increase in expenditure and net lending was mainly on account of larger than expected increase in both current and capital expenditure and net lending.

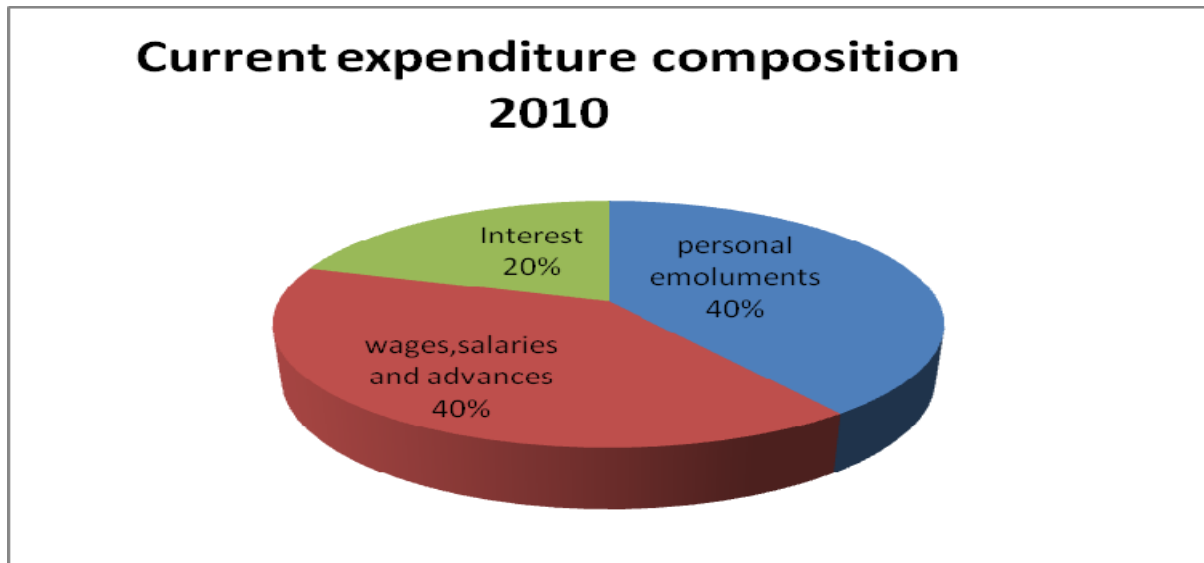
Table 16: Total Expenditure and Net Lending

Payments(in D'000,000)	2009	2010	Annual %Δ	
	Actual	Actual	2009	2010
Expenditure and Net Lending	5631.94	6048.98	30.0	7.4
<i>percent of GDP</i>	21.4	20.9		
Current Expenditure	3625.12	3902.94	13.7	7.7
<i>percent of GDP</i>	13.7	13.4		
Personnel Emoluments	1191.76	1515.92	21.2	27.2
Gross Wages, Salaries & Allowances	1186.91	1520.42	20.3	28.1
Other Charges	1691.94	1614.66	13.5	-4.6
Interest	741.42	772.36	3.9	4.2
External	153.15	136.63	-0.2	-10.8
Domestic	588.27	635.731	5.1	8.1
Capital Expenditure and Net Lending	2006.82	2146.04	75.3	6.9
Capital Expenditure	1889.13	2178.04	83.9	15.3
<i>percent of GDP</i>	7.3	7.5		
Externally Financed	1300.12	1807.75	157.3	39.0
Loans	628.24	742.30	85.0	18.2
Grants	671.87	1065.45	305.6	58.6
GLF Capital	589.02	370.29	12.9	-37.1
Net Lending	117.69	-32	-0.1	-127.2

(v) Current Expenditure

Total current expenditure increased to D4.0 billion, or 7.7 percent from the previous year. All the components of current expenditure with the exception of other charges increased. Personal emoluments rose to D1.5 billion, or 27.2 per cent and interest payments increased to D772.4 million, or 4.2 percent in 2010. Other charges, on the other hand, decreased to D1.6 million, or 4.6 percent.

Fig 34: Current expenditure composition 2010



(vi) Capital Expenditure and Net Lending

Capital expenditure and net lending rose to D2.2 billion, or 6.9 percent from the previous year. Capital expenditure was financed by external loans, foreign grants and Gambia Local Fund (GLF). External loans and foreign grants rose to D742.3 million and D1.1 billion, or 18.2 percent and 58.6 percent respectively. The GLF, on the other hand, decreased to D370.3 million, or 37.1 percent.

8.0 DEVELOPMENTS IN THE INSURANCE INDUSTRY

Introduction

The insurance industry currently comprises 11 insurers, 7 brokers and 13 agents. Nine (9) of the insurance companies including a Takaful/Islamic operator underwrite general business (non-life business) only, one (1) is a composite insurer (i.e. underwriting both Life and non-life businesses) and one (1) is a wholly life insurer.

The industry is regulated and governed by the Insurance Act 2003, Insurance Regulations 2005, and the Insurance Amendment Act 2006 which sanctioned Takaful (Islamic Insurance).

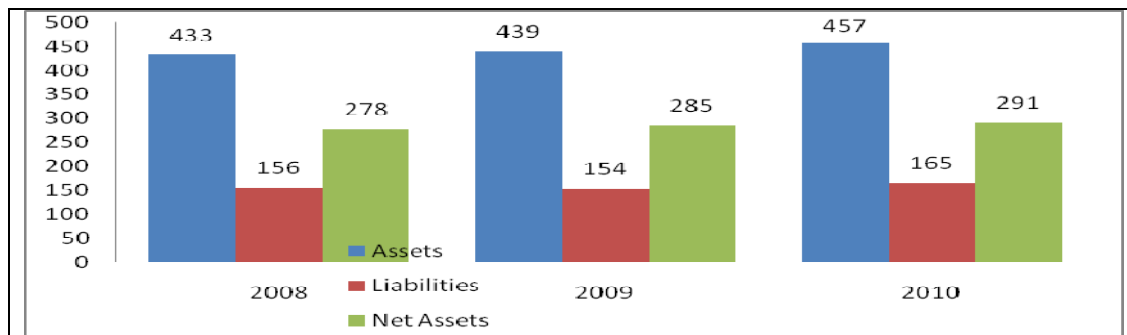
8.1 Assets and Liabilities

The assets of the industry increased to D456.96 million, higher than the D438.93 million in 2009. Current assets which accounted for 51.6 percent of the total assets rose to D235.94 million, or 7.2 percent. The combined treasury bills investment and fixed deposits represented 42.3 percent of current assets rose to D99.74 million, or 8.6 percent. Total liabilities excluding owners' equity increased to D165.47 million, higher than the D154.24 million in 2009. Net assets (shareholders funds) rose to D291.48 million, or 2.4 percent from 2009.

