

GAMBIA

USAID/BANJUL ACTION PLAN

1991-95

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ACRONYMS

ACSI/CCCD	-	African Child Survival Initiative/Combatting Childhood Communicable Diseases
ANR	-	Agriculture and Natural Resources
CRS	-	Catholic Relief Services (U.S.A.)
DAS	-	Department of Agricultural Services
EEC	-	European Economic Community
EFPA	-	Economic and Financial Policy Analyses project
ERP	-	Economic Recovery Program
ESAF	-	Enhanced Structural Adjustment Facility
FAO	-	Food and Agricultural Organization (UN)
FAPE	-	Financial and Private Enterprise program
FSRP	-	Financial Sector Restructuring Program
GARD	-	Gambian Agricultural Research and Diversification project
GCCI	-	Gambia Chamber of Commerce and Industry
GCDB	-	Gambia Commercial and Development Bank
GCU	-	Gambia Cooperatives Union
GFPA	-	Gambia Family Planning Association
GOTG	-	Government of The Gambia
GPMB	-	Gambia Produce Marketing Board
GRT	-	Gambia River Transport
GUC	-	Gambia Utilities Corporation
HIID	-	Harvard Institute for International Development
HRDA	-	Human Resource Development Assistance project
IMF	-	International Monetary Fund
NIB	-	National Investment Board
NPA	-	Non-Project Assistance
NRM	-	Natural Resources Management
ODA	-	Overseas Development Assistance
OPG	-	Operational Program Grant
PBS	-	Planning and Budgeting System
PSD	-	Program for Sustained Development
PVO	-	Private Voluntary Organization
SOE	-	State Owned Enterprise
SSSU	-	Statistics and Special Studies Unit
STC	-	Save The Children (U.S.)
SWMU	-	Soil and Water Management Unit
UNDP	-	United Nations Development Program
USAID	-	United States Agency for International Development

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INTRODUCTION

This Action Plan is being prepared at a watershed point in The Gambia's history of structural adjustment. As it began the Economic Recovery Program (ERP) in 1985, and through the next four years the GOTG demonstrated repeatedly its determination to carry out the ERP's agenda even when it meant the adoption of politically unpopular decisions such as reducing the number of civil service positions, floating the currency, and eliminating the subsidy on rice. All observers agree that without the full backing and public demonstration of support by the President of The Gambia, the ERP would not have been possible. The GOTG has been praised repeatedly and enthusiastically by the IMF for its performance under the Enhanced Structural Adjustment Facility (ESAF) and expects to be among the first ESAF graduates.

On November 21, 1990, in his annual speech at the opening of Parliament, the President of The Gambia described the new Program for Sustained Development (PSD) which was to succeed and be used to consolidate the reforms begun under the ERP. The PSD is intended to continue structural adjustment. It emphasizes private sector-led growth in the context of a liberalized market environment which is to be relied upon to generate sustained growth. Prominent among its objectives, the PSD seeks to create confidence in The Gambia as an attractive location for investment. The President pledged to avoid financial policies that would burden future generations with unproductive debt and to continue the flexible exchange rate system begun in 1986 by assuring that it is embedded in the law.

Notwithstanding clear policy statements to the contrary, during the transition from the ERP to the PSD and since the death of the author of the ERP (former Minister of Finance, Sheriff Sisay), there have been indications that the GOTG may be faltering in its determination to deepen and strengthen the reforms begun in 1985. An untimely Presidential appointment to the Gambia Commercial and Development Bank (GCDB) staff raised doubts on the part of USAID and the World Bank about the willingness of the Government to assure the eventual privatization of GCDB. These doubts interrupted program implementation for several months, while the matter was being resolved, eventually to the satisfaction of the donors. Nevertheless, the appointment focused donor concerns on the structural weaknesses of the GOTG with respect to management of the economy.

In addition to the World Bank and A.I.D., other donors were worried about the implementation of their programs. For example, the failure in early 1990 of the GOTG to insist on Gambia Utilities

Corporation (GUC) deposits to a revolving fund from the sale of fuel and the apparent near collapse of water and power services being provided the greater Banjul area were worrisome to all major donors. Likewise the inability of the GOTG to control the "other costs" element of its budget (part of which supports peace keeping efforts in Liberia) and its slowness in implementing social sector budgets was noted, as was the perceived GOTG urge to disregard the disciplines of the Public Investment Program in order to take advantage of donor financing being offered for highly visible but uneconomic projects.

One result of these and other concerns was the fact that the World Bank did not disburse the second tranche of its Structural Adjustment Loan II in June 1990. However, the Bank is still working intensively with the Government on several key performance indicators, hoping to effect a disbursement before June 30, 1991. Given the doubts about GOTG performance, several other donors are linking their disbursements to SAL II. Switzerland, the U.K., and Norway are notable among these donors. It must be said however, that not all donors have shared the negative views of GOTG's performance in full and equal measure. The IMF, for example, is still strong in its praise of GOTG performance overall. And to be fair, the World Bank's list of performance criteria reads something like a Chinese menu which perhaps could not be digested by very many developing countries.

Also in fairness to the GOTG, lapses in governance have been accompanied by some notable steps forward. With the blessings of the IMF but without specific conditions in donor programs, the GOTG moved from direct to indirect credit controls in its banking system. (This step is part of the conditionality of an A.I.D. program, the Financial Sector Restructuring Program (FSRP), the authorization of which was delayed for nearly one year by the doubts described above.) Another example: Since the beginning of the PSD, the Government has liberalized the groundnut trade by setting aside the monopoly powers in the market formerly held by the Gambia Produce Marketing Board (GPMB). Now firms or individuals may enter the groundnut trade on domestic or international markets. In fact, one trader is exporting containerized nuts in small quantities this season. The schedule for privatization was also put forward to provide for the sale of GPMB assets one year earlier than agreed with USAID in 1989. However, a major struggle is centered on the next step toward market liberalization which is to allow private groundnut traders to use GPMB's processing facilities. GPMB has resisted successfully. Nevertheless, major improvements have been made in the firm's processing capacity, making it more attractive to prospective buyers.

Also since the initiation of the PSD, the Gambia Cooperative Union (GCU), formerly a highly subsidized para-Governmental organization, has been made to perform as a private sector entity,

without additional subsidization from the Government. Formerly it worked hand-in-hand with the GPMB. Now it is a major competitor. As one indicator of its private sector status, the GCU was forced to go to the commercial banks for credit in the last two groundnut marketing seasons and to fully mortgage its property to secure loans. Last year GCDB was induced to lend to GCU but this year it lacked the deposit base to do so. The GOTG, committed under the conditionality of programs to assure that no individual or firm has preferential access to credit, did not intervene on the behalf of GCU as it would have done in former years.

Other indicators of GOTG resolve are that, despite the hiatus in World Bank and A.I.D. programming for GCDB, it made GCDB a limited liability company in preparation for its privatization, restructured the GCDB Board and, perhaps even more significantly, shelved the idea of establishing a development bank window in GCDB, recognizing the commitment to maintain market rates of interest without any subsidies. In addition the GOTG has solved the GUC revolving fund problem and is strongly committed to securing private sector management of the company by mid 1992. The EEC has provided the TA to implement the private management plan. Finally, the Gambian National Insurance Company was divested successfully.

From the foregoing it can be seen that, while there are significant institutional weaknesses and strong retrograde forces that tend to detract from the image of a government determined to sustain the process of reform, there are positive signs of continued reform and restructuring. It must be remembered that The Gambia is significantly deficient in trained human resources at every level, so that, with the best of intentions, there would be significant gaps in performance in any given undertaking. Moreover, in this tiny society where the important people of all walks of life know each other personally, virtually all Government decisions are seen as political and personal. For that reason, quick solutions to seemingly straightforward problems are often difficult to achieve.

On balance then, it would seem that the GOTG, having completed important macroeconomic and structural reforms between 1985 and 1989, has entered a new phase of the reform process that is inherently more difficult. But the political costs are higher, all the more so because the circumstances that led to reforms in the first place have been ameliorated after five years of steady growth. Stated quite simply, the urgency of reforms has been reduced while political costs have increased. Nevertheless, there is cause to believe that the reforms will continue, but perhaps with more hesitancy than in the past, as political solutions are sought. The donor role in this process is to help the GOTG sort out the costs and benefits of each individual reform and to help absorb some of the financial costs of selected reforms.

As the GOTG struggles with its performance in economic and

institutional reform, USAID/Banjul is pursuing a strategy that will both reinforce the motivation for continued adjustment and maintain the momentum of reform to achieve a broad-based, sustainable per capita GDP growth and improve manifestly the lot of the majority of Gambians. The Mission's program is balanced between resource transfers and technical assistance to help meet the policy and institutional conditions for those transfers. Emphasis is on private sector investment, export-led growth, and sustainable increases in agricultural production. The balance between technical assistance and program aid allows for flexibility in the event the GOTG is unable or unwilling to improve or sustain its adjustment performance.

I. REVIEW OF PROGRESS IN ACHIEVING ACTION PLAN OBJECTIVES

A. Country Trends

Since initiating its comprehensive economic recovery program in 1985, the GOTG has made notable progress on a broad front of structural and institutional reforms. It reduced the role of the state in the economy by divesting significant interests in state-owned enterprises. It created a macro-policy environment that restored confidence in the financial system and stabilized the currency by reducing inflation and budget deficits while eliminating arrears on external debt. However, while the IMF/World Bank-assisted adjustment program was broadly successful, The Gambia still confronts serious problems in the management of its economy and has some way to go to create the full set of conditions needed for a broad-based economic expansion that will improve materially the lot of the majority of its citizens.

