

PD-ABL-902

96650

**THE GAMBIA
FINANCIAL AND
PRIVATE ENTERPRISE
DEVELOPMENT SUPPORT
PROJECT
(FAPE)**

Contract No. 635-0237-C-00-2381-00

Final Report

Submitted to:

**Director
USAID/Banjul**

Prepared by:

**Dr. Theodore R. Valentine
Chief-of-Party, Gambia/FAPE Project**

AMEX International, Inc.

March 21, 1995

ABBREVIATIONS

AFPRC	Armed Forces Provisional Ruling Council
BSWAT	Botswana Workforce and Skills Training Project
CBG	Central Bank of The Gambia
COTR	Contracting Officer's Technical Representative
CSD	Central Statistics Department
EFPA	Economic and Financial Analysis Project
EMCBP	Economic Management Capacity Building Programme
ERP	Economic Recovery Program
FAPE	Financial and Private Enterprise [Support Program]
GOTG	Government of The Gambia
GTTI	Gambia Technical Training Institute
IDEP	United Nations Institute for Economic Development and Planning
IMF	International Monetary Fund
LOP	Life of Project
MDI	Management Development Institute
MFAU	Macroeconomic and Financial Analysis Unit
MFEA	Ministry of Finance and Economic Affairs
NGO	Nongovernmental Organization
NIB	National Investment Board
PEP	Public Expenditure Program
PEU	Public Enterprise Unit
PIP	Public Investment Program
PFP	Policy Framework Paper
PS	Permanent Secretary
PSD	Policy for Sustainable Development
RTA	Resident Technical Advisor
SSSU	Statistical and Special Studies Unit
TA	Technical Assistant
TRAP	Tax Reform Action Plan
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

CONTENTS

INTRODUCTION	1
1. Update of Semi-Annual Progress Report	3
1.1 The Four Key Areas of FAPE Project Intervention: Current Status	3
1.1.1 Macroeconomic Model Building and Forecasting	3
1.1.2 Macroeconomic and Fiscal Policy Simulation and Analysis	4
1.1.3 Tax Policy and Government Revenue Policy Matters	4
1.1.4 Macroeconomic and Fiscal Policy Monitoring (Special Studies)	5
1.2 Completed Work in Capacity Building in the Ministry	6
1.3 Uncompleted Work in the Four Key Areas of Intervention	7
1.3.1 Studies	7
1.3.2 Workshops	7
1.3.3 Training and Capacity Building	7
1.4 Recommendations and Prioritization of Possible Alternatives to Accomplish the Contract Objectives at a Future Time	10
2. Lessons Learned About Working in The Gambia and About the Design and Implementation of USAID Activities	13
2.1 EFPA and FAPE Rationale Compared	13
2.2 The Environment: Constraints to Project Implementation	14
2.3 Some Gambian Perceptions of Technical Assistance Personnel	14
2.4 Training and Monetary Rewards	14
2.5 Economic Training and Capacity Building: Other Countries' Experience.	15
Appendix A: Macroeconomic Model Building, Forecasting, and Macroeconomic and Fiscal Policy Simulation and Analysis	
Appendix B: Tax Policy and Government Revenue Policy Matters	
Appendix C: Macroeconomic and Fiscal Policy Monitoring (Special Studies)	
Appendix D: Training and Capacity Building	

INTRODUCTION

Under the terms of the Financial and Private Enterprise (FAPE) Support Program, contract no. 635-0237-C-00-2381-00, AMEX International, Inc. was charged with the responsibility to provide:

- (a) advisory services and technical assistance to the Ministry of Finance and Economic Affairs (MFEA) to enable the Ministry "to undertake requisite economic and financial analyses to support consolidation and deepening of a market-based macroeconomic policy framework conducive to increased private investment and accelerated private sector-led growth;" and
- (b) "technical assistance, training, and supplies and equipment necessary to ensure continued development within the MFEA of an economic analysis unit to assume progressive responsibility in the areas of macroeconomic and financial performance monitoring and evaluation, and policy analysis and reform."

The contract was signed in August 1992 and the project began in October 1992. The contract covered a base period of three years which should have ended in August 1995. However, it was terminated January 31, 1995 as a result of the overthrow of the constitutionally elected government by the Gambian Armed Forces on July 22, 1994.

In accordance with Section A.2.a., of the Notice of Contract Termination for the Convenience of the U.S. Government dated December 9, 1994, AMEX International, Inc. submits the final deliverable for the subject contract in the form of this Final Report completed by the Chief of Party, and in line with the directives contained in the COTR's letter dated December 27, 1994. The report is divided into three parts:

Section one presents an update of the last FAPE Semi-Annual Progress Report and includes:

- (a) the current status of the Four Key Areas of Intervention described in the revised Life-of-Project (LOP) Action Plan of August 1993;
- (b) description of work completed to build capacity in the Ministry of Finance and Economic Affairs including training completed;
- (c) description of work not completed in the Four Key Areas of Intervention because of USAID's early termination of efforts;
- (d) recommendations and prioritization of possible alternatives to accomplish the contract objectives at a future time either by USAID (through an NGO program) or another donor or by the Government of The Gambia (GOTG).