Table 8: Assets, liabilities & Net Assets (Shareholders' funds)

Details	2008	2009	2010	2009 – 2010
	D'000	D'000	D'000	% +(-)
Total Assets	433,480	438,930	456,957	4.2
Total Liabilities	155,931	154,240	165,474	7.3
Net Assets (Shareholders' funds)	277,549	284,690	291,483	2.4

Fig. 20: (Growth in Assets, Liabilities & Net Assets Shareholders')



8.2 Income and Expenditure

Gross premium income declined to D194.36 million in 2010 compared to D197.38 million in 2009. Written premium (i.e. Gross premium less refunds and sales tax) increased slightly to D185.36 million, or 0.99 percent from 2009. Ceded premium to reinsurers decreased from D41.38 million in 2009 to D31.55 million in 2010. Consequently, the industry's risk exposure (retained premium) increased to D153.54 million, or 8.2 percent from 2009.

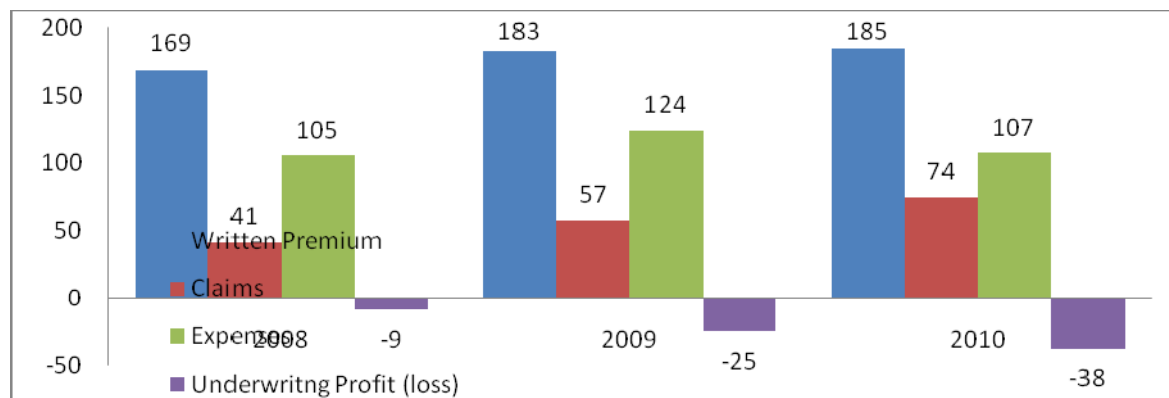
Total claims increased significantly to D74.20 million from D56.92 million in 2009. Overheads, on the other hand, decreased from D124.11 million in 2009 to D107.40 million in 2010.

The industry recorded an underwriting loss of D37.85 million, compared to a loss of D25.39 million in 2009. However, due to the strong increase in investment income, the industry's net loss position was D1.15 million, significantly lower than the D11.19 million in 2009.

Table 9: Industry Premiums, Claims, Expenses, and earnings (2008 – 2010)

Details	2008	2009	2010	% +(-)
	D'000	D'000	D'000	2009 - 2010
Premium Income	176,844	197,382	194,363	(1.5)
Written Premium	169,112	183,271	185,082	0.99
Retained Premium	136,290	141,895	153,541	8.2
Reinsured Premium	32,822	41,376	31,546	(23.8)
Claims	41,464	56,923	74,198	30.3
Expenses	104,721	124,105	107,403	(13.5)
Underwriting Profit	(8,890)	(25,392)	(37,852)	49.1
Pre-tax Profit	28,575	(4,214)	6,074	244.1
Post-tax Profit	18,219	(11,191)	(1,146)	89.8

Fig. 21: Trending of WP, Claims, Expenses, & UP (L) (2008 – 2010)



8.3 Local and Foreign Ownership

Of the 11 insurers, 6 are 100 percent locally owned, 1 is 100 percent foreign owned and 4 have mixed ownership. During the year under review, 6 insurers that are 100 percent locally owned account for D97.11 million or 52.5 percent of industry's written premium. The 6 insurers also accounted for 59.8 percent of the total assets.

Table 10: Ownership Structure by business type

Business Type	100% Local	100% Foreign	Mixed Local & Foreign	Total
Life and Long-term Assurance only	-	1	-	1
Non-life or General Business only	6	-	3	9
Composite insurance	-	-	1	1
Reinsurance	-	-	-	-
Total	6	1	4	11
Percentage	54.5%	9.1%	36.4%	100%

8.4 Insurance Penetration

The insurance penetration rate, measured by expressing gross premium income as a percentage of the GDP, recorded a slight decrease from a mere 0.84 percent in 2009 to 0.77 percent in 2010.

Table 11: Growth in assets, premium income and GDP

<i>Details</i>	2006	2007	2008	2009	2010
	<i>D'000</i>	<i>D'000</i>	<i>D'000</i>	<i>D'000</i>	<i>D'000</i>
<i>Total Asset</i>	288,111	378,011	433,480	438,930	456,957
<i>Total Growth</i>		32%	15%	1.3%	4%
<i>Gross Premium income</i>	152,103	164,961	176,844	197,382	194,363
<i>GPI Growth</i>		8.5%	7.2%	11.6%	-1.5%
<i>Gross Domestic Product(GDP)</i>	18,388,876	20,040,009	21,716,637	23,540,967	25,183,506
<i>GDP Growth</i>		9.0%	8.4%	8.4%	7%
<i>Gross premium income to GDP</i>	0.83%	0.82%	0.81%	0.84%	0.77%

9.0 DEVELOPMENTS IN THE MICROFINANCE SECTOR

Generally, the performance of VISACAs during the period under review remained mixed. Although there were improvements in membership and growth in loans, deposits and assets, most of the VISACAs loan portfolio quality deteriorated considerably. However, a good number of VISACAs have performed satisfactorily and could be given more encouragement by promoters to become more sustainable.

Management of VISACAs remained a challenge and continued to affect the smooth operations of most VISACAs. MC and Cashiers lack the appropriate management skills and knowledge to administer the VISACAs and execute key functions such as internal control, loan appraisal and management, liquidity management, among others. Additionally, record-keeping is another challenge affecting most VISACAs.