There are notable lacunae in the implementation of the social sector budgets. Privatization of remaining state-owned enterprises is proceeding slowly. Government performance in the provision of the physical infrastructure needed to attract investment is well below par, particularly with respect to water, power and transport. Little or no progress has been made in the area of human resource development. However, implementation of a major World Bank project in primary education has begun and programs to improve the infrastructure are in place.

Despite its weaknesses, the GOTG has enhanced markedly the attractiveness of West Africa's most liberal economy. Subsidies have been eliminated. Duties are among the lowest on the continent, and some initial changes in the tax structure make The Gambia more attractive for private investment. The re-export trade is flourishing despite the Senegambia break-up, and the tourist industry seemingly has recovered from the slight decline registered in 1989/90. Even with that down-turn in tourism and little growth in trade, The Gambia's real GDP grew at a rate of over 6% in fiscal year 1989/90 because of a bumper groundnut crop and increases in groundnut processing, as well as construction, transportation and communication, thus demonstrating the new-found strength and balance of the Gambian economy. In the current year (1990/91), however, it seems likely that a 43% drop in groundnut production because of inadequate rain will drag the growth rate down considerably to about 4.5%, allowing only a slight rise in per capita income.

Despite its strong growth performance in the last several years, the Gambian economy continues to be highly dependent upon official development assistance (ODA) for financing public investments, meeting external debt repayments and building of

international reserves. Foreign exchange reserves, once registering a negative balance, stand at four months of imports, due entirely to foreign transfers. Much of the increase in consumption registered in the last four years also is the direct result of ODA. Thus, in several respects, the GOTG has created a business environment that could attract high levels of investment. But problems of infrastructure, lack of appropriate human resources, weak institutions and some remaining structural defects still discourage the levels of private sector investment that could produce rapid improvement in the quality of life.

B. Assessment of Program Impact 1986-1990

U.S. economic assistance has made important contributions to the goal of broad-based per-capita GDP growth. In this section Mission program performance is reviewed in the light of major objectives including maintenance of sound macroeconomic and free market policies conducive to private investment and export-led growth, and sustainable increases in farm incomes.

1. Macroeconomic and Free Market Policies

USAID/Banjul provided critical technical assistance for the GOTG task force that created the comprehensive Economic Recovery Program in 1985 and, through a contract with the Harvard Institute for International Development (HIID) under a project grant, supplied the analytical capability to assure successful and consistent implementation of the reform over a five year period.

Policy dialogue facilitated by the HIID contract has been combined with conditionality in other A.I.D. programs to support and implement reforms affecting, in materially beneficial ways, the welfare of the broad majority of Gambians. Notable among these was the elimination of the government monopoly on rice marketing. When the private rice trade was allowed, shortages ended quickly and the price stabilized at affordable levels. Since rice is a staple in the Gambian diet, the entire population gained from this reform.

In a series of policy steps, the trade in groundnuts was reformed to benefit directly the 60% of the Gambian population who derive most of their cash income (and much of their diet) from groundnut production. Eliminating the tax on groundnut exports ended a drain on rural incomes. Ending the GPMB's monopoly assured that producers would receive a more competitive price. With higher prices and a bountiful harvest in the 1989/90 crop year, groundnut farmers saw an 80% increase in their cash incomes from groundnuts.

Major impacts of the ERP were a resumption of growth in real per capita income (2% average annual increase for period 1985 to 1990), reduction of inflation to 10%, reduction of the budget deficit to 2% of GDP, and a reduction of the current account

deficit to 3% of GDP. Private investment increased from 3% of GDP in 1985 to 12.4% in 1990. Domestically produced exports other than groundnuts increased from 20% of the total in 1985 to 34% in 1990, and formal private sector employment almost doubled between 1986 and 1990. Thus, the ERP was a principal cause of four years of solid per capita GDP growth which benefitted the entire population, with relatively greater impact in rural areas resulting from higher groundnut prices and improved rainfall as well as higher farm-gate prices in general. Still, the rural per-capita GDP remains only about two-thirds of the national average.

Privatization, a major element of the ERP, has made some progress in reducing the presence of the GOTG in the productive sectors and reducing the concomitant drain on the treasury. GOTG bank and hotel shares were divested, a sawmill was sold, a major trading company went on the block, marginal state-owned enterprises (SOE's) were shut down. Several small enterprises (a cotton gin, some rice mills, a maintenance/repair facility) are on the market. Most importantly for the future of the Gambian economy and most directly related to the achievement of the objectives of the U.S. assistance program, two major SOE's are being readied for sale. The first is the Gambian Commercial and Development Bank. Close coordination between the World Bank and A.I.D. have brought the GCDB under new management and transformed it into a limited liability company. With planned U.S. and World Bank technical assistance, it will be ready for the market in 1992. It already is being managed as a private bank under new articles of incorporation, thus creating more competition for savings and lending. In addition a new bank (Continent Bank) began operation in 1990, further adding to competition in the financial sector and the GOTG allowed the opening of three specialized Bureaux de Change to serve the tourist industry.

The GPMB, once the largest employer in the formal sector (now surpassed by fruit and vegetable exporters) and the flagship SOE, is on an accelerated privatization schedule. It is to be sold in 1992. For the present it has lost its marketing monopoly, a fact that by itself has introduced a visible new dynamism into the market. This is in part responsible for Senegalese groundnuts being marketed in The Gambia for the first time in many years, offering an opportunity to add value by processing higher volumes of nuts in GPMB facilities. Privatization of GCDB is a condition of the Financial Sector Restructuring Program (FSRP). The proposed Financial and Private Enterprise Program (FAPE) will bring about ultimate privatization of GPMB.

2. Agriculture/Natural Resources

USAID projects in Agriculture and Natural Resources (ANR) have made headway in creating the capacity to deal with long-term problems of sustainable agricultural production. In terms of real improvements in the quality of life in rural areas, where the

Gambia's poorest people live, ANR project interventions also can claim some modest success. For example, rural incomes were raised by sesame production under a grant to CRS. Cultivation rose from virtually zero to about 12,000 hectares before falling back to 2,800 hectares because of the inability to market the crop. An organization of 50,000 sesame growers is in place to respond to sound commercial marketing arrangements. Several local merchants are considering ways to improve marketing and one has made some trial exports. With developed markets, sesame promises to be a lucrative commercial crop as well as a fall-back crop for dry years.

As the Soil and Water Management Project draws to a close in June 1991, it has directly assisted 78 villages and 20,600 farmers. With the Soil and Water Management Unit's (SWMU) activities centered around the construction of water retention and anti-salinity structures in the flood plains as well as contour berms in the uplands, the project helped stabilize agricultural production by reclaiming riceland and controlling erosion. The project not only increased total acreage, but also increased yields as well as the length of the growing season by enabling the planting of two crops per cycle, e.g., rice followed by vegetables. The project also: (1) reduced salt water intrusion; (2) improved water availability; (3) reduced loss of top soil; (4) increased crop reliability; and (5) increased water availability for livestock, which improved use of grazing land and increased the production of milk for village consumption.

The most lasting benefit generated by the project is the creation and training of the SWMU. Widely known to farmers for its technical competence in producing immediate, visible benefits, the Unit has amassed enough village assistance requests for the next six years of work. Farmer enthusiasm for the program is such that the lion's share of the work is done by volunteer labor without any form of pay. Villages in SWMU watersheds pool their labor resources and work together. This practice was critical in one watershed where many previous rural development programs had failed due to strong social divisions between the two main villages. Using the procedures prescribed by the SWMU, project coordination was effective.

The Gambia Agricultural Research and Diversification (GARD) project has completed the first phase of institution building and research and shifted its focus to the promotion of profitable technologies at the farm level. Lamentably this shift was effected in a year of low rainfall. Nevertheless, five promotion campaigns, each involving between 1,000 and 1,750 extended families or as many as 24,500 farmers, showed some promising results:

- Increasing groundnut yields between 100 kg and 300 kg (6-20%) through seed treatment;
- Reducing time spent in weeding rice by 30% through row planting;

- Fattening rams for sale during religious festivals produced profits of up to 100% for three women's groups selected for the first round of trials.

The direct benefits of these campaigns are almost equally divided between male and female farmers and the prospect is excellent for spreading improved technologies to virtually all farmers engaged in the production of these and other commodities.

Institutionally, GARD has created research systems oriented toward farmers' constraints and on-farm research and given degree training to Gambians to man the system. GARD's Planning and Budgeting System is now used Ministry-wide and the Statistical Unit of the Department of Planning has been vastly improved.

3. Training

USAID/Banjul concentrated training under both bilateral and regional projects to support the priority areas of agriculture and financial and private enterprise development. Training programs emphasized the strengthening of key government institutions considered critical to the successful implementation of the ERP. More than half of the Mission's regional training resources were directed to the National Investment Board (NIB), whose mandate was the divestment and privatization of state-owned enterprises (SOE's) and the facilitation of foreign private investment.

The bulk of Mission project training has been for agronomy, soil science and conservation, economics, and public administration. Training has been provided at the undergraduate and graduate levels; non-degree training has been given in agribusiness management, computer science, investment promotion, foreign loan negotiation, soil science, and privatization techniques and strategies. The three major achievements of A.I.D. training were the creation of a research system oriented to on-farm research, the SWMU capable of undertaking a wide range of soil conservation and reclamation activities, and a Special Statistics and Studies Unit (SSSU) trained and equipped in the Ministry of Finance to support macroeconomic policy studies.