Section two presents a discussion of lessons learned about working in The Gambia and about the design and implementation of USAID activities.



The appendices contain copies of various reports and memoranda pertinent to the project implementation over the period under consideration. These attachments include:

Appendix A: Macroeconomic Model Building, forecasting and Macroeconomic and Fiscal Policy Simulation and Analysis.

Appendix B: Tax Policy and Government Revenue Policy Matters.

Appendix C: Macroeconomic and Fiscal Policy Monitoring (Special Studies).

Appendix D: Training and Capacity Building.

1. Update of Semi-Annual Progress Report

1.1 The Four Key Areas of FAPE Project Intervention: Current Status

Following consultations between AMEX International, officials of USAID/Banjul, and the Permanent Secretary, Ministry of Finance and Economic Affairs in July 1993, it was agreed that AMEX's intervention in the FAPE project, as indicated in the revised Life-of-Project (LOP) Action Plan submitted in August 1993, should focus on four key areas:

- (a) macroeconomic model building and forecasting;
- (b) macroeconomic and fiscal policy simulation and analysis;
- (c) tax policy and government revenue policy matters; and
- (d) macroeconomic and fiscal policy monitoring and studies on special macroeconomic topics as the need arose.

The following paragraphs present the current status of each the four key areas of intervention.

1.1.1 Macroeconomic Model Building and Forecasting

The Semi-Annual Economic Review. This is a six-month review of the economic performance of The Gambian economy that the AMEX team first published in December 1993. Work on the second volume could not begin because of the events of July 22, 1994 and USAID's directive that all policy work ceased henceforth. The review was to serve a two-fold purpose: First, to provide an overview of the performance of the macroeconomy over the period indicated and, thus, serve as a framework for policy dialogue with the International Monetary Fund (IMF) and the World Bank for the mid-term review of the Policy Framework Paper (PFP). Second, it was to provide a macroeconomic framework for the 1995/96 fiscal year's budget process. An attempt was made by the Macroeconomic and Financial Analysis Unit (MFAU) to complete the 1994 report, but it is not clear to what extent they succeeded.

Monthly Economic Bulletin. In September 1994, the AMEX/FAPE resident technical advisors (RTAs) started an initiative to collect and produce an outlook bulletin of monthly production and sales data. The data collection and production of the bulletin was to be a joint effort between the Ministry of Finance and Economic Affairs (MFEA) and the Central Statistics Department (CSD). The objectives of this initiative were to (i) improve coordination among the data collecting agencies, and also establish a good working relationship between these agencies and the private sector; (ii) provide timely data to policy makers in decision making; and (iii) inform the business community, donor agencies, and the general public of economic events on a monthly basis. In addition, the collection and analysis of these data would provide significant input into the semi-annual macroeconomic review. Regrettably, as a result of the military takeover, the monthly economic bulletin was not published.

1.1.2 Macroeconomic and Fiscal Policy Simulation and Analysis

During the period covered by this report, the RTAs worked closely with one MFAU staff member to provide the latter with on-the-job training in the use of the Revised Minimum Standard Model and statistical analyses using the Soritec statistical software package. It is expected that this staff member would play a major role in coordinating the development and drafting of the semi-annual macroeconomic review in the MFEA.

1.1.3 Tax Policy and Government Revenue Policy Matters

1.1.3.1 Artisanal Fisheries: Providing Alternatives to Pre-Mix Fuel Subsidy

In preparation for the 1994/95 fiscal year budget, there was much discussion as to whether the GOTG should continue its policy of subsidizing the artisanal fishing sector through lower pump prices for pre-mix fuel. The AMEX team was asked by the Minister (MFEA) to analyze the impact of the pre-mix fuel subsidy on the sector. The analysis was undertaken in collaboration with the principal economist in the Office of the Minister who was responsible for monitoring the issuance of and revenue foregone through duty-waivers then in existence in The Gambia. The study on pre-mix fuel subsidy concluded that (i) the socioeconomic objectives—such as improving the nutritional content for the average Gambian, providing employment, and saving foreign exchange—under which the subsidy was given were being met; (ii) there was a strong positive statistical relationship between the volume of fuel used and fish catch; and (iii) the price elasticity of demand for fish was negative. In spite of these findings, the FY 1994/95 budget speech proposed the elimination of subsidies on pre-mix fuel.