With the revocation of the license of Gamsavings, the number of registered finance companies declined from four to three in July 2010. Total numbers of clients of the three finance companies decreased from 98,986 in December 2009 to 96,477 at end December 2010 by 2.5 percent. The decrease in outreach could be due to the closure of Bayba Savings and Credit, and Gamsavings. Total saving likewise dropped from D169 million in December 2009 to stand at D123.5 million at end December 2010. Total loans on the other hand, increased from D92.3 million in December 2009 to D93.8 million at end December 2010 by 1.6 percent. Total assets of finance companies increased by 9.9 percent to reach D266 million at end December 2010 compared to D242 million in December 2009.

PART II

10.0 DEVELOPMENTS IN THE INTERNATIONAL ECONOMY

Economic history has shown that following financial crisis, most economies experience a period of significant and lengthy deleveraging as households, firms and governments reduce their debts. In the early phase of the developing process, GDP growth typically slows significantly, reflecting weaker credit growth and higher savings.

According to the World Economic Outlook (WEO) of the International Monetary Fund (IMF), the global economy expanded by 3.9 percent in 2010 from a contraction of 1.0 percent in 2009.

Growth in advanced economies averaged 3.1 percent after contracting by 3.7 percent in 2009. Growth is expected to be only 1.5 percent in 2011 and 2.0 percent in 2012. But even the growth levels are predicated on addressing the foreign debt problem in the Euro area. Growth in the emerging and developing countries continue to be robust. Looking forward, the global economy is projected to slow down to 3.3 percent in 2011. Emerging economies are set to grow by 6.0 percent

(10.2) United States

The US economy grew by 3.0 percent in 2010 from a contraction of 3.5 percent in 2009. Unemployment hovered just below 10 percent during the same period.

The US economy is expected to grow by 1.5 percent in 2011 helped by robust consumer and business spending and continued easing of monetary conditions.

The Commerce Department revealed that US retail sales grew for the sixth consecutive month to end-December 2010. Sales grew by 0.6 percent in December although it was less than the 0.8 percent expected by analysts. However, fiscal conditions could drag growth.

(10.3) United Kingdom

The UK economy which grew by 1.4 percent in 2010, is expected to expand by 2.2 percent and nearly 3 percent in 2011 and 2012 respectively. This is premised on restoring business confidence and strong growth in the Euro zone.

(10.4) Euro Zone

Despite the debt crisis, the European Central Bank (ECB) is optimistic about growth prospects in the Eurozone. It revised the GDP growth forecast for GDP growth between 0.5 and 2.3 percent in 2011 from 1.8 percent in 2010.

(10.5) Japan

Output grew by 4.0 percent in 2010 compared to a contraction of 6.3 percent in 2009. Construction activities are expected to boost economic growth over 2012-2013, but growth to slow down in 2011 owing to reduced projects for global economic growth and the recent sharp appreciation of the Yen.

(10.6) Emerging Economies

Supported by strong domestic demand, growth in the emerging economies continues to be robust. In China and India, output grew by 10.5 percent and 9.7 percent in 2010 relative to 9.2 percent and 6.8 percent in 2009 respectively.

Real GDP growth in China and other emerging market economies is expected to moderate to a more sustainable pace in 2011 and 2012 in response to the slowing growth in advanced economies. At the same time, a gradual shift away from exports and toward stronger consumption is projected as a consequence of a combination of structural policies and modest appreciation of real effective exchange rates.

(10.7) Sub-Saharan Africa

Growth in Sub-Saharan Africa moderated in line with world economic trend. Output rose by 5.0 percent in 2010 compared to 6.2 percent in 2009 thanks to a combination of sound macroeconomic policies and strong demand in many Sub-Saharan Africa's emerging market trade partners.

(10.8) Unemployment

The slowdown in the global economic has ramifications on unemployment. In December 2010, the Euro area harmonised unemployment rate was 10.1 percent. Spain recorded the highest unemployment rate reaching 20.6 percent in December 2010. Germany's unemployment rate was 6.7 percent and only 4.4 percent in the Netherlands. In the US, the unemployment rate was 9.4 percent in December, but down by 0.4 percent in November 2010.

(10.8) Commodity Prices

(i) Oil

Prices of many commodities fell during the financial market shocks in May and early June, reflecting in part expectations from weakened global demand.

In line with futures market developments, the IMF's baseline petroleum price projection was revised down to US \$75.3 a barrel for 2010 and US \$77.5 a barrel for 2011 (from US \$80 and US \$83, respectively, in the April 2010 WEO). Projections for the nonfuel commodity price index have remained broadly unchanged, partly reflecting stronger-than-expected market conditions.

(ii) Rice

International rice prices have continued to increase as reflected in the FAO All Rice Price Index. The index averaged 260 points in 2010 but was 27 points lower than in 2009. In 2011, prices will be influenced by the arrival of newly harvested supplies from the 2010 main paddy crops in northern hemisphere countries, but also by external factors, including currency movement, and government policies.

Table 21:

FAO Rice Price Indices (2002-2004=100)					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
2006	137	135	129	153	117
2007	161	156	159	168	157
2008	295	296	289	315	251
2009	253	229	197	341	232
2010	229	211	213	264	231
2009 December	249	238	234	283	224
2010 January	251	232	237	289	232
February	242	227	218	283	231
March	219	213	205	235	232
April	204	197	185	221	230
May	200	192	181	221	221
June	210	193	187	250	214
July	214	189	191	261	214
August	217	192	197	263	216
September	232	205	227	266	224
October	249	217	235	296	250
November	257	233	243	294	261
December	258	240	243	295	251
2009 Jan.-Dec.	253	229	197	341	232
2010 Jan.-Dec.	229	211	213	264	231
% Change	-9.4	-8.0	7.8	-22.4	-0.1

Source : FAO

N.B. - The FAO Rice Price Index is based on 16 rice export quotations. "Quality" is defined by the percentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent broken. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