4. Private and Financial Sector Development

USAID/Banjul has worked closely with AFR/MDI in a concerted effort to stimulate private and financial sector development in The Gambia. Lacking a formal program for this purpose but keeping in mind the eventual development of a private sector program, the Mission has used PD&S funding to help attract and to stimulate investment and to identify and develop specific markets. This is in addition to, but parallel with, development of assessments and analyses needed to design a formal private sector project. AFR/MDI and the Mission jointly funded the efforts of a consultant to identify investment opportunities and potential partners for

investment in The Gambia and the U.S.

As a result of A.I.D.'s efforts, one investment of \$2.0 million in shrimp fishing and fish packing financed by OPIC and IFC joined an American shrimping company with an established Gambian fish packing firm to expand the business and create employment opportunities for about two hundred women. While the venture has experienced some delays in IFC/OPIC funding, it is now fully established and ready to expand. This was the first successful attempt by the Mission to stimulate productive investment in The Gambia. A number of other investments are in prospect. Poultry production and shrimp farming are two promising examples. In shrimp farming a technologically sound but badly managed firm has gone into receivership and a number of potential buyers are interested in acquiring the assets and carrying on the business with improvements in management and technology. Since the assets can be acquired at a fraction of their original value, this is an excellent opportunity. The shrimp farm gave formal employment to 400 villagers when it was functioning and had \$750,000 worth of shrimp harvested and ready for export when it went into receivership.

Through policy dialogue the Mission has played a key role in privatization in order to create opportunities for private investment as the GOTG continues to retreat from activities that are better conducted by the private sector. In privatizing a sawmill financed time-out-of-mind by an old A.I.D. project, the Mission played a direct hand-holding and match-making role between the Government and the buyer. Employment at the sawmill doubled (from 23 to 42) and productivity rose more than 1,000%. This privatization may produce a spin-off investment in co-generation using waste wood products to power electric generators.

All of the private sector activities undertaken by the Mission were in addition to its normal program and absorbed a great deal of management attention. A formal program and a contract staff dedicated to private sector promotion is needed to increase the pace and impact of these activities.

5. Family Planning and Child Health

On average, centrally and regionally funded programs have provided about \$300,000 per year for various maternal and child health and family planning programs. Maternal and child health interventions, through Mission buy-ins to ACSI/CCCD (PRITECH) and AID/W support grants to CRS, have focussed upon institution building assistance to the Medical and Health Department's Control of Diarrheal Diseases program and the Gambia Food and Nutrition Association.

The Gambia was among the first countries in Africa to formally embrace a pro-family planning policy. Most programs are managed by

the private Gambia Family Planning Association (GFPA). A.I.D.-assisted family planning programs have been essential for building capacity and creating an atmosphere conducive to the adoption of policies favorable to family planning in The Gambia. Centrally-funded A.I.D. programs have also been instrumental in the specialized training of most of the reproductive health professionals in The Gambia. For example, one JHPIEGO project has trained ten doctors, ten nurses and four anesthesiologists in laparoscopy and anesthetics as well as gynecology and primary health care. Another program funded centrally through Johns Hopkins University has trained staff of the GFPA in IE&C techniques and sponsored regular radio broadcasts on family planning.

While A.I.D. programs have combined with those of other donors in child health and family planning to set the stage for potentially successful programs in the future, none can yet claim to have had actual impact on population growth rates. However, the stage is set for a more focused program to reduce mother and child mortality and increase the contraceptive prevalence rate, thus beginning to achieve increased birth spacing and a modest reduction in the natural population growth rate.

C. Implications for Future Programming

1. Program Management

Several factors limit the full realization of the potential of development projects in The Gambia. Among the foremost of these limitations are the budgetary constraints imposed by the discipline of the IMF structural adjustment program combined with ineptitude and indiscipline in the implementation of budgets once they are established. Donor sponsored projects that depend on host Government budgetary contributions or budgetary resources are severely hampered. This problem is no respecter of donors or sectors.

In these circumstances, the IMF, World Bank, UNDP and A.I.D. are collaborating with the Ministry of Finance to improve the planning and budgeting system of the GOTG so as to reduce the constraints related to budget implementation. An effective planning and budgeting system (PBS) was installed at the level of the Department of Agricultural Research under the USAID-funded GARD project and has this year expanded to cover the Ministry of Agriculture in its entirety. The Ministry of Finance has shown an active interest in the PBS system and IMF analysts have recommended, among other things, that the system be adopted government-wide. Completing the process, however, will take several years.

Unfortunately, very few GOTG systems work even as well as the budget. For example, getting all the permits necessary for a

Development (Investment) Certificate might typically take about two years. Government owned utilities supplying water and power virtually cease to function for significant periods of time. The Government owned Gambia River Transport (GRT) system has collapsed entirely and its equipment now represents a negative asset. The GRT as a company has been dissolved. Government institutions lack the strength to tackle these problems singly or severally, and these are only some of the more visible problems. Health care is woefully inadequate and police rarely can answer distress calls. Court dockets are jammed and transcripts are still taken in long-hand. All of these problems tend to discourage the kinds and amounts of private investment that have become a strategic objective of the Mission's program and a major element of the GOTG's growth strategy.

The Mission's resources do not permit a broad frontal attack on all of these constraints. In the Action Plan period, the Mission must continue to focus its limited resources on a small number of critical bottlenecks to achieving strategic objectives and rely on other donors working in and with the GOTG in other critical areas. On the highest priority constraints, the combined actions of several donors are required, as has been true in financial sector reform and privatization.

The Mission's most effective management tools are Non Project Assistance (NPA) and donor coordination. Broadly speaking, NPA offsets the financial and political costs of certain reforms, making it easier for the GOTG to make difficult decisions that affect powerful interest groups. Experience in the last several years shows that effective use can be made of NPA in providing the muscle to keep the reform train on track. As an example, withholding disbursements and commitments of NPA maintained the integrity of the privatization process in the GCDB. Likewise, throughout the period, NPA resources and PL-480 commodities were significant factors in maintaining the direction of reform. When A.I.D. resources are used in concert with the resources of other major donors such as the World Bank, their overall impact is enhanced.

2. Economic Policy and Financial/Private Sector Development

The symbiotic and collegial relationship that the Mission has developed with the World Bank and IMF enhances the effectiveness of all three institutions. The HIID contract continues to be an important element of this relationship. As the only one of the three institutions with a full-time resident mission, and with technical assistance placed at the highest echelon of the Ministry of Finance, the USAID is consulted regularly on macroeconomic affairs, even though the natural leadership in this area still lies with the IMF and the World Bank. In the field of financial and private enterprise development,

however, the USAID has assumed a leading role by dint of its intimate knowledge of these sectors and because it has recognized them as critical elements in the sustainable GDP growth of The Gambia. No other donor has focussed so sharply on these sectors. In fact, the USAID is the only donor designing programs specifically aimed at their comprehensive development. Nevertheless, all of the major donors have accepted the proposition that the only visible path to sustainable growth is to increase private investment and that sound macroeconomic policies and financial sector performance are key factors in boosting investment.

3. Agriculture and Natural Resources

Taken in the aggregate, the prospects for demonstrating a positive internal rate of economic return on A.I.D. and other donor-financed agricultural projects in The Gambia are poor in the near to medium term. Overall agricultural production has been flat for the last 15 years during which time tens of millions have been spent on research and extension. However, individual projects and selected elements of projects have demonstrated sustainable methods of improving agricultural production and farm incomes through adoption of new technologies and better management of the natural resource base. Widespread application of those elements is essential for the future of the Gambian farm economy. Key Gambian institutions have been strengthened to work with farmers to achieve productivity gains from improved technologies and natural resource management.

Donor sponsored training and budget support of the critical governmental units involved in agriculture and natural resources have created small but effective cadres of professional staff in those units. Training and technical assistance, together with linkages established with regional and international research organizations, provide a source of technologies which can be applied to the constraints to agricultural production in The Gambia. A.I.D. alone has trained twenty Gambians through the Bachelors or Masters Degree level in agricultural research. Likewise A.I.D. has trained forty technicians in the SWMU. The capabilities of the extension service have been similarly strengthened by the World Bank ADP II project and UNDP-sponsored training.

Donor support and training notwithstanding, the major problem of nearly all departments of the GOTG working in agriculture and natural resources is the lack of adequate recurrent budgets to support their operations. Weak budgetary support has hampered the activities of the SWMU and government budgets for research and extension have never been fully implemented; nor have the budgets of the Forestry Department of the Ministry of Natural Resources been implemented satisfactorily. These are the critical units implementing ANR programs.

A habit of looking to the donors for support has grown up in most GOTG ANR institutions. However, the lack of GOTG budget support has discouraged donors who have, in recent years, tended to withdraw from direct relationships with GOTG institutions in favor of free-standing projects. For example, the EEC program of rural development in the Upper River Division works with GOTG extension agents and provides them with extra support, strengthening their capacity to work in the field by giving them transportation and field allowances. This relationship, however, does not depend on an agreement with the Department of Agricultural Services, which is the umbrella organization for extension agents. The United Kingdom has withdrawn completely from agricultural projects.