After the budget speech, the team was asked to further analyze the artisanal fishing sector and provide alternatives to the pre-mix fuel subsidy. The findings of the follow-up study recommended (i) increasing access to credit facilities for fishermen; and (ii) improving the core infrastructure for the artisanal sector. These policy recommendations are contained in the reports "Follow-up Study on Recommendations for Assisting the Artisanal Fishing Sector" and "Artisanal Fisheries: Providing Alternatives to Pre-Mix Fuel Subsidy" which were drafted in September/October 1994.

1.1.3.2 Participation in the Public Expenditure and Investment Programs (PEP/PIP) Working Group

The AMEX team served as members of PEP/PIP working group, whose membership included senior staff of the MFEA, staff of the Macroeconomic and Financial Analysis Unit (MFAU), the Economic Management Capacity Building Programme (EMCBP), and directors of planning in line ministries such as Health, Education, Transportation, and others. Among other things, the PEP/PIP Working Group developed a core Public Investment Program (PIP) to underpin The Gambia's diversification program which also formed part of the PFP matrix for 1994-97. The essential elements of the PIP were expansion in road infrastructure; development of export processing zones; expansion of the air and sea ports; expansion and rehabilitation of electricity supply; and modernization, rehabilitation, and expansion of secondary education and health facilities.

1.1.3.3 Issues of Implementation of the Tax Reform Action Plan

The AMEX team participated in discussions on the implementation of the Tax Reform Action Plan (TRAP). A major reason for the government's reluctance to adopt the plan was the absence of studies to support most of the conclusions, and improper sequencing of reforms, even of the conclusions that the government accepted. In order to make progress to formally adopt the TRAP, the AMEX team conducted in-house studies to provide additional information to some of the areas of greater concern. Where necessary, local consultants were contracted to conduct a survey to give Government more information for decision making on tax reform issues. In a series of meetings, the team also agreed with Government on the timing and implementation of reforms. So far, the government is on schedule in implementing tax reforms (see attachments).

1.1.4 Macroeconomic and Fiscal Policy Monitoring (Special Studies)

1.1.4.1 Analysis of Implication of Re-imposing Currency Restrictions in The Gambia

In October/November 1994, the AFPRC government considered reimposing currency restrictions. The AMEX team was asked by the PS (MFEA) to analyze, in collaboration with the research department of the central bank, the implications on the economy of reimposing such restrictions. The draft report examined existing data to show the extent to which capital flight might ensue, discussed the advantages of a liberal foreign exchange regime, and pointed out the potentially strong negative implication of currency restrictions on The Gambia's open economy. This report helped, at least in the short-term, to forestall the imposition of currency restrictions.

1.1.4.2 Providing Central Bank Guarantees for Imports

In October/November 1994, the AFPRC government considered providing central bank guarantees for the importation of essential commodities such as rice, sugar, and vegetable oil. The AMEX team was asked by the PS (MFEA) to collaborate with the research department of the central bank in analyzing the implications such guarantees would have on the economy. The draft report discussed the benefits of The Gambia's free trade regime, discussed the (then) buoyancy of the private sector, particularly the trading sector, and pointed out once again that such guarantees would adversely affect the credit worthiness of The Gambia's high import elasticity open economy.

The issues of re-imposing currency restrictions and providing central bank guarantees for imports underscore the build-up of economic pressures on the current regime, and the danger facing the reforms so far carried out under the Economic Recovery Program/ Policy for Sustainable Development (ERP/PSD).

1.1.4.3 Revised Comments on "Readjusting The Gambia's Economy"

The AMEX/FAPE RTAs had reviewed the World Bank's "Readjusting the Gambia's Economy" document, written by Professor Robert Klitgaard, an expatriate consultant. One of the conclusions drawn by Professor Klitgaard was that corruption constituted a major variable in the under-performance of The Gambia during the ERP years. With the AFPRC government's focus on corruption, the PS (MFEA)

asked the AMEX RTAs to further revise their comments on the document. There is no doubt that corruption does exist and is, perhaps, widespread. However, there are other major impediments to improvements in the country's macroeconomic performance. Market size combined with the dearth of both natural and human resources are strong impediments to growth and development, as are the high cost of fuel and electricity, poor economic infrastructure, and inefficiencies in the civil service. These factors combined increase both production and transaction costs in The Gambia, thus reducing the country's competitiveness in the tradeable goods sector. Corruption, where it exists, would further increase the transaction costs of doing business.

1.1.4.4 Ministerial Speeches and Talking Points

During the last 12 months of project implementation, the AMEX/FAPE RTAs participated in drafting speeches and preparing talking points for the Minister (MFEA) on different occasions. These included the following:

- (a) Review and analysis of Commonwealth Secretariat background papers and preparation of talking points for the annual Commonwealth Finance Ministers meeting;
- (b) Review and analysis of World Bank/IMF background papers and preparation of talking points for the annual meetings in Madrid, Spain; and
- (c) Review and analysis of macroeconomics of the tourism sector and preparation of talking points for a meeting in Banjul of the International Tour Group Operators.