(iii) Groundnuts

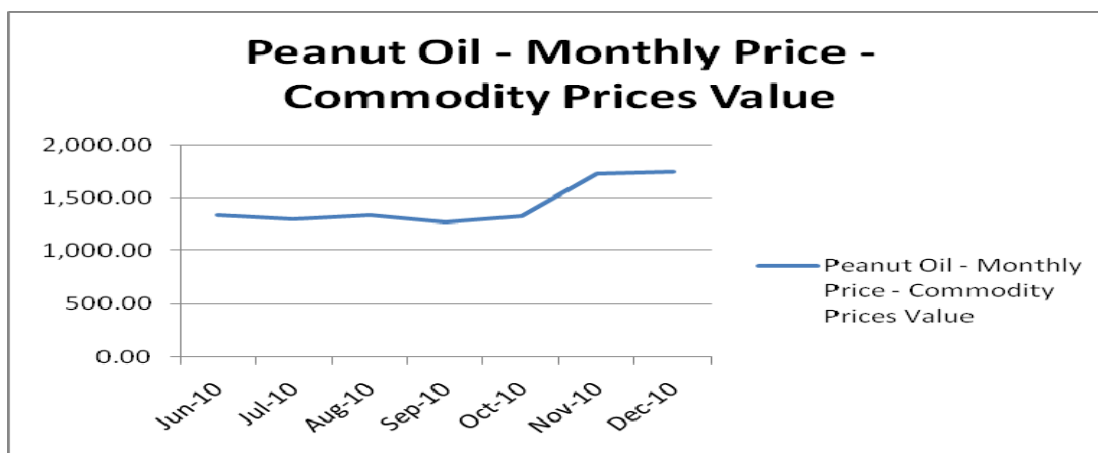
Groundnut prices rose to a high of US \$1,359.13 per metric tonne in December 2010, or a 4.5 percent increase over the previous month. Prices were 8 percent higher in the fourth quarter of 2010 compared to the third quarter of 2010.

Table 22: Groundnuts (peanuts) - Monthly Price - Commodity Prices (in US \$)

Month	Value
Jun-10	1,189.09
Jul-10	1,180.00
Aug-10	1,210.91
Sep-10	1,272.27
Oct-10	1,296.19
Nov-10	1,300.00
Dec-10	1,359.13

According to United States Department of Agriculture, the Gambia is the 21st largest peanut oil producer. The Gambia produced 17,000 metric tones of the product in 2010.

Fig 38: Peanut oil-monthly price – commodity prices value



Source: www.indexmundi.com

(10.9) Inflation

The global financial crisis which led to sharp currency movements in the first six months of 2010 and weather-related short fall in harvests for some major exporters has pushed up consumer prices. Headline inflation in advanced economies has been hovering around 1.8 percent for a while but has lately started to slow to below 1.5 percent. Core inflation on the contrary, has been much lower, falling below 1 percent in the later part of 2010. In emerging economies, headline inflation was running at about 5.8 percent while core inflation at 3.0 percent.

With market signs signaling stable commodity prices and with downward pressure on wages steadily reducing, headline and core inflation in advanced economies, is projected to be around 1.3 percent, in 2011 and 5 percent in emerging and developing countries.

**Table 23: Peanut Oil - Monthly Price -
Commodity Prices**

Month	Value
Jun-10	1,342.00
Jul-10	1,300.00
Aug-10	1,334.00
Sep-10	1,270.00
Oct-10	1,331.00
Nov-10	1,727.50
Dec-10	1,753.00

PART III

11.0 OPERATION AND ADMINISTRATION OF THE BANK

Banking Department

(i) WAMZ Payment Systems Development Project

The WAMZ Payment Systems Development Project for The Gambia, Sierra Leone and Guinea Conakry, financed from an ADB grant, is progressing at a steady rate. The project aims to harmonize the payment systems of the countries with the overall goal of bringing standards to the same level with those in Nigeria and Ghana.

Under the ACP/ACH (automated cheque processing/automated clearing house) stream, it is expected that payments and settlements will now be quicker and more efficient. The Central Bank has prepared and circulated to all commercial banks the new bank sort codes necessary for efficiency in the new system implemented and banks have now started issuing to their customers MICR compliant cheques. The training of IT/Functional staff of both the Central Bank and commercial banks end users was conducted locally with facilitators drawn from BFI (the solution providers for ACP/ACH).

The RTGS/SSS (real time gross settlement/securities settlement system) is a system that handles large value transactions with instant settlement achieved. This has the advantage of removing risks inherent in large value payments by means other than cash; for example payments by cheque (with the exception of Bankers Cheques) where dishonoured cheques are returned and funds not received.

An end to end parallel run of all the systems, ACP/ACH, RTGS and CBA (core banking application) will be conducted after the completion of the customization of the CBA by the solution providers INLAKS.

In the area of INFRASTRUCTURE, Central Bank made significant investments, in equipping the Data Centre housed in the CBG building and at the DR (Data Recovery) Site in Mile 7 and also invested in security systems like CCTV cameras, biometric access and alarm systems. Rooms in the CBG have been converted and equipped to serve as RTGS room, ACP/ACH room, and also a Service Bureau room where banks that have technical problems with their system could come and use the facility for transactions going through RTGS.

The Bank has also installed a three faced dedicated power service at the DR Site at Mile 7 in order to ensure continuous power supply.

(ii) Currency Issued

At end 2010, Currency in circulation increased to 2.4 billion or 9.09 percent from 2009. Dalasis notes accounted for 98.58 percent of currency issued and coins 1.4 percent. The D100 note was the most popular, accounting for 66.8 percent of bank notes in circulation, followed by D50 note (27.5 percent and D25 note 2.37 percent). The D10 and D5 notes on the other hand accounted for 1.6 and 1.5 percent respectively of bank notes in circulation. Currency in circulation was at a seasonal high in the fourth quarter, of 2010 coinciding with a period when economic activity is at its peak.

Amongst the family of Gambian coins, the 1 Dalasi coin accounted for 61.8 percent of coins in circulation, the 50 Butut coin (20.9 percent) and the 25 butut and the rest (11.2 percent)

(iii) Commemorative Coins

The Central Bank of the Gambia continued to sell gold and silver commemorative coins during the year under review. The coins are issued to commemorate important events and to stimulate interest in the Gambia. The Bank also derives substantial income from royalties on the sale of these coins worldwide.

The last occasion celebrated and honoured with issue of Commemorative coins was the Africa Union Summit hosted by The Gambia in 2006. It is a gold coin available in stock for sale together with other commemorative coins as follows.

- Millennium Coin
- Save the Children
- The 25th Independent anniversary –The Gambia Silver Jubilee
- Papal visit Gold & Silver
- UN 50th Anniversary
- World Wildlife Conservation Coin
- Africa Union Summit –Gold coin

(iii) Deposits

The Central Bank acts as depository and fiscal agent of government. It also provides depository services to other government agencies and deposit money banks. In 2010, deposits liabilities increased by 115.62 percent to D 2,303.29 million from D 1,068.21 million in 2009. Government deposits increased by 989.31 percent to D 1,236.37 million, compared to D 113.50 million as at end- 2009. Commercial banks' deposit at the Central Bank also increased by 11.75 percent to D 1,066.93 million when compared to D 954.71 million for end- 2009.