PVOs and NGOs have developed arrangements similar to that of the EEC and basically work to strengthen the support given to extension agents in the field. PVOs and NGOs also tap into research technologies of the Department of Agricultural Research and, by supporting extension agents, help spread technologies such as rice row-planting and groundnut seed treatment more rapidly. The success of PVOs, e.g., CRS, Save the Children, Action Aid, that have developed these kinds of relationships provides a good indication of how future programs in ANR might function. The effectiveness of private investment in horticulture is the best recent example of private sector generation of employment opportunity and the private sector role in technology transfer.

The CRS role in establishing an association of 50,000 sesame growers is another good example, the full benefits of which will be realized when marketing channels are firmly established. The policy role of the government in fostering an environment more conducive to competition and in eliminating subsidies and price controls will continue to be an important factor in determining the success or failure of improved technologies in agriculture and agricultural marketing and processing. Increasing GOTG support for key ANR departments and decreasing GOTG support for public sector marketing enterprises that hinder private sector activity and competitive markets are areas that will be targeted by A.I.D.'s NPA conditionality.

The favorable impact of policy changes on agricultural production and the role of NPA in bringing about policy changes may further shape USAID's ANR programming. Projects to increase farm productivity through the actions of NGOs/PVOs that can work cooperatively with the research, extension, forestry and fisheries services can be supported by A.I.D. programs and benefit from an improved policy environment which will be more conducive to managing natural resources for sustained production increases. There is scope for increased private sector investment both in farming and in input supply.

II. MISSION GOAL AND PROGRAM STRATEGY

A. Program Logical Framework

GOAL: BROAD-BASED, SUSTAINABLE
PER CAPITA GDP GROWTH
OF AT LEAST THREE PERCENT PER ANNUM.

COUNTRY TREND INDICATORS

Real Per Capita Income*
(in Dalasis based on 1989/90 prices)

	<u>Base</u>		<u>Targets</u> -----	
	<u>1985/86</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Per Capita Income	1,924	2,091	2,306	2,436

*Based on an estimated population of 756,000 in 1985/86 and 857,560 in 1989/90. Current population growth rate is estimated to be 3.4%:

Rationale: In setting future targets, a 3.4% population growth rate is assumed. If The Gambia is to achieve the targeted growth rate of 3% in real per capita income by 1994/95, then real income growth must be maintained at 6.4% a year. The mid-term target for 1992/93 calls for income to grow by 6.0%.

Formal Private Sector Employment

<u>Base</u>	<u>Targets</u> -----		
	<u>1985/86</u>	<u>1988/89</u>	<u>1992/93</u>
7,748	14,723	21,555	26,080

Source: GOTG, National Income Account Data

Rationale: Broad-based growth requires increased employment. In the last five years, formal private sector employment has doubled. The Mission projects steady increases in employment commensurate with the investment levels projected below.

STRATEGIC OBJECTIVE 1: Increased Private Sector Investment

Rationale: Increasing per capita incomes requires increasing productivity, usually through capital deepening or through changes in technologies or organization or a combination of these things. An increase in investment is necessary to increase the capital stock and usually to increase productivity (through embodied technological innovation). USAID/Banjul's new programs will be designed to promote increased private sector investment in both industry and agriculture.

PROGRAM PERFORMANCE INDICATORS

A. Gross Investment
(as a percent of GDP)

		Targets -----		
	<u>Base*</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Gross Investment	18.9	22.0	21.5	23.0

*Three year average, 1986/87 - 1988/89

Source: GOTG, National Income Account Data

Rationale: To achieve a real per capita GDP growth rate of 6.4% a year, investment must equal 23% of GDP (using an estimated incremental capital-output ratio of 3.6). The three year average for gross investment (1986/87 - 1988/89) was 18.9%. In 1989/90, it was provisionally estimated at 22.0%. In the past, public investment has averaged about 13% of GDP. That level is projected for the future. The required increase in total investment should come from the private sector.

B. Private Investment
(as a percent of GDP)

		Targets -----		
	<u>Base*</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Private Investment	5.7	12.4	8.5	10.0

*Three year average 1986/87-1988/89

Source: GOTG, National Income Account Data

Rationale: The three year average for private investment (1986/87 - 1988/89) was 5.7% of GDP. In 1989/90 it was 12.4%, primarily due to the construction of one luxury hotel. In order to reach our target growth rate in per capita income of 6.4%, private investment must increase to 10% of GDP. If Public investment falls below 13% then private investment must increase to offset the shortfall.

C. Domestically Produced Exports,
(in millions of Dalasis at constant
1989/90 prices)

	<u>Base</u>	<u>Targets</u>		
		<u>1985/86</u>	<u>1989/90</u>	<u>1992/93</u>
Domestic exports, excluding groundnuts	12.0	50.9	71.5	89.7
Groundnut Exports*	52.8	99.0	106.6	112.0

*Recorded Groundnut Exports Only.

Source: GOTG, Trade Division

Rationale: Increased economic growth will require diversification of the economic base. The Gambia will rely primarily on groundnuts, tourism and the re-export trade for its foreign exchange earnings. However, increased investments will help to diversify the composition of exports by increasing exports of other domestically produced goods. These accounted for only 19% of total domestically produced exports in 1985/86 but grew to 34% in 1989/90. These exports are targeted to grow by at least 12% per annum in real terms. Greater efficiency in the privatized groundnut industry should help establish a trend of modest increases in groundnut exports -- about 2.5% per year is targeted.

Target 1-1: Sound Macroeconomic and Free Market Policies Sustained.

One of the essential preconditions for increased private sector investment is business confidence in the economy and in the economic policies of the GOTG. Since 1985, the overall enabling environment, which encompasses those factors among others, has improved dramatically in The Gambia. That environment must be sustained and enhanced.

Indicator a: Fiscal Deficit
(as percent of GDP)

	<u>Base</u>	<u>Targets</u>			
		<u>1985/86</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Fiscal Deficit:					
Excluding Grants	-13.0	-10.7	-3.0	-2.0	
Including Grants	- 6.1	- 2.3	+2.0	+1.0	

Source: GOTG.

Rationale: The GOTG has greatly reduced its budgetary deficit even while eliminating its foreign debt arrearages and covering heavy, parastatal losses. The deficit has been reduced to 10.7% of GDP for the fiscal year ending June 30, 1990. This includes a special provision to wipe out debts of GCDB, GCU, and GPMB equivalent to 6.1% of GDP. Without this special provision the deficit would have been only 4.6% of GDP before grants and a surplus of 3.8% after grants. The surplus is expected to continue through the target period.

Indicator b: Inflation, End of Period
(in percent)

<u>Base</u>	<u>Targets</u>			
	<u>1986/87</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
22.3	15.7	5.0	3.0	

Source: GOTG.

Rationale: For the fiscal year ending June 1990, inflation was high at 15.7%, due in part to the weakness of the dalasi which depreciated by 18% against Sterling and 22% against CFA. By December 1990, inflation had receded to 10.4% on a 12 month basis. Monetary growth was moderate with M1 increasing by 12% and M2 by 7.4% between December 1989 and December 1990.

Indicator c: Balance of Payments Deficit
(in percent of GDP)

	<u>Base</u>		<u>Targets</u>	
	<u>1986/87</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Current Account Balance				
-- Excluding Official Transfers	-30.1	-21.1	-18.0	-15.0
-- Including Official Transfers	- 2.9	- 1.0	0	0

Source: Ministry of Finance

Rationale: With official transfers, the BOP deficit has been eliminated. When official loans and private capital are accounted for, the overall BOP showed a surplus of SDR 20 million in 1989/90. This was used to build up international reserves by SDR 9 million and to pay off arrears. With the repayment of all arrears, the external debt service burden will be reduced from 52.6% in 1989/90 to 27.7% in 1990/91.

Indicator d: Privatization Activities
(Completed Privatizations)

	<u>Base</u>	<u>Target</u>	
	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Privatized SOE's	13	15	17

*Cumulative SOE's and activities privatized or closed by end of period.

Source: NIB.

Rationale: The Mission is engaged in activities which should result in the privatization of two major firms, GPMB and GCDB, and supports other privatization activities being undertaken by other donors, e.g., the World Bank/EEC privatization of management at GUC. The objectives of privatization are many-faceted: Reducing GOTG outlays for moribund public enterprises; getting government out of the business of competing with the private sector; achieving higher levels of productivity, employment and exports; and giving

the clear signal that the government seriously invites and encourages private investment. Care must be taken to guard against creating private monopolies by assuring that there will be no barriers against entry into privatized industries after the government has relinquished its monopoly.

Target 1-2. Increased Availability and Efficiency of Financial Services.

The Gambia's financial sector remains underdeveloped with limited competition between two major private commercial banks, one parastatal bank, and one small private bank newly established. Credit for non-commercial productive activities is costly and in short supply. The Mission's aim is to promote competition in the sector and stimulate greater savings and investment. Both the FSRP and FAPE will provide NPA and technical assistance in support of this target.

**Indicator a: Ratio of Savings and Time Deposits
at Commercial Banks**
(in percent of GDP)

	Targets -----			
	<u>Base</u>			
	<u>1985/86</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Time and Savings Deposits	11.6	12.2	15.0	17.5

Source: Central Bank

Rationale: The lack of financial depth is evidenced by the very low levels of savings and time deposits in commercial banks. With the recent elimination of credit ceilings, we expect banks to compete more vigorously for deposits.