The major focus of the Commonwealth Finance Ministers meeting and the IMF/World Bank annual meeting for 1994 was a critique of the Bretton Woods institutions after 50 years in operation. While the background papers pointed to many of the inadequacies and contradictions of the World Bank in particular, these meetings also presented a good opportunity for developing countries to articulate a view of their expectations of these institutions.

1.2 Completed Work in Capacity Building in the Ministry

In-country Training Efforts

The AMEX team served as resource persons for the MDI/EMCBP induction course for new entrants in the Economist/Planner cadre of the civil service from September 12-23, 1994. The RTAs gave presentations on sources of government revenues (tax and nontax revenue); tax administration; and macroeconomic modelling and projections. This workshop was well received by the participants. The expectations were that a second workshop would be held in November 1994 for mid-level civil servants and the RTAs were to serve as resource persons for that workshop also. However, that workshop was postponed to the first quarter of 1995, and with the contract termination, there will be no input from the RTAs.

Macroeconomic Model and Analysis: The AMEX team adopted and adapted the World Bank's Minimum Standard Model and IMF's financial programming model for The Gambia. The analyses and

results from the model assisted the officials from MFEA and Central Bank of The Gambia (CBG) in their policy discussions with the World Bank and the IMF. The model was also used to estimate financing requirements for the Administrative Reform Program and the Country Strategy Paper for The Gambia.

The Tax Reform Action Plan (TRAP): Initially, there was some resistance from the Ministry to certain elements of the TRAP. Once the concerns of the senior staff were taken into account, the government did sign on to the action plan. Certain parts of the action plan have been implemented, while others have not. It is now recognized that the remainder of the action plan would likely be implemented with no additional financial support, after the military take-over and the suspension of nonproject assistance.

A list of topics for case studies, workshops, and attendees may be found as an attachment to this report.

1.3 Uncompleted Work in the Four Key Areas of Intervention

The AMEX/FAPE RTAs were unable to complete work in many parts of the four key areas of intervention due to the early termination of efforts. Among them are the following:

1.3.1 Studies

The July–December 1994 semi-annual review of The Gambian macroeconomy was expected to be undertaken in November/December 1994. This review, which was to provide the macroeconomic framework for policy dialogue with the World Bank and the IMF for the first half of the fiscal year, and also establish the parameters that would guide the preparation of the 1995/96 fiscal year budget process, was suspended.

Two tax consultancies were envisioned in the draft PFP which was agreed upon with the IMF. The first consultancy, scheduled for October/November 1994, was to assist in strengthening the sales tax unit of the Customs and Excise Department through institutional and procedural reforms. This study was to be a follow-up to the earlier study on rationalizing sales, customs, and excise taxes. The second consultancy was to examine the feasibility of switching from the current sales tax system to a value added tax system.

1.3.2 Workshops

A workshop on tax policy reform and private investment which was expected to be organized after the completion of the tax reform studies, could not take place because of the current political situation in The Gambia.

1.3.3 Training and Capacity Building

Training and capacity building were envisaged to take place over the length of the project, and several initiatives were undertaken. Regrettably, due to the early termination of the project, most of these could not be completed.

On November 1, 1994 the AMEX team began conducting a training program to help transfer skills to economists at MFEA. The objective of the training was to upgrade and sharpen the analytical skills of staff to undertake applied research and analyses of issues that confront the ministry day by day. The issues, which cut across the entire spectrum of policy making, consisted of 30 case studies, including macroeconomic analyses, tax policies, analytical issues of external debt management, public investment programs, and forecasting. In all, 15 staff from all departments of MFEA participated in the training program. The program began November 1, 1994, and was expected to run through March 1995. Training sessions were held on Monday and Wednesday afternoons.

A Case Study Approach training program, to assist MFEA staff to improve analytical techniques in their day-to-day activities, began in November 1994. While the training sessions were expected to run through March 1995, they ended in December 1994.

Intra-ministry computer training to assist junior and administrative staff to improve their use of word processing, spreadsheet, and graphic software started with much promise. While the training sessions were expected to run through March 1995, the demands on staff time drastically increased during the month of December 1994 as a result of data requirements of the various Commissions of Inquiry. Attendance at the training sessions became less regular, and then due to the early termination of the project, training was suspended.

Preparation of in-country training and capacity building work and cooperative efforts with the EMCBP to enhance technical skills were not completed.