(iv) Investments

As at end-December 2010, investments in Gambia government Securities held by the Central Bank of The Gambia stood at D2,283.46 million as compared to end-December 2009 of D796.67 million indicating an increase of D1,486.79 million or 186.63 percent. This increase was mainly as a result of the conversion of the Government NIB Notes and the TMA overdraft to a 30-Year Bond as well as the Bridge Loan to government which was converted to a 10-year Bond.

Board of Directors Meetings

Boards of Directors Meetings are held on a quarterly basis. The Board held four (4) regular meetings for the year 2010. At the end of the year 2010, following the appointment of a new Governor, the Chairman of the Board changed.

Staff Complement and Policy

The staff strength of the Bank totaled 268 as at 31st December 2010 of which 93 are professional staff and the rest are support personnel. The turnover ratio in 2010 was very low. Eleven (11) new personnel joined the Bank in 2010 out of which 10 are officers and 1 support staff. There were two (2) outgoing employees for the year.

Staff Training

The Central Bank Management reviewed its training policy in the year 2010, and with the existence of a training committee, it aims to develop a dynamic strategy that will meet the requirements of building capacity of staff in a fast changing environment. The training policy focuses on identifying and addressing the skills and competencies gaps and ensuring that the appropriate training programs are put in place. Consequently, the Bank continues to provide academic and professional training both locally and overseas. For the 2010 academic year, four members of staff were offered sponsorship for long term training in the UK for their MBA in Banking and Finance and Masters Degree in Economic Development, and a good number of the clerical staff also benefited from local sponsorship by pursuing professional courses such as AAT, CAT, Banking and Finance and ACCA. Also several members of staff benefited from short term courses tenable in UK, USA, Europe and the West Africa Sub Region.

Support to the Social Sector

The Bank continued active participation in the discharge of its corporate social responsibility through the provision of financial assistance in the areas of health, education, sports, and other various social activities.

PART IV

12.0 INTERNATIONAL CO-OPERATION

The Bank maintained its international co-operation at both the regional and international level in enhancing economic policy formulation and implementation. The Bank continued to work with other central banks within the West African Monetary Zone (WAMZ) in harmonizing their policies and statistics critical for the convergence and establishment of a long-lasting monetary union. The Bank also co-operates with other development partners, notably the World Bank, IMF and African Development Bank (AfDB).

(12.1) West African Monetary Zone (WAMZ)

While economic growth in the WAMZ remained robust despite the slow pace of global economic recovery, fiscal performance worsened. Although the region grew by 7.5 percent in 2010 compared to 6.5 percent in 2009, serious challenges are being faced by the region on the macroeconomic convergence criteria particularly with fiscal consolidation. Only two of the primary criteria were met in 2010 and none for the secondary criteria in contrast to three and one respectively in 2009.

At its meeting in December 2009, WAMZ member countries' Heads of State agreed to reschedule the date for the introduction of the common currency to on or before January 2015. In pursuance of policies geared towards meeting the convergence criteria, The Gambia in 2010, observed two of the primary criteria for the convergence, declining from three in 2009.

Under the payments system development project financed by the African Development Bank (AfDB), The Gambia registered progress in the implementation process. One challenge is the state of readiness of the Central Bank and the deposit money banks in terms of their in-house organization and holdups in the promulgation of the WAMZ Harmonized Payments System Law. The 'go live' of the designated pilot site for The Gambia is expected to take-off in the third quarter of 2011.

(12.2) West African Institute for Financial and Economic Management (WAIFEM)

The West African Institute for Financial and Economic Management (WAIFEM) Board of Governors meeting was held in Abuja, Nigeria under the chairmanship of the Governor of Central Bank of Nigeria (CBN), Mallam Sanusi Lamido Sanusi. The Board of Governors at its meeting affirmed the Institute's drive in sourcing for donor funding. Consequently, the World Trade Organization (WTO), the Economic Commission for Africa (ECA) and De La Rue were added to the list of collaborators. Discussions were also underway with the African Growth Initiative of the Brookings Institute in Washington D.C for partnership in the field of research.

The Board approved the appointment of the Director of Administration and Finance and an internal auditor who assumed office during the final quarter of 2010. The Board of Governors also agreed to the review of emoluments of WAIFEM staff since there was none from the Institute's inception.

Between June and December 2010, WAIFEM successfully implemented fourteen activities accounting for 100.0 percent of approved training programmes for 2010. A total of 857 officials from central banks, core economic ministries and public sector agencies took part in the programmes offered by the Institute during the year. The Institute is now occupying its newly renovated building thanks to the Central Bank of Nigeria.

(12.3) Association of African Central Banks (AACB)

The 34th ordinary meeting of the Assembly of Governors of the Association of African Central Banks (AACB) was held in Dakar, Senegal in 2010 at the headquarters of the Banque Central des Etats de l'Afrique de l'Ouest (BCEAO).

The Joint Committee of the AACB and AUC discussed and agreed to task Steering Committee (SC) to conduct a study on the strategy for the creation of the African Central Bank (ACB). There is to be a supervisory committee composed of representatives of the AACB and AUC for the study to ensure the transfer of knowledge. Central Bank of Nigeria was commended for releasing US\$ 200,000.00 pledged for the realization of the study.

The progress status on the Eastern African Monetary Union (EAMU) was highlighted citing the prerequisite for creating EAMU, legal and institutional framework for its implementation, transition process and operational regulatory framework. As at end-July 2010, the implementation of a common market protocol had commenced and monetary policy harmonization and coordination achieved. Outstanding issues are macroeconomic convergence, vigorous cooperation on monetary and exchange rate policies, capacity building and setting up of a surveillance mechanism.

(12.4) African Export-Import Bank (AFRI-EXIM BANK)

The Central Bank of The Gambia is a shareholder of the Afreximbank which aims, inter-alia, to undertake market research and provide ancillary services, such as advisory and support services and organization of trade fairs, aimed at expanding intra – and extra – African trade.

At the Annual General Meeting of Shareholders in 2010, the Bank's Advisory Group on Trade Finance and Export Development in Africa also held its meeting under the 'The Global Economic Crises, Trade Diversification and Access to Trade Finance.

On operational activities embarked during 2010, the Bank intensified the implementation of its Third Strategic Plan as enshrined in 2010 budget under the theme 'Consolidating the Gains of the value race'. It further strengthened its human resource capacities employing an Executive Vice President in charge of Administration and Banking Services and Regional Managers for the Bank's branch offices. Afri-Exim Bank also engaged in a number of credit line programmes for its members that had impacted significantly to the attainment of its goal of trade and economic development.