**Indicator b: Spread Between Bank
Lending Rates and Savings Deposit Rates**
(in percent per annum, end of period)

	<u>Base</u>		<u>Targets</u>	
	<u>1985</u>	<u>1990*</u>	<u>1992/93</u>	<u>1994/95</u>
Crop finance rate minus savings deposit rate	19.0	13.5	11.0	9.0
Trade credit minus savings deposit rate	19.0	16.5	11.0	9.0
Mfg. credit rate savings deposit rate	22.0	14.0	11.0	9.0

*In June

Source: Central Bank

Rationale: The lack of competition in the banking sector shows up in the large spread between lending and deposit rates. The recent new bank opening, along with the already completed elimination of credit ceilings and GCDB privatization, should further increase bank competition.

Indicator c: Savings in The Gambia
(in percent of GDP)

	<u>Base</u>		<u>Targets</u>	
	<u>1985/86</u>	<u>1988/89</u>	<u>1992/93</u>	<u>1994/95</u>
Gross Domestic Savings	7.3	7.1	8.5	10.0
Gross National Savings	15.1	21.7	21.5	23.0

Source: Central Bank

Rationale: Domestic savings are low and, in several recent years, private national saving was estimated to have been negative. Most domestic saving takes place through the fiscal budget. Gross Domestic Savings, the difference between GDP and Consumption, was only 7.1% in 1988/89. Adding in net factor services (which are negative) and transfers, shows national savings at a respectable

21.7% in 1988/89. The uncertainty is for how long and for how much can The Gambia rely on external transfers. It is important, therefore, that the financial system be strengthened so as to stimulate private savings.

Indicator d: Real Interest Rates*

(in percent per annum,
end of period)

	<u>Base</u>		<u>Targets</u>	
	<u>1985</u>	<u>1990</u>	<u>1992/93</u>	<u>1994/95</u>
T-bill rate	-10.4	6.0	3.0	3.0
3-month Time Deposit Rate	-10.0	1.0	2.0	2.0

*Calculated as a difference between the interest paid and the latest 12-month inflation rate.

Source: Central Bank.

Rationale: In 1988 and 1989, real interest rates on T-bills were quite high at 9-10%. With the recent rise in inflation and no major change in interest rates, the real rate on T-bills has been reduced to 6%. On three month time deposits, it is only 1%.

Indicators b and d are closely related in terms of the Mission's strategic objective of increasing private investment. Encouraging investment requires lower nominal interest rates which can be encouraged by reducing spreads. At the same time, real interest rates should not fall so low as to discourage savings and cause capital transfers abroad.

Indicator e: Number of Private Financial Sector Institutions

<u>Base</u>	<u>Targets</u>		
	<u>1985/86</u>	<u>1990/91</u>	<u>1992/93</u>
5	10	11	12

Rationale: The number of private financial institutions expanded between 1985 and 1990 through the addition of one commercial bank, three bureaux de change and an insurance company. The bureaux seem to have had a healthy effect of narrowing the gap between bank rates of exchange and the parallel market. The new bank is competing inter alia by offering interest on checking deposits.

The next private financial institutions are expected to be the GCDB and one additional bank.

Target 1-3. Reduced Administrative, Legal and Procedural Constraints in Establishing a New Business or in Expanding an Existing Firm.

Indicator a: New Laws or Administrative Changes Enacted Relating to Private Sector Investment.

Rationale: The current laws and procedures to attract investment are not functioning optimally. To eliminate hidden costs, delays and redundant processes, the incentives and procedures of the current Development Act should be changed, either to replace the Act with across-the-board tax and duty adjustments or by streamlining the approval process.

Indicator b. Modification of the Statutory Regime

Rationale: To facilitate financial transactions and the formation, operation and closure of private enterprises, the Companies Act and the Customs Act must be revised and a commercial code and accounting convention must be established. New legislation is needed for: lease purchase; bankruptcy; securities trading.

Target 1-4. Increased Relevant Job Skills Needed for Private Sector Expansion.

Indicator a. New Jobs Filled by A.I.D. Trainees*
(Cumulative Targets)

<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
200	400	600	800

Indicator b. Middle and Upper Grade Jobs Filled by A.I.D. Trainees

<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
2	6	10	15

*If possible, equally divided between women and men.

Rationale: The FAPE program budgets in-country, firm level training for 200 entry level employees per year to help new investors create the skills needed in resource based industries, tourism or manufacturing activities. More expensive technical training would be targeted for smaller numbers of Gambians

preparing to move to middle and upper levels. Decisions to finance training would be based in part on the degree to which A.I.D. assistance would encourage new investment or expansion.

STRATEGIC OBJECTIVE 2: Increase Agricultural Incomes Through Sustainable Use of Improved Farming Methods, Crop Mixtures and Management of Natural Resources.

Program Performance Indicators

A. Production of Major Crops (Volume) in Metric Tons

	<u>Millet</u>	<u>Maize</u>	<u>Sorghum</u>	<u>Groundnuts</u>	<u>Rice</u>
<u>Base</u>					
1989/90	56,000	16,000	15,000	112,560	9,960
<u>Targets</u>					
1992/93	57,400	16,400	15,375	115,374	10,207
1994/95	58,835	16,810	15,760	118,258	10,725

**B. Rural Income From Agriculture & Livestock
(Dalasi)**

<u>Base</u>	<u>Targets</u>	
	<u>1992/93</u>	<u>1994/95</u>
1,207	1,280	1,360

Rationale: Using data collected by the Ministry of Agriculture's Department of Planning, USAID has constructed estimates of rural incomes. These estimates are low, as the growing of only five crops (millet, maize, sorghum, rice, and groundnut) and the raising of only three animals (cattle, goats and sheep) are included. Other sources of income, such as horticultural crops, crafts, and off-farm employment, representing an estimated 50% of rural income, are excluded.

C. Crop Yields (Metric Tons/Hectare)

<u>Base*</u>	<u>Millet</u>	<u>Sorghum</u>	<u>Swamp Rice</u>	<u>Groundnuts</u>	<u>Sesame</u>
1980-90	1.04	.965	1.29	1.24	.330
<u>Targets</u>					
1992/93	1.06	.989	1.33	1.27	.400
1994/95	1.09	1.01	1.36	1.31	.450

*10 year average.

Rationale: Higher yields are a direct indicator of increased farm

income both in cash and in kind. Moreover, yields provide a proxy for the degree to which intensification is taking place and farmers are using more inputs and better techniques and correspondingly less land and labor.

Target 2-1: Maintain and Improve Available Crop Land.

As reported in the recently completed Agricultural Sector Assessment, "A generalization regarding soils of The Gambia is that they are all low or deficient in major nutrients and are physically poor in character, unable to provide increases in productivity without major changes in management practices ... Soils have been destroyed by mining them of their nutrient content by crop and animal product removal, by leaching from rains, by volatilization of nutrients in the air from burning, by losing organic matter as a result of solar radiation, by wind and water erosion and by poor soil management practices." Maintaining and improving crop land and thereby improving soil fertility will be a major objective of the Mission's new ANR program because this is the foundation of sustainable increases in agricultural productivity.

Indicator a: Manure Usage

	<u>Base</u>	<u>Targets</u>	
		-----	-----
	<u>1990/91</u>	<u>1993/94</u>	<u>1995/96</u>
Incremental increased use of manure: Hectares	47,700	49,000	50,000

Source: Department of Planning Statistical Unit

Indicator b: Area of Farm Land with Agroforestry Techniques Applied.

	<u>Base</u>	<u>Targets</u>	
		-----	-----
	<u>1990/91</u>	<u>1993/94</u>	<u>1995/96</u>
Hectares, Male	0	200	1,000
Hectares, Female	0	200	1,000

Source 1: USAID Survey

Rationale: The disappearance of leguminous field trees deprives agricultural land of nitrogen and organic matter thus reducing crop yields. As manure is not available for most fields, the use of agroforestry techniques is essential. This will be an element of

the ANR program's environmental education efforts.

Indicator c: Area Protected from Salt Water Intrusion (in hectares)

	<u>Base</u>		<u>Targets</u>	

	<u>1988/89</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Hectares Rehabilitated (Cumulative)	938	1,058	1,500	1,800

Source: SWMU and GTZ

Rationale: Lowland rehabilitation is a continuing effort of the A.I.D. supported SWMU. Almost all of the benefits accrue to women, the major cultivators of swamp rice and vegetables. Although A.I.D.'s direct support will be interrupted, it is expected that the SWMU will continue to expand its operations. Direct support will be resumed under the 1992 ANR program.

Indicator d: Area of Upland Soil Conservation (in hectares)

	<u>Base</u>		<u>Targets</u>	

	<u>1988/89</u>	<u>1989/90</u>	<u>1992/93</u>	<u>1994/95</u>
Upland Farmland Protected	1,381	1,631	2,300	2,750

Source: SWMU

Rationale: The beneficiaries from this activity are primarily men but women growing home consumption crops share in the benefits. The target is to conserve, initially, an average of 225 hectares a year and to accelerate coverage each year. Preventing erosion and controlling run-off protects water retention structures in lower-lying rice fields, improves the quality of upland soils and helps increase soil moisture, thus improving crop yields.

Indicator e: Reduction in Total Gambian Land Area Burned Annually

<u>Base*</u>	<u>Targets</u> -----	
<u>1989/90</u> 80%	<u>1992/93</u> 75%	<u>1994/95</u> 70%

*Ministry of Agriculture and NGO estimates

Rationale: The practices of burning vegetation late in the dry season is widely held responsible for the disappearance of forests, overall reduction in soil fertility and increases in erosion. A reduction of uncontrolled burning will be brought about only if farmers are able to identify clear benefits from controls. Control practices now being used include planting fire retardant shelter belts and early burning of key areas.