1.3.3.1 Capacity Building Through Work Sharing and Counterpart Interaction

Whenever possible reviews, comments, and analyses were undertaken in collaboration with MFEA and CBG staff members to maximize capacity building. It is conceded that a major part of capacity building is not readily seen nor quantified. However, through discussions of issues and on-the-job training, there is improved understanding of various macroeconomic principles as well as econometric and statistical methodology to address economic issues. In October 1994, in anticipation of the termination of the FAPE project, the PS (MFEA) made the decision that the AMEX team should share office space with counterpart staff. To some extent, this helped facilitate capacity building through constant discussion of issues and assignments. Admittedly, it was a step which should have been taken earlier on, perhaps, for greater impact and it should serve as a guide in future technical assistance activities.

1.3.3.2 Capacity Building and Organizational Structure

Page 23, Section 4 of "Life of Project Action Plan: The Gambia Financial and Private Enterprise Support Project (FAPE) USAID Contract Number 635-0237-C-00-2381-00" reads:

". . . review of the various factors for job classification and job description, in terms of basic requirements and functional responsibilities, is considered essential in streamlining the macroeconomic management functions in the MFEA for improved performance."

In line with this aspect of the project's scope of work, and pursuant to a request of the Permanent Secretary, MFEA, the RTAs reviewed the structure and organization of the Ministry for the purpose of rationalizing both. In addition, specific attention was paid to the structure and organization of the MFAU, in light of the integration of the Public Enterprise Unit (PEU) within the MFEA. This unit, which comprises some former staff members of the now defunct National Investment Board (NIB), will be responsible for monitoring activities of parastatals and reviewing performance contracts in the future. In the past, these functions were the responsibility of the MFAU and the NIB.

The RTAs worked closely with the PS (MFEA) and another staff member of the MFEA to develop a new organization chart for the Ministry and to review and revise the manpower requirements of the Ministry including the establishment registry. The team also developed new institutional structures and reporting requirements to strengthen macroeconomic management coordination and internal coordination; improved the information dissemination process within the MFEA; and undertook significant revisions of earlier detailed work done on the structure and organization of the MFAU.

On November 9, 1994, the AMEX team began conducting intra-ministry computer training programs twice a week for junior and administrative staff to improve their understandings of the basic uses of word processing, spreadsheet, and graphics software, and in particular, improved file management and file recovery techniques. The participants were drawn from the MFAU, the Debt Management Department of the MFEA, Accountant General's Department, EMCBP, and the Office of the Minister.

1.3.3.3 Training/Capacity-Building Opportunities Forgone

Two types of training workshops were expected to take place towards the end of the semi-annual progress report period: the first set was for junior officers in the civil service and related agencies in basic computer training and introduction to management information systems for senior civil servants. The second workshop was on selected topics in macroeconomics and econometric modelling for middle-level economists and counterpart officers.

The computer training workshops for junior officers were designed to offer basic training in WordPerfect (beginning); Lotus 1-2-3 (beginning and advanced); FoxPro (beginning and advanced); Paradox (beginning and advanced); Harvard Graphics (beginning); and DOS (beginning and advanced). Courses were supposed to last for three weeks in half-day modules, with two modules being presented each day. Workshops for senior civil servants were designed as a one week basic computer training and introduction to management information systems. The timing for both components was to be August/September 1994. However, for political and security reasons they were postponed to November/December 1994 before finally being terminated.

The second type of workshop, on selected topics in macroeconomics and econometric modelling, was also supposed to have two components, one for middle-level economists, the other, a one week intensive training on macroeconomic and modelling issues for senior officers in the Government and Central Bank to give these decision makers a better appreciation of models and their output. The timeframe for this workshop was August/September 1994.

Initially, with the increasing political uncertainty, MFEA staff showed keen interest to participate in an in-house training, more so than in the past. A number of people were willing to attend twice weekly sessions. In the first three sessions, attendance was good. Nevertheless, with the passage of time and the increased uncertainty in the Ministry due in part to the appointment of another PS (MFEA), staff morale declined and attendance plummeted. The case study training sessions were terminated after only six case studies had been completed.

An intra-ministry computer training course to assist junior and administrative staff to improve their use of word processing, spreadsheet, and graphics software started with much promise. The training sessions were expected initially to be held twice weekly. Attendance fluctuated between six and eleven people, but generally averaged about eight. While the training sessions were expected to run through March 1995, by December 1994, with the demands of staff time created by the data requirements of various Commissions of Inquiry, training sessions became less regular and then, due to the early termination of the project, training was suspended. The training sessions which were held focused on advanced WordPerfect, improved file management and file recovery techniques, and some use of graphic analysis and software.

Other activities such as preparation of the "Short-term Economic Outlook for The Gambia" and "Evaluation of Donor Assistance to The Gambia" were to be undertaken in line with the action plan and with the close-out plan of USAID activities.