(12.5) International Monetary Fund (IMF)

At the end of the three-year Poverty Reduction and Growth Facility (PRGF) program with Fund, The Gambia also benefited from a one year extension of the PRGF under the Extended Credit Facility (ECF) arrangement in 2010. The program came to an end in March 2010 and performance under both programmes has been broadly satisfactory. The Gambia met the net usable reserve target but missed the net domestic borrowing target by D80.0 million. At its end of program review, the Fund agreed with the government on some preconditions to be met at the end of 2011 for a new ECF in 2012. The preconditions focus more on ensuring fiscal adjustment and eliminating direct lending by the Bank to government.

The Bank participated in the 2010 Annual and Spring Meetings of the IMF and World Bank and during these meetings, participants stressed the need for the Fund to remain a quota-based institution and improve on its governance reform given the critical role they play on legitimacy and effectiveness of institutions. The Managing Director was called upon to report to the IMFC on progress on quota and governance reforms by end-October 2010 and also for progress in Board and management accountability, Board effectiveness and staff diversity.

Recognizing the fragility of the recovery process, the International Monetary Fund and its member countries endeavored to work collaboratively to ensure strong, sustainable and balanced growth of the world economy. The revival of world trade and investment, provision of a level playing field and rejection of all forms of protectionism for a successful coordinated response to the crisis was stressed during the Annual and Spring Meetings.

Commending the low income countries for the solid reforms that had helped in cushioning their economies during the turmoil of the financial crisis; the meeting urged them to intensify the policy space together with strengthening investment capacity to meet growth and development goals.

Given the events of the crisis and the resilience of the international monetary system, tensions and vulnerabilities still linger evidenced by the widening global imbalances, continued volatile capital flows, exchange rate fluctuations and issues relating to supply and accumulation of official reserves. Members therefore urged the Fund to intensify its work on these issues with in-depth studies to help increase the effectiveness of policies to manage capital flows.

One of the highlights of the Annual meetings was commendation to the World Bank Group (WBG) for their continuous efforts in infrastructure, innovation and human capital investment as well as strengthening and mainstreaming gender into its work. Members welcomed the move by the WBG in opening access to data, tools and information. The efforts of the International Financial Corporation in building stronger private sector development and the mobilization for additional resources through the Asset Management Company were recognized.

(12.6) Commonwealth

The Commonwealth also organised its Finance Ministers Meeting during the Annual Meetings of the Fund and the World Bank in Washington D.C. Ministers noted the challenges faced by small island nations and vulnerable states and request international financial institutions to continue to take all possible steps to ensure that their concerns are included in current reforms programmes. They stressed the importance of the strong replenishment of the World Bank's concessional lending arm, the International Development Association (IDA). They also saluted the openness of the Bank and Fund to work more closely with the Commonwealth.

Ministers conversed on recent global economic developments and stressed the need for continued international policy dialogue and coordination. The dialogue between G20 and non-G20 members was welcomed by ministers who stressed the need for:

- Continued effective international macroeconomic policy coordination to support global economic recovery and stability;
- Broad based consultation when developing global economic and regulatory policies;
- To avoid protectionism, lower tariffs and a rapid and development-friendly conclusion to the Doha Round of trade negotiations; and
- Renewed focus and collaboration on promoting economic growth, improving food security and agricultural productivity in the poorest countries to accelerate progress towards the MDGs, especially maternal and child health by 2015.

MONETARY SURVEY (in millions of Dalasis @ Current Rate)

	2008	2009	2010
NET FOREIGN ASSETS	3,309.97	3,902.36	4,020.99
Monetary Authorities	2,548.17	3,231.52	2,665.04
Foreign assets	3,041.54	4,937.20	4,615.85
Foreign liabilities	-493.37	-1,705.68	-1,950.81
Commercial banks	761.80	670.84	1,355.95
NET DOMESTIC ASSETS	6,486.40	7,792.64	9,271.24
Domestic Credit	6,436.34	7,503.18	10,073.42
Claims on Government, net	2,660.79	3,033.02	4,953.06
Advance to Govt. in foreign currency	0.00	0.00	0.00
Claims on Public Entities	428.34	764.60	870.37
Claims on Private Sector	3,163.92	3,693.56	4,240.32
Claims on forex bureau	183.29	0.00	0.00
Claims on Other Financial Institutions		12.00	9.67
Other items, net	50.06	289.46	-802.18
<i>o/w: Revaluation account</i>	<i>-377.75</i>	<i>50.81</i>	<i>40.96</i>
<i>SDR allocation</i>	<i>-166.33</i>	<i>0.00</i>	<i>0.00</i>
BROAD MONEY	9,796.37	11,695.00	13,292.23
Narrow Money	5,119.60	5,599.77	6,021.97
Quasi-money	4,676.77	6,095.23	7,270.26

Source: Central Bank of The Gambia

SUMMARY ACCOUNT OF THE CENTRAL BANK (in millions of Dalasis @ Current Rate)

	2008	2009	2010
NET FOREIGN ASSETS	2,548.17	3,231.52	2,665.04
<i>Net Usable Reserves</i>	2,527.04	4,003.39	3,574.02
Foreign assets	3,041.54	4,937.20	4,615.85
<i>Usable Reserves</i>	2,854.08	4,729.85	4,453.18
Foreign liabilities	493.37	1,705.68	1,950.81
Other Liabilities	0.00	1.67	0.21
Other foreign loans and deposits	0.00	1.67	0.21
IMF - ESAF	327.04	724.79	878.95
<i>SDR Allocations</i>	<i>166.33</i>	<i>979.22</i>	<i>1,071.65</i>
NET DOMESTIC ASSETS	353.97	-60.09	838.28
Domestic credit	156.97	-292.65	580.74
Claims on government (net)	-219.46	-434.39	524.98
Gross claims	369.41	250.00	2,283.46
(less) Government deposits	588.87	684.39	1,758.48
Claims on Public Enterprises	102.68	84.68	0.00
Claims on private sector	45.64	45.06	46.09
Claims on forex bureau	183.29	0.00	0.00
Claims on Deposit Money Banks (net) 1/	44.82	0.00	0.00
Claims on Other Financial Institutions		12.00	9.67
Other items (net)	197.00	232.56	257.54
Revaluation account	-377.75	50.81	40.96
RESERVE MONEY	2,902.14	3,171.43	3,503.32
Currency in circulation (i.e issued)	2,050.17	2,216.72	2,436.39
Reserves of commercial banks	851.97	954.71	1,066.93