Target 2-2. Enhanced Biodiversity.**Indicator a. Increased Area Under Effective Protection****Indicator b. Increased Variety and Number of Flora and Fauna Species**

A baseline survey will be carried out as part of the design activities for the new ANR program. The survey will include endangered species list for The Gambia, bird sightings, and plant and tree surveys.

Source: Gambian Ornithology Society, GTZ, USAID Survey.

Rationale: Promoting the establishment of national parks and protected forestry areas to enhance biodiversity is not an end in itself. It will generate income for The Gambia. Tourism is a rapidly growing sector that is mainly tied to coastal areas. More inland attractions will generate tourist revenues in the rural economy. Forestry products have long-term economic benefits. Equally important but difficult to measure are the contributions from the maintenance of environmental stability, ecosystem equilibrium, and the conservation of plant and animal genetic material.

The World Wild Life Fund has recently completed a plan of action to establish a National Park at Kiang West. Monies remaining in the PL 480 Special Account will provide the required start-up funding. As part of the new ANR program, the Mission will support activities to establish community forest reserves and will encourage other donors to contribute, and to complete development of Kiang West

National Park as a biotourism site benefitting rural people.

Target 2-3: Adoption of Improved Agricultural Technology and Practices

Indicator a: Importation of Inorganic Fertilizer (in MT)

	<u>Base</u>	<u>Targets</u>	
		<u>1995/96</u>	<u>1995/96</u>
Private Sector Fertilizer Imports	2,000 MT	3,000	4,000

Source: FAO

Rationale: Inorganic fertilizer use can increase crop production significantly on The Gambia's depleted soils, yet its availability varies greatly from year to year and from zone to zone. Reliance on donations of fertilizer distributed through government or quasi-government institutions has proven unsatisfactory. Private traders are showing tentative interest but are wary of what they see as possible resumption of government activity in the market. The Mission objective is to encourage increased private sector importation and distribution of fertilizers.

Indicator b: Farmers Using Chemical Seed Treatment

	<u>Base</u>	<u>Targets</u>	
		<u>1992/93</u>	<u>1994/95</u>
Male	1,560	5,460	11,700
Female	440	1,540	3,300

Rationale: GARD project promotion of the use of seed treatment in the 1990/91 crop year showed a 30% increase in germination and plant population in groundnut plots. There is strong effective demand for the chemicals. However, donated supplies distributed by government are insufficient. Commercial imports are needed. As in the case of fertilizer, the Mission will promote the development of commercial supply channels.

Indicator c: Women Farmers Practicing Rice Row Seeding

<u>Base</u>	<u>Targets</u>	

<u>1990/91</u>	<u>1992/93</u>	<u>1994/95</u>
1,700	3,500	6,000

Rationale: This practice reduces the time required for weeding and increases yields by reducing weed competition for nutrients. It is easily promoted by extension agents and NGO's. USAID grants will be used to accelerate the spread of this practice.

Indicator d: Sesame Grown as a Commercial Crop
(Area Planted in Hectares)

<u>Base</u>	<u>Targets</u>	

<u>1990/91</u>	<u>1992/93</u>	<u>1994/95</u>
2,000	5,000	10,000

Rationale: Sesame is the most promising new crop in The Gambia, where it can succeed with very little rainfall. It can be used to hedge against a failure of the groundnut crop or to add to production as a late season cash crop. Sesame production technology is familiar to the extension service and there are 50,000 potential producers, mainly women.

SUB-TARGET 2-1A: ANR POLICIES ESTABLISHED AND IMPLEMENTED**Indicator a: Legally Established Conservation Districts****Indicator b: Legally Empowered NRM Conservation Committees at the Village Level****Indicator c. Increased Royalty on Fuelwood and Forest Products**

Rationale: Certain policy changes will be needed to encourage farmers to adopt new agronomic and conservation practices. Foremost among these is the creation of local entities legally empowered and charged with the responsibility to identify ANR problems and to act to solve them, with or without government assistance. The conservation district or the watershed district concept has been used successfully in one Gambian watershed but it

is not established in law. USAID will encourage legal establishment of such districts in The Gambia. Secondly, the new districts will need technical support in implementing solutions to ANR problems. The SWMU has the specialized technical capacity to meet district needs as a leading element of available government services (e.g., extension, forestry). SWMU must be given the support and the mandate necessary to cover all watersheds.

The Gambia is using fuelwood from forests at a rate that promises depletion of forest resources early in the next century. Little or no royalty is paid for dead wood extracted from forests. Legally, living trees cannot be cut, so there is an incentive to kill trees and later to cut them down for fuelwood. At the same time there is scope for tree farming for pole production and fuelwood. These activities could provide farm income but will not be undertaken as long as free fuelwood is available. Royalties should be placed on fuelwood (with the proceeds retained in villages and districts) at a rate that is sufficient to stimulate tree farming. The forestry service, SWMU, NGO's and others should promote agro-forestry. The USAID program will encourage these changes.

Indicator d: Environmental Education Implementation

Rationale: The Gambia's new Natural Resource Management Policy calls for designing an environmental education program to be implemented by a broad spectrum of Gambian institutions, including schools and the civil service. Such a program merits the support of many donors as a principal vehicle for changing attitudes and practices which affect the natural resource base for agriculture. The indicators under Target 2-1 (Crop Land Maintenance) would be strongly influenced by environmental education.

Indicator e: Privatization of the Livestock Marketing Board (LMB)

Rationale: LMB controls the slaughter and exportation of livestock. In this capacity it not only absorbs scarce budgetary resources but also tends to dampen the trade in livestock by distorting prices and through its operational inefficiency. The GOTG recognizes a need to privatize LMB commercial operations and confine it to a regulatory role. A private market would tend to rationalize livestock numbers to the advantage of farmers and would stimulate the adoption of husbandry practices that are at once more profitable for the farmer and more congenial to the environment.

SUB-TARGET 2-3A: Farmers Active in Savings Associations

<u>Base</u>	----- Targets	
<u>1990/91</u>	<u>1992/93</u>	<u>1994/95</u>
Unknown	5,000	10,000

Rationale: Capital formation provides a means to acquire technology. NGO's have experimented successfully with savings associations as a basis for increasing farmer access to capital. Beginning with savings associations in farmer or village groups creates the discipline necessary for profitable lending. Government/donor supported lending generally lacks discipline and fails to reach all farmers equitably. The ANR program will use PVO grants to encourage rural capital formation through savings groups.

B. Target of Opportunity: Improved Maternal and Child Health Status

SUB-TARGET 0-1: Mortality in Children Under 5 from Diarrheal Diseases Reduced by 50% (Number Per Thousand).

<u>Base</u>	----- Target
<u>1989</u>	<u>1994</u>
44*	22

*31% of all deaths under 5 years.

Indicator a: ORS Packets Used for Children Under 5 (Percent of Cases).

<u>Base</u>	----- Targets		
<u>1989</u>	<u>1991</u>	<u>1993</u>	<u>1995</u>
15	20	25	30

Indicator b: Public Health Practitioners Trained in ORT.

<u>Base</u>	<u>Targets</u>		

<u>1989</u>	<u>1991</u>	<u>1993</u>	<u>1995</u>
718	850	1100	1400

SUB-TARGET 0-2: Natural Population Growth Rate Declines by at least .1% by 1995

<u>Base</u>	<u>Targets</u>	

<u>1991</u>	<u>1993</u>	<u>1995</u>
2.8*	2.8	2.7

Indicator a: Numbers of Couples Continuing to Accept Contraceptives.

<u>Base</u>	
<u>1991</u>	-targets not yet established-
24,500	

Indicator b: Social Marketing of Contraceptives Coverage Increases (percent of country covered)

<u>Base</u>	<u>Targets</u>	

<u>1991</u>	<u>1993</u>	<u>1995</u>
5-10	20	50+

Indicator c: Cumulative RAPID-type Screenings Per Year

<u>Base</u>	<u>Targets</u>	

<u>1991</u>	<u>1993</u>	<u>1995</u>
None	5	15

Rationale: The target of opportunity, its targets and indicators

incorporate the objectives of the centrally-funded programs for child health and family planning being implemented in The Gambia at present or prospectively. They expand to include new family planning targets and indicators that were identified in a survey of family planning requests completed by REDSO/WCA in 1990. The target of increasing child survival and reducing the rate of natural population increase could contribute to the program goal of increased per capita GDP but is not critical in the Action Plan period.

III. MISSION MANAGEMENT

A. Program Design Schedule

During the Action Plan period all major USAID/Banjul projects expire, to be replaced by activities identified in the CDSS for FY 91 - FY 95. Three design activities will be undertaken and an interim or bridging design activity - using AID/W resources - will receive Mission support as well.

In FY 91 design of the Financial and Private Enterprise Development (FAPE) program will be completed (January - June). Also in FY 91, the initial design of the ANR program will be undertaken (March - June). Both programs will combine NPA for sectoral reforms with supportive projectized technical assistance and training.

AID/Washington has been requested by the Mission to provide a year's support to the World Wildlife Fund (WWF) interim program of assistance to the long-term development of the Kiang West National Park, until the activity can be taken up by the ANR program.

In FY 92 the final design of the ANR program will be completed (January - May). The long-term program of assistance to the Kiang West National Park will be included in the design. Also in FY92, the details of USAID/Banjul's direct support to The Gambia's voluntary family planning program will be worked out. The Africa Child Survival Initiative/CCCD regional program will not be available for this purpose after FY93. A combination of regional and central family planning project activities will be supported by the Mission.