1.4 Recommendations and Prioritization of Possible Alternatives to Accomplish the Contract Objectives at a Future Time

While some staff members at the MFEA do not fully appreciate the benefits of having the services of Technical Assistants (TAs)—high-level manpower with years of international experience—in their organizations, some form of technical support is still critical to sustaining quality policy analysis and economic research in the government. Above all, objective analysis of macroeconomic and sectoral issues to be provided by TAs will be very crucial to avoid costly policy slippages in the short-term. Permanent Secretaries (MFEA) and senior officials at the CBG so far have been able to use the analysis of TAs to counter policy slippages. However, with the termination of donor assistance, it may be difficult to defend some of the excesses of the AFPRC government. In addition, there is a continuing need for training and capacity building since many lower and middle level officers have neither advanced educational qualifications nor the depth of professional experience which would enable them to discharge their duties effectively and efficiently.

Recognizing that USAID is not likely to provide continuing project and nonproject assistance to the AFPRC government in the near future, alternative sources of support must be sought to provide the types of assistance lost as a result of the early termination of the FAPE project. This section presents recommendations and prioritization of possible alternatives to accomplish the FAPE project objectives at a future time.

A major effort has gone into getting the previous GOTG to adopt the TRAP. Already, some aspects of TRAP (i.e., the reduction of marginal tax rates for companies) are being implemented. These efforts should be supported by other donors such as the UNDP, the World Bank, or the IMF in the future as the country continues to rationalize its tax system.

Support for tax reform and general macroeconomic policy analysis and reform may come through a UNDP-funded macroeconomic advisor and/or reliance on consultants from the United Nations Institute for Economic Development and Planning (IDEP) based in Dakar, Senegal. According to the Director of IDEP, the institution stands ready to assist The Gambia where possible and where funding support is available. In that connection, IDEP may provide expertise to support fiscal policy analysis and macroeconomic model building and forecasting, or to conduct in-country workshops or seminars on specialized macroeconomic topics of interest to the GOTG. Indeed, over the past few years, a small number of Gambians have participated in IDEP training programs. However, the question of funding will be most critical for the execution of this possible alternative arrangement.

At the same time, there is the need to improve research and policy analysis among the staff of the MFAU, and coordination of research efforts between the MFAU and the research department of the CPG. At present, MFAU has no work program nor do staff undertake serious economic policy or research analysis. The focus is more on administrative matters, meetings, and responding to the requirements of donors, in particular, the IMF and World Bank. There has to be greater accountability within the Unit and the head of the Unit should be held more accountable for ensuring that the MFAU stays fairly closely to its terms of reference. In addition, an appropriate feedback mechanism between TAs and the Unit should be a precondition for future donor technical assistance. In the past, the general tendency has been to pass challenging assignments over to TAs with the staff of the MFAU remaining on the sidelines.

There is still a great need, at least at the junior professional and administrative levels, for continued training and capacity building efforts. The MDI and GTTI could be engaged to offer specialized short-term training in some areas. For example there is a continuing and growing demand for computer training. GTTI or some other private, nongovernment computer training entity, could be engaged to offer computer training and support on an on-going, periodic basis. Training and capacity building efforts in economic analysis and management for mid- to senior-level officers could be enhanced by using the services of IDEP as indicated above.

EMCBP is and should continue to be engaged in the development and coordination of training and capacity building programs of the economist and planning cadres in the public services. EMCBP has the potential to provide much of the desired training and capacity building, though not on a continuing basis. In recent months, EMCBP has offered a very good training workshop and has plans for another in the near future. These efforts should be strengthened and sustained.

The importance of continued donor technical assistance to support macroeconomic analyses, especially if The Gambia undergoes some form of stabilization, cannot be overemphasized. While current policy may not allow bilateral donors to continue technical assistance and capacity building initiatives with the present government, then perhaps the establishment of a nongovernmental economic research institute should be considered. Its long-term benefits to the country will be enormous. Already, such institutes have been established in several African countries, including Côte d'Ivoire, Ghana, Nigeria, and Uganda.

At the moment, there are no well-established economic consultancies in The Gambia. Furthermore, unlike the situation in many sub-Saharan African countries, The Gambia has no university or comparable college or institute of higher learning. Under the circumstances, perhaps the most obvious possibility for creating such an NGO is by suggesting a restructuring of the EMCBP into a semi-autonomous institution and consolidating all the activities of the policy research units such as the Policy Analysis Unit in the Office of the President, and MFAU under this body. Wherever possible, the new institution should be encouraged to operate on cost-recovery principles through the publication and sale of monthly economic bulletins and other research work. In addition, it should be supported during the initial stages to prepare and charge fees for project documents which the donor agencies may need. Donors can support such an institution by (i) providing technical advisors to set it up and manage it for a fixed term; (ii) contributing wage supplements to local staff; and (iii) providing office equipment such as computers, copiers, and fax machines.