Source: Central Bank of The Gambia

SUMMARY ACCOUNT OF DEPOSIT MONEY BANKS (in millions of Dalasis @ Current Rate)

	2008	2009	2010
NET FOREIGN ASSETS	761.80	670.84	1,355.95
Foreign assets	1,301.41	1,469.07	1,845.93
Foreign liabilities	539.61	798.23	489.98
NET DOMESTIC ASSETS	7,201.66	9,019.35	9,871.66
Domestic credit	6,324.19	7,795.83	9,492.68
Claims on government (net)	2,880.25	3,467.41	4,428.08
Gross claims	2,880.25	3,467.41	4,428.08
Government bonds	0.00	0.00	0.00
Treasury bills	2,880.25	3,467.41	4,428.08
Government deposits	0.00	0.00	0.00
Claims on public enterprises	325.66	679.92	870.37
Claims on private sector	3,118.28	3,648.50	4,194.23
<i>o/w: in Foreign Currency</i>			
Reserves	1,069.23	1,166.62	1,438.70
Currency	217.26	211.91	371.77
Deposits at central bank	851.97	954.71	1,066.93
Net claims on CBG	-44.82	0.00	0.00
CBG bills held by DMBs	0.00	0.00	0.00
Credit from CBG	-44.82	0.00	0.00
Other items (net)	-146.94	56.90	-1,059.72
Net claims on other DMB	2.79	222.65	143.47
<i>of which: Capital account</i>	<i>-1,447.99</i>	<i>-1,586.09</i>	<i>-2,580.43</i>
Total deposit liabilities	7,963.46	9,690.19	11,227.61
Demand deposits	3,286.69	3,594.96	3,957.35
Savings deposits	2,737.87	3,281.02	3,864.84
Time deposits	1,938.90	2,814.21	3,405.42

Source: Central Bank of The Gambia

COMPONENTS OF MONEY SUPPLY (in millions of Dalasis @ Current Rate)

	2008	2009	2010
Total Money Supply	9,796.37	11,694.99	13,292.23
Money	5119.61	5,599.77	6,021.97
Currency outside banks	1832.91	2,004.81	2,064.62
Demand deposits	3286.70	3,594.96	3,957.35
Private Sector	2693.05	3,181.03	3,611.75
Official entities	593.65	413.93	345.60
Quasi-money	4676.76	6,095.22	7,270.26
Savings deposits	2737.86	3,281.01	3,864.84
Private Sector	2713.83	3,271.97	3,856.35
Official entities	24.03	9.04	8.49
Time deposits	1938.90	2,814.21	3,405.42
Private Sector	1404.33	2,122.02	2,535.52
Official entities	534.57	692.19	869.90

Source: Central Bank of The Gambia

DISTRIBUTION OF OUTSTANDING TREASURY BILLS DISCOUNTED VALUE (in D'million)

End of period	Banks			Non-Banks			TOTAL	Discount
	Central	Commercial	Total	Public	Private	Total	Govt. T/Bills	Rate (%)
	Bank	Banks		Entities	Sector			
2008 March	112.35	2,604.29	2,716.64	872.78	762.52	1,635.30	4,351.94	13.6
June	0.00	2,835.25	2,835.25	839.10	736.39	1,575.49	4,410.74	13.1
September	67.89	2,975.57	3,043.46	790.01	691.94	1,481.95	4,525.41	13.1
December	119.41	2,880.25	2,999.66	663.69	658.11	1,321.80	4,321.46	13.5
2009 March	118.26	2,875.78	2,994.04	692.47	655.66	1,348.13	4,342.17	14.4
June	0.00	3,063.28	3,063.28	727.07	675.99	1,403.06	4,466.34	15.5
September	0.00	3,234.71	3,234.71	680.40	715.40	1,395.80	4,630.51	16.0
December	0.00	3,467.41	3,467.41	655.82	708.44	1,364.26	4,831.67	14.0
2010 March	3.55	3,597.44	3,600.99	453.65	809.53	1,263.18	4,864.17	14.0
June	130.04	3,584.62	3,714.66	292.40	834.31	1,126.71	4,841.37	14.0
September	0.00	3,851.17	3,851.17	285.55	849.97	1,135.52	4,986.69	15.0
December	0.00	4,428.08	4,428.08	343.48	817.08	1,160.56	5,588.64	15.0

Source: Central Bank of The Gambia

TREASURY BILLS DISCOUNT RATES

Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	13.5	13.7	13.6	13.1	13.3	13.1	12.3	12.3	13.1	14.2	14.3	13.5
2009	14.2	14.2	14.4	14.6	15.2	15.5	13.5	13.3	14.3	14.2	14.0	13.7
2010	13.5	12.9	12.4	13.4	13.2	13.0	13.1	12.9	13.4	13.6	13.5	13.1

Source: Central Bank of The Gambia

COMMERCIAL BANKS LOANS AND ADVANCES TO MAJOR ECONOMIC SECTORS (in D'million)

Sectors	2008	2009	2010
Agriculture	195.48	262.41	289.76
Fishing	15.87	16.87	19.64
Mining & Quarrying		0.00	0.00
Manufacturing			279.63
Building & Construction	435.73	502.38	513.42
Transportation	267.82	336.55	361.64
Distributive Trades	960.76	1,194.28	1,547.18
Tourism	201.01	210.93	285.01
Financial Institutions			195.80
Personal Loans	609.07	725.32	476.14
Other	850.51	1,246.49	1,292.77
Total	3536.25	4,495.23	5,260.99

Source: Central Bank of The Gambia

STRUCTURE OF INTEREST RATES (In percent per annum)

COMMERCIAL BANKS	2008	2009	2010
* Lending rates			
Agriculture	18-27.0	18-27.0	18-27.0
Manufacture	18-27.0	18-27.0	18-27.0
Building	18-27.0	18-27.0	18-27.0
Trading	18-27.0	18-27.0	18-27.0
Tourism	18-27.0	18-27.0	18-27.0
Other	18-27.0	18-27.0	18-27.0
* Deposit rates			
Short-term deposit a/c	0.5-5.5	0.5-5.5	0.0-5.5
Savings bank account	4.0-7.0	4.0-8.0	4.0-8.0
* Time Deposits			
Three months	5.0-15.5	3.5-15.5	5.0-12.0
Six months	6.0-15.5	3.5-15.5	6.0-13.0
Nine months	7.0-15.5	3.5-15.5	8.0-11.5
12 months and over	7.0-15.5	3.5-15.5	7.0-15.3
GOVERNMENT			
Treasury bills	14.2	13.7	13.09
CENTRAL BANK			
Bank Rate	11.0	9.0	10.0
Rediscount Rate	16.0	14.0	15.0