B. Obligation Schedule

USAID/Banjul plans to obligate DFA resources to eleven activities during the three fiscal years covered by this report. The schedule of obligations follows:

<u>Project or Program</u>	<u>Quarter of Obligation</u>	<u>Amount (\$000)</u>
Ag. Research and Diversification	FY91 - Third	2090
Economic Policy Reform Support	FY91 - Third	575
Financial & Private Enterprise Dev.	FY92 - Second	3000
	FY93 - Second	3000
Financial & Private Enterprise Dev. Support	FY91 - Fourth	2635
	FY92 - Second	2150
	FY93 - Second	1550
Financial Sector Restructuring	FY91 - Third	5000
Financial Sector Restructuring Support	FY91 - Third	1500
Program Development and Support	FY91 - Second	300
	FY92 - Second	200
	FY93 - Second	200
Human Resources Dev. Assistance	FY91 - Second	610
	FY92 - Second	150
	FY93 - Second	150
Natural Resources Management Support	FY92 - Fourth	2500
	FY93 - Second	2000
Natural Resources Management Program	FY93 - Second	1000
Health/Family Planning Activity	FY93 - Third	100
	Sub-total	28710
(Less: De-obligation in FY91)		-210
	TOTAL	28500

C. Operating Expenses and Trust Funds

1. Reducing Cost: During the past four years the USAID has made several long-term investments to reduce future appropriated O.E. expenses, as follows:

a. In 1987, the Executive Office took over the travel services which were previously provided through FAAS.

b. A local-hire, Gambian computer system manager replaced a higher cost US/PSC (FY 90).

c. Three O.E.-funded PSCs were switched to program funds (FY 90).

d. A Trust Fund Agreement was negotiated with the host government in FY 90. The GOTG provided about \$134,000 at the end of FY 1990 and a like amount in FY 1991. The expected annual allotment of GOTG Trust Funds is \$300,000 in (GOTG) FY 1992, July 1, 1991 - June 30, 1992.

During this Action Plan period, we will continue analyzing the FAAS for possible cost savings. We will make additional efforts to cover local costs in Dalasis. These costs will be largely chargeable to the Trust Fund, subject to an annual level approved by the GOTG and AID/W.

2. Expenditure Priorities: Given our O.E. and Trust Fund levels, we will not be able to implement in full the Mission procurement plan. Meeting the following requirements will reduce flexibility:

a. The increase in the FSN compensation plan: The post has had to revise the FSN compensation, based on the November 1990 FSN Compensation Survey Report. Added expenditures of \$23,000 will result.

b. Increases in rental costs: Housing costs have increased tremendously. Some rentals have tripled in the last three years and utility costs have more than doubled. Another 30% rise in utility charges is expected before June 1991.

c. Controller's Staff Development: A Gambian chief accountant is being recruited for the Controller's Office. The two FSNs currently on the Controller's staff must attend training courses.

The Mission has requested an increase in Trust Funds to cover projected local costs and partially offset devaluation of the Dalasi. However, certain local costs require foreign currency

payments. As examples, some rentals and the security guard program are currently funded under the O.E. appropriation, since some landlords and the security guard contractor require payments in U.S. dollars or British pounds. We have asked the Embassy to renegotiate the local security guard contract to change A.I.D.'s payment terms to local currency.

3. FAAS: The Controller's Office and the Executive Office will do an analysis of residential maintenance and warehousing, comparing the services provided under FAAS and a possible program managed by A.I.D.. Our initial impression is that an A.I.D.-managed program would result in savings. However, the initial cost of such a program would include an increase in the first year's O.E. budget for purchase of a utility/delivery truck and special equipment.

D. Support Requirements

As part of the continuing effort to reduce O.E. costs, both current and projected, USAID has begun a replacement program for its motor vehicle fleet which will eliminate all locally procured vehicles and completely replace them with U.S. source-origin vehicles by 1992. Procurement of U.S. vehicles and spare parts will provide the Mission with vehicles able to withstand The Gambia's road conditions, thereby reducing transportation costs.

Electricity and water supply is gradually becoming less dependable, with power outages occurring more frequently and for longer periods of time. This puts more demands on residential generators and USAID has begun phasing out the smaller and older generators to replace them with larger units (25kva), standardizing the make and model to allow for a more effective and consistent program of maintenance and repair. This replacement schedule will be completed by 1993.

The generator currently in operation at the A.I.D. Office is at its maximum capability and must be replaced during FY 92. This will reduce maintenance costs on office equipment, but initially it will require a substantial outlay.

Banjul's water supply is only available for a few hours a day. Originally, USAID had installed above-ground water storage tanks as a solution to the problem but it is becoming apparent that the water pressure, even at its peak, often is not sufficient to push water to the storage tanks. This problem was solved at the USAID Office by the installation of an underground cistern which is gravity fed and the use of a water pump to push the water to the roof top storage tank. This is a possible solution at various residences if funds are available.

Acquisition of computer systems started in 1984, when the

Mission invested in a Wang Professional Network. In 1990, due to the aging of the system, the Mission invested about \$60,000 in a VINES network. Presently, the VINES network links 5 Wang PC300 and 1 Wang PC200 series personal computers, 2 shared Laser printers and 3 Dot matrix printers. The newer, faster equipment gives the Mission an up-to-date production system.

Future ADP procurement will be concentrated on the following activities:

- Gradual phasing out and replacement of the already aged Wang Professional Network and it's associated Wang APCs.
- Meeting the high demand for workstations by procurement of seven additional personal computers.
- Catering for TDYs' personal computing needs by purchasing three Laptop computers.
Acquiring an additional file server and spare parts for the network stations and an additional laser printer in order to cope with the delays in acquiring spare parts and to reduce system down time.
- Providing better power supply and air conditioning systems to improve reliability of power supply to the computer system.

The Controller's Office has undergone substantial change with addition of a secretary and the promotion of two FSN's to the positions of voucher examiner and accountant/budget analyst. During FY 1991, USAID plans to increase the controller staff with one more FSN in the position of chief accountant. There are no further staff additions planned. When new personnel complete planned training, the additional positions will increase efficiency and decrease vulnerability.

In FY 1991, USAID was forced to give up its FSN security guard program, which had provided twenty-four hour security for the USAID Office and residences, and accept a joint guard program which provides residential security coverage only from 7:00 p.m. until 7:00 a.m. During the daytime there is no residential security coverage provided. The new system has forced most of the USAID staff occupying Government-leased property (which contains USG property) to finance their own security during the day. All agencies are in this situation. The fact that the night guards are now on duty for twelve hours, unlike the eight hours required under the former USAID managed program, lowers the level of confidence in official security services. Guards are far more likely to fall asleep during such a long period of night duty. USAID is paying about the same but receiving far less protection in a country where theft is commonplace*.

*Embassy Comment: Present guard coverage was determined by the Department of Diplomatic Security based on the threat level at post.

E. Staffing

USAID/Banjul staffing numbers and organization have not varied significantly for several years. The Mission is managed by five U.S. Direct Hire (USDH) staff, assisted by three U.S. Personal Services Contractors (USPSC) and four Foreign Service National Direct hires (FSNDH). This core staff is supported by some 14 secretarial and clerical positions, plus six drivers. Three positions are program funded.

The Mission plans to recruit a Natural Resource Management Specialist in the summer of 1991, to assist in developing the new ANR program. In effect this specialist would replace a USDA/PASA Soil Conservation Specialist now working with the SWMU. This US/PSC position would be program funded from the outset, first (for one year) by Program Development and Support funds, then by the new ANR program. (A similar procedure has been followed in obtaining a US/PSC program designer/manager for the Financial Sector Restructuring (FSR) program.)

The position of Program Analyst is to be abolished, so that contracting the FSR manager in May 1991 will not cause an increase in Mission staffing.

In 1989 USAID/Banjul managed eleven active projects or programs. By 1993 the number will decline to ten (and to seven in 1994). The Mission staff will show a small shift from generalists towards specialized project/program managers.

IV. TRACKING AND PERFORMANCE EVALUATION

A. Program Impact Evaluation and Reporting

USAID Banjul has adopted the new Assessment of Program Impact (API) as the principal means of tracking and reporting progress in achieving program goals and targets. The first API was submitted in November 1990 and the Mission awaits an AID/W reaction.

Future API's will benefit from the completion of baseline surveys of the Financial/Private Sector (now underway) and the Agriculture/Natural Resources Sector which will be completed during the winter of 1991. Recognizing the importance of people-level-impact, both surveys emphasize socio-economic factors -- employment, productivity, income, health status, education, housing -- as measures of real impact in the lives of people. In this respect, both major new programs are designed to achieved positive, measurable results and both provide budgets for effective measurement of impact.

B. Project Implementation Reviews (PIRs)

PIRs will continue to be used as a project/program management tool and to keep AID/W abreast of program activity. The Mission order, "Monitoring and Evaluation Procedures" specifies that PIRs are due on May 1 and November 1, and that copies are to be forwarded to the Africa Bureau. An Annual Project or Program Review is conducted each November, principally to provide input to the API.

PIRs are supplemented by collaborative project reviews, which are carried out every 18 months with the broadest possible participation. USAID/Banjul encourages the use of local accounting firms to carry out special assessments or studies as circumstances may require.