One of the greatest problems facing the MFEA is the absence of a structured process for information flow and means of briefing staff, both upwards and downwards about important meetings, upcoming missions, and priority assignments. In a sense there is a real lack of a team concept or team effort. In many cases, senior personnel are caught unaware with regard to major meetings or assignments being undertaken which otherwise would fall within their scope of work.

A final recommendation and priority is to improve the structure, organization, and coordination of the ministry. This should be a major priority for any donor or economic capacity building program. Undertaking an evaluation of the current Ministry's organizational and reporting structures, and developing job descriptions that clearly set out duties, reporting requirements, and lines of authority, are very important tasks which will improve the Ministry's economic management and organizational efficiency. One should not rush the completion of these tasks because getting the institutional structure right will have long-term benefits to the staff, the Ministry, and the Government. As we have seen in the past, the wrong institutional structure (and institutional culture) can have long-term negative effects on staff morale, staff motivation, and the decision-making process.

2. Lessons Learned About Working in The Gambia and About the Design and Implementation of USAID Activities

2.1 EFPA and FAPE Rationale Compared

The predecessor to the FAPE Project was the Economic and Financial Analysis Project (EFPA) which was aimed at "strengthening The Gambia's economic policy framework on a continuing basis in order to adapt to changing economic conditions and attract the productive investments necessary for sustained growth." (Program Assistance Approval Document for the Financial and Private Enterprise Development Program, number 635-0232, p. 68). In a sense, the FAPE project was designed not only to further strengthen economic management and analysis but also to strengthen some of the perceived limitations of the EFPA. In discussing the lessons learned we start by looking at the critique to the predecessor project.

The EFPA was deemed by many Gambian nationals and those who reviewed the project as having been successful in a number of areas. Among these were:

- the high quality and timeliness of the policy analysis and economic research which greatly influenced the course of the Economic Recovery Program (ERP) and gave impetus to the Policy for Sustainable Development (PSD);
- the large number of Gambians benefited from long-term overseas training; and
- the special funding that was provided to the Statistical and Special Studies Unit (SSSU), the predecessor to the MFAU.

In spite of the above, others have leveled strong criticisms against this project. The major criticism was the absence of local human resource development and capacity building to replicate the analytical work of the EFPA expatriate technical assistance team. According to the critics, after nearly eight years of sustained effort, when the EFPA project ended, the staffing of the policy analysis unit and the economic research capability in the MFEA were as weak as ever. The reliance, particularly of high-level decision-makers on long-term technical assistance, was reinforced. Local staff, not having much involvement in the undertaking of economic analysis, were left on the sidelines and felt isolated from the decision-making process.

The criticisms against EFPA played a major role in the design of the FAPE project. While providing support for economic analysis, a major focus of the FAPE project also centered on training and capacity building. Primarily, training and capacity building were to take place in-country and in-house with little external training, whenever necessary.

The FAPE project was designed such that the RTAs would take the lead in the four key areas, but would work closely with Gambian nationals to enhance ownership, increase motivation, provide good

on-the-job training, and promote capacity building. Positive results were found in two key areas of the FAPE intervention: in the development of macroeconomic models and improved analysis, and in the adoption of the TRAP.

2.2 The Environment: Constraints to Project Implementation

Among the major constraints to project implementation and the task that the AMEX/RTAs set for themselves on a month to month basis were:

- lack of suitable office space and less than suitable working environment;
- lack of coordination, cooperation, clear lines of communication, and divisions of responsibilities which created a difficult environment for serious work; invariably, this also led to confusion, miscommunications, and sometimes unnecessary turf battles;
- delays in conducting in-country training workshops due to difficulties in releasing junior and mid-level personnel on a prolonged basis to attend such training; and
- increased responsibilities of and assignments given to the AMEX team on matters which sometimes fell outside the LOP Action Plan, although within the overall design or intention of capacity building.

2.3 Some Gambian Perceptions of Technical Assistance Personnel

The reporting requirements and program for the AMEX team might not have fit well into the structure of the MFEA. The AMEX/FAPE RTAs came with their own scope of work, their reporting requirements (both within and outside the USAID), and the responsibility to certify that the government met the conditions for the release of funds. In discharging the latter function, the RTAs came to be perceived perhaps as not protecting the interests of the government, but rather reporting the GOTG to the donors. Obviously, neither of these perceptions fit the role of the technical assistance team. But once such ideas existed, it was not surprising that the RTAs were never integrated into the organizational structure of the ministry or the Unit. By the account of some Gambian staff members, the RTAs were not part of the MFAU. As a result, the RTAs could not show the kind of leadership and mentoring necessary for effective capacity building, neither were they able to decide on the work agenda for the Unit.