Source: Central Bank of The Gambia

INTERBANK EXCHANGE RATES-end of period mid-market rates

Period		GBP	USD	CHF	SEK(100)	CFA(5,000) 3/	EURO
2008	March	40.8650	19.4618	19.1495	337.3279	239.1597	30.8269
	June	40.7729	20.6510	19.2683	339.2527	245.5149	32.0774
	September	41.6455	23.1189	19.8566	323.5015	249.3046	33.0151
	December	40.1424	26.5422	22.9392	379.5853	259.1525	35.6709
2009	March	38.1772	26.3756	23.3052	309.6164	259.3018	35.2213
	June	43.1308	26.8660	21.9583	347.8859	272.8665	37.0392
	September	42.9911	26.9496	25.4652	325.3425	283.5774	38.6068
	December	43.0415	26.9406	25.8137	348.0058	288.2601	39.8741
2010	March	40.7861	27.0141	25.0908	364.0784	273.2206	37.1094
	June	41.7727	27.8575	24.0834	345.7079	286.2577	36.1318
	September	44.9290	29.3374	24.8272	388.5274	293.0666	38.9867
	December	42.8647	28.3894	26.3800	376.2366	285.0210	37.4562

Source: Central Bank of The Gambia

INTERBANK EXCHANGE RATES-period average mid-market rates

Period		GBP	USD	CHF	SEK(100)	CFA(5,000) 3/	EURO
2008	March	41.4701	20.2045	19.5821	340.2312	244.0216	31.2433
	June	40.5528	20.7293	19.6230	334.5695	249.9442	31.9680
	September	41.0477	22.5721	20.0848	347.0483	250.4543	32.6319
	December	40.4293	26.8304	21.7842	374.1499	295.2077	34.6101
2009	March	37.7420	26.1759	22.7334	304.4389	257.6955	34.4558
	June	42.5005	26.8552	22.5297	322.7380	275.8710	37.4368
	September	43.3496	26.9035	24.9042	335.6056	282.3377	38.1771
	December	43.3855	26.8927	25.1037	363.2193	371.3446	40.0224
2010	March	41.0758	26.9681	24.8252	358.1210	275.5341	37.9005
	June	41.8024	29.0724	25.0251	373.6641	282.5072	36.6244
	September	45.1402	29.1351	25.0264	352.2318	288.5464	38.7334
	December	43.3637	27.9916	26.6565	381.6407	285.5042	37.5157

Source: Central Bank of The Gambia

VOLUME OF INTERBANK FOREX MARKET

Period		TOTAL		Volume of
		Purchases	Sales	Transactions
2008	March	1,497.63	1,709.59	3,207.22
	June	1,397.58	1,533.21	2,930.79
	September	1,288.53	1,375.35	2,663.88
	December	1,652.16	1,356.17	3,008.33
2009	March	1,516.55	1,433.32	2,949.87
	June	1,997.77	1,986.43	3,984.20
	September	2,212.96	2,327.70	4,540.66
	December	2,071.10	2,183.49	4,254.59
2010	March	2,153.29	2,648.46	4,801.74
	June	1,989.89	2,106.20	4,096.08
	September	2,342.26	2,232.77	4,575.03
	December	1,692.98	2,115.85	3,808.83

Source: Central Bank of The Gambia

LIQUIDITY POSITION OF COMMERCIAL BANKS (in D'million)

	2008	2009	2010
Total Liquid Assets	2,400.81	4,326.77	5,042.68
Reserves	1,183.86	2,645.66	2,999.68
Deposits at CBG	842.95	944.43	1,066.28
Cash Holdings	227.25	248.52	368.63
Foreign Cash Holdings	431.11	486.94	408.83
Foreign Bank Balances	-317.45	965.77	1,155.94
Treasury / CBG Bills	1,214.45	1,678.61	2,040.50
Govt. Dev. Stock (182 Days) 1/	0.00	0.00	0.00
Other Liquid Assets	2.50	2.50	2.50
Required Liquid Assets 2/	2,428.24	2,699.54	3,350.43
Excess Liquidity 3/	-27.43	1,627.23	1,692.25
in % of requirement	-1%	60%	51%
Required Cash Reserves 4/	1,022.80	1,236.27	1,523.61
Excess Cash Reserves 5/	161.06	1,409.39	1,476.07
in % of requirement	15.75%	114.00%	96.88%

Source: Central Bank of The Gambia

OUTPUT AND PRICES

	2008	2009	2010
Domestic Output			
GDP at Constant Prices	19346.07	20557.9	21806.92
Real GDP Growth	5.6	6.3	6.1
Sectoral Growth			
Agriculture	28.6	13.5	12.1
Industry	2.8	1.5	5.1
Services	0.2	6.6	2.4
Sectoral Share of GDP			
Agriculture	24.8	28.3	29.9
Industry	13.2	12.5	12.2
Services	56.2	54.8	52.9
GDP at Current Market Prices	21856.51	24164.27	26969.96
Prices			
Annual Average Inflation Rate	4.5	4.6	5
End Period Inflation Rate	6.8	2.7	5.8

Source: Gambia Bureau of Statistics (GBOS)

NATIONAL CONSUMER PRICE INDEX (Jan-Dec 2004=100)

		Food and drink	Food and non-food	All Item Index	% Change from same period last year
<i>Weights</i>		<i>54.7</i>	<i>45.3</i>	<i>100.0</i>	
2008	March	116.11	108.60	<i>112.73</i>	3.08
	June	118.17	109.99	<i>114.48</i>	2.23
	September	124.11	112.68	<i>118.96</i>	6.35
	December	125.12	113.32	<i>119.93</i>	6.83
2009	March	125.62	113.87	<i>120.30</i>	6.72
	June	125.87	114.23	<i>120.61</i>	5.35
	September	127.39	114.82	<i>121.75</i>	2.35
	December	128.67	116.46	<i>123.19</i>	2.72
2010	March	131.84	116.78	<i>125.08</i>	3.97
	June	132.96	117.49	<i>126.02</i>	4.49
	September	136.87	118.17	<i>129.34</i>	6.23
	December	139.23	118.67	<i>130.32</i>	5.79

Source: Gambia Bureau of Statistics (GBOS)