C. Project Evaluations

Each project or program earmarks funding for evaluations. Evaluations often are done by multi-disciplinary USDH/contractor teams. Frequently, a regional specialist from REDSO/WCA is the USDH presence on an evaluation team. Evaluations are scheduled in each project or program monitoring and evaluation plan. In design of the new programs (FAPE and NRM), considerable stress is being placed upon monitoring program impact upon the least advantaged groups in The Gambia. Following baseline surveys, each program will provide for periodic re-surveying, to measure program impact.

In order to develop a reliable picture of the over-all impact

of the A.I.D. program in The Gambia, portfolio and cross-sectoral evaluations, assessments and analytical reports will be used. The Mission has requested AID/W assistance in developing such a capability.

V. SPECIAL CONCERNS

A. Gender Issues

USAID/Banjul has a threefold strategy for addressing women's issues: 1) increase the rate of female participation and employment opportunities in Gambian businesses; 2) improve the skill level of female entrepreneurs and employees; and 3) increase women's agricultural productivity through, inter alia, the promotion of technologies, environmental awareness, and soil reclamation and irrigation activities benefitting women. USAID/Banjul does not have plans for a specific WID project. The Mission's strategy addresses women's issues through its bilateral projects, by integrating general and specific elements that expand women's roles and incomes. To this end, a WID specialist participates in every stage of development of major new projects and programs. Overall, the Mission seeks to assure that at least 35% of participant trainees are women.

B. Grey Amendment

Recent legislative changes require A.I.D. to ensure that at least 10% of all contracts or subcontracts are awarded to small and disadvantaged institutions and minority individuals (Grey Amendment entities). To meet and if possible to exceed this requirement at the Mission level, the Mission will continue to make extensive use of Grey Amendment entities in contracting under projects 0231 (Economic Policy Reform Support) and 0510 (Program Development and Support), and will continue to support Grey Amendment contracting in ANR activities. Currently the Mission is reviewing the capabilities of Grey Amendment firms for work under the FAPE and FSRP.

C. Biological Diversity

Biological diversity is an integral part of natural resource management in The Gambia. Most sources agree that there has been at least a 60% reduction in canopy forest cover since the 1940's and a concurrent rise in open woodland and savannah area. It is unknown what valuable flora and fauna have disappeared with the denser forests. The elephant, giraffe, large cats and other spectacular species that were present early in the century are certainly and forever gone. Rare hippopotamuses and manatees are occasionally reported as having been taken as game. The last of The Gambia's rhun palm will be harvested soon and the most common fuel transported from rural areas is rosewood. These examples provide evidence that the numbers and species of flora and fauna are under continuing pressure.

The GOTG has mapped out 34,000 hectares of forest parks and national forests but, with limited resources and donor assistance, it is hard-pressed to protect them. In fact, fire, agriculture and grazing commonly invade these lands and it will be essential to permit some forms of economic exploitation in order to enhance the level of protection. Clearly, the land cannot be protected unless the rural people profit by its protection.

Bio-tourism may offer incentives for rural people to protect their flora and fauna by attracting tourist spending and employment opportunities to selected national forests. At present bird life offers the most spectacular opportunity for developing bio-tourism but as forests are better protected the small population of antelopes, primates and marsh animals should expand.

Intensification of agricultural production on suitable land and marginal changes in grazing patterns, together with environmental education, soil conservation, tree farming and related activities provide means of enhancing the protection of those parks and forests where the remainder of The Gambia's natural flora and fauna may survive and regenerate. These interventions are elements of USAID/Banjul's planned ANR program. While the larger share of the program will focus on soil conservation and intensified crop production, it also includes the protection and development for tourism (and rural employment) of the 25,000 acre Kiang West National Park.

D. Human Resource Development

The Gambia is faced with overcoming the problems posed by a rapidly increasing population and net rural to urban migration. Despite significant strides in the education sector, only 40% of The Gambia's school age population is enrolled. The basic consequence of this lack of formal education is a dearth of skills at all levels in the work force. There is no university in The Gambia, so that only a small number of those who complete secondary school have the opportunity to pursue further study. Besides Gambia College, which is mainly a teacher training institution that does not confer degrees, three facilities exist in-country for post-secondary training: the Gambia School of Nursing, The Gambia Technical Training Institute (GTTI) and the Management Development Institute (MDI). The latter institution was set up to meet the management training needs of civil servants while GTTI provides training in trades such as carpentry, plumbing, welding, and auto mechanics.

Training continues under the Mission's HRDA project buy-in, with emphasis on natural resources management and on increasing the number of women who have access to business-related training. By the end of FY 92, as two new sectoral programs in natural resource

management and private sector development come on stream, participant training activities will be directed towards: (i) improving the skills of managers and employees of productive private enterprises (with women as a primary target group); (ii) creating environmental awareness; (iii) increasing the capacity of GOTG to implement and manage a national resource management policy; (iv) improving the depth and diversity of financial intermediation; (v) strengthening the legal system as it directly affects private investment decisions; and (vi) strengthening macroeconomic analytical skills. A relatively small amount of training resources will be used to help maintain critical skills in public institutions related to financial and economic management. It is anticipated that much of the training will take place in-country, primarily at the MDI; off-shore training will be in non-degree programs in forestry, range management, and environmental awareness, and in degree programs in economics and natural resource management.

E. Family Planning

The Gambia's population growth rate of 3.4%, of which about .6% can be attributed to immigration, is uncomfortably high and militates against achieving the long term goal of increasing GDP per capita. For this reason, the Mission has welcomed all opportunities to contribute to family planning programs in The Gambia through central and regional projects. Even though it lacked the resources for its own program, during any given year in the last five, USAID/Banjul could point to roughly \$300,000 in various programs contributing to family planning in The Gambia. Unfortunately, the Mission cannot claim broad impact for these programs in terms of lower population growth. Still, it is safe to assert that research, training, pilot, and IE&C projects had local impact and directly benefitted their limited target groups.

Most assuredly, A.I.D.'s supply of condoms whether for family planning programs or for AIDS prevention programs had a beneficial effect, however localized and temporary it may have been. Through its IE&C programs over the years, A.I.D. programs have helped sensitize Government officials and influential citizens to the urgent need for family planning. As a result A.I.D. can claim some credit for the fact that The Gambia became one of the first African countries to adopt an actively pro family planning policy and this policy is reflected often in speeches given by the President of The Gambia.

Following the review of the CDSS in May of 1989, the Mission instituted a survey of its family planning efforts along with those of other donors to determine what more the Mission should or could do to effect a rapid increase in the rate of contraceptive prevalence and a reduction of the total fertility rate in The Gambia. The survey, conducted by the staff of REDSO/WCA in

Abidjan, concluded that the Mission should consider sponsoring RAPID presentations and should seek support for a social marketing of contraceptives program during the planning period. The Mission, following this advice, is seeking regional funding for a buy-in to a social marketing of contraceptives program which has been through the preliminary design phase. Given the attitude of the GOTG, such a program has some prospects for success.

F. Peace Corps Coordination

The Peace Corps has a 26-year history in The Gambia, and has long been active in the cooperative implementation of A.I.D.'s agriculture, forestry and natural resource management programs. In recent years, Peace Corps Volunteer (PCV) contributions have been particularly valuable to the Mixed Farming, SWMU and GARD projects. PCV's are playing a role in the Kiang West program and receive A.I.D. funding for the free-standing African Food Security Initiatives program. Peace Corps staff and the Mission are convinced that continued cooperation in the design and implementation of the new ANR program will contribute substantially to its success.

PCV's will continue to work with the SWMU when the 13-year A.I.D. project ends in June 1991 and until the start-up of the ANR project in July 1992. Since the SWMU is seen as the lead GOTG institution in ANR, the continuity provided by the volunteers will be vital, as will their involvement in the successor program. They can complement directly SWMU's capacity and provide critical linkages with forestry, fisheries, research and extension services. Peace Corps and A.I.D. staff are programming collaboratively to assure timely availability, appropriate planning and adequate support of PCV's.

G. Private Voluntary Organizations

USAID/Banjul has developed a history of working closely with PVOs and the Peace Corps in the design and implementation of its projects, particularly in the natural resource and agricultural spheres. The success of the CRS sesame production and processing program financed by an A.I.D. grant has already been noted. Save the Children (STC) is now working on seed multiplication under the GARD project and both STC and CRS are collaborators in dissemination of technologies resulting from research in the GARD project. The Mission intends to expand these PVO/A.I.D. linkages.

The Mission's new ANR program provides full scope for expanding A.I.D./PC/PVO cooperative activities. The principal vehicle for new cooperative activities is expected to be operational program grants (OPG's) made to PVOs to carry out ANR programs in designated areas of The Gambia. USAID and the PVOs would work together to

design activities that will protect and enhance the natural resource base and simultaneously accelerate agricultural productivity. This approach would not be limited to U.S. PVOs but would also be opened to e.g., the Canadian United Service Organization (CUSO), U.K.'s Action Aid, and others interested in working in the ANR area and able to demonstrate a positive track record. Particular encouragement would be given to expatriate NGOs to work with Gambian NGO counterparts to develop their skills and increase their capacities. At present Gambian PVOs have neither the resources nor the experience to work independently.

Since the ANR program is expected to be based on a new GOTG policy of integrated watershed management, the PVO grants will be focussed on watersheds, so as to better coordinate the activities of the grants with government activities in research, extension, forestry and fisheries in designated watershed districts. This will both assure coordination with government activities and assure that PVO areas do not overlap, providing maximum coverage of the farming area.