2.4 Training and Monetary Rewards

Except at the junior and administrative personnel levels, there was little interest in in-country or in-house training or capability building efforts. In the predecessor project, training meant overseas study opportunities, both long- and short-term. Under the FAPE, training meant a few hours a week or a few days away from the job. There were no per diem allowances and no extended stay away from home. Since length of service, not training or job-efficiency, was the major determinant of promotion prospects, low-paid civil servants only showed interest in training if it also meant immediate financial benefits which usually came with overseas training.

This problem was not limited to the junior or administrative staff alone. In-country and in-house training did not seem a priority for the middle- and senior-level personnel either. Low remunerations in the civil service appear to go with low motivation. There is little incentive to improve one's job efficiency through training and capacity building without the potential for direct tangible benefits.

The problem of grossly inadequate compensation paid to civil servants of all grades and, more particularly, to the highly educated senior officers, is a common phenomenon in all of Africa. It is a major cause of the brain drain which all the countries are experiencing with disastrous consequences on management capacity and efficiency. To say that there can be little progress in Africa unless adequate compensation is paid to Africa's qualified personnel is not to sound too pessimistic. The donor agencies may well direct some attention to this intractable problem in the near future.

2.5 Economic Training and Capacity Building: Other Countries' Experience.

We now turn to draw from experiences of the AMEX team at other ministries of finance in two developing countries whose circumstances are fairly similar to those of The Gambia. The countries are Botswana and Guyana. Both countries have populations of about one million or less. Both Botswana and The Gambia have had fairly low educated workforces. Both Guyana and The Gambia have fairly high rates of emigrant skilled labor.

The Case of Botswana

There are some similarities between the FAPE project and the Botswana Workforce and Skills Training (BWAST) Project that one of the FAPE RTAs participated in between 1986 and 1990. Both projects provided high-level technical assistance to the respective country's Ministry of Finance and both had training and capacity building components.

Pre-Conditions for Technical Assistance and Local/Expatriate Collaboration

In the case of Botswana, technical assistance personnel and advisors were referred to as operation experts (Opexers). USAID/Botswana would not provide an Opexer to the Ministry unless three conditions were fulfilled. First, a clear job description which spelled out duties and responsibilities, lines of authority, and reporting requirements and mechanisms. Second, counterparts had to be named, and third, suitable office accommodation had to be provided beforehand.

Opexers held regular Ministry posts and their basic responsibility was to undertake duties identified by the Ministry. Opexers were firmly integrated into the structure and reporting requirements of the unit and Ministry.

Counterparts were first sent to the U.S. for training for one to two years in areas of specialization already agreed upon. After successful completion of studies, the counterpart would work along side or under the Opexer for one or two years depending on the complexity of the position held by the Opexer before substantially assuming that position. On-the-job training and close working relations between the Opexer and national counterpart were seen as the key ingredient for the likely success of the BWAST project. By all accounts, the project proved to be fairly successful.

Of course, the Botswana case is just by way of illustration. The structure of staff meetings, their frequency, the participants, and the details should be determined by the institutional character of a given organization. However, regular staff meetings and the institutionalization of a reporting and information dissemination process is critical to the well-being of any organization. It creates an environment where personnel feel that they are working as part of an integrated whole, leading to improved morale and work motivation. Personnel will be better informed, and have a better understanding of the tasks ahead, and the challenges and the constraints facing the Ministry.

The Case of Guyana

As in Botswana, training and capacity building were viewed as central to donor intervention in Guyana. However, unlike Botswana, most training was to be in-country and capacity building was not so closely tied to the one-to-one interaction between a TA (Opexer) and a national counterpart.

The Question of Official Commitment to Training

In Guyana there was a clear commitment on the part of the Ministry of Finance to training and capacity building. Junior economists/planners were *required* as part of their regular duties to attend training programs; and several macroeconomic and statistical analysis training workshops were held over the course of several months.

In summary, these are simple and costless, yet important steps towards improving the work environment, cohesion, and operational efficiency of the Ministry.

APPENDIX A

**MACROECONOMIC MODEL BUILDING,
FORECASTING, and
MACROECONOMIC AND FISCAL POLICY
SIMULATION AND ANALYSIS**

TOPICS FOR CASE STUDIES

TITLE

I. Spreadsheet, Graphics and Effective Analyses and Presentation of Data to aid Policy-makers

Using computer hardware acquired under the FAPE Project, MFEA staff will be exposed to methods of improving their presentation of existing spreadsheet data. After further manipulation (indexing to a base period, establishing ratios, etc.), spreadsheet data files will be imported from Lotus & Quattro into Harvard Graphics for improved graphical presentation.

The advantages of using different graphical techniques will be presented. The objective is to afford MFEA staff the appreciation of how existing data may be presented in a way which enhances understanding of trends and relationships. Techniques learned will be further developed in the undertaking of case studies to follow.

- (a) Lotus 123r3.4/Quattro Pro 5.0 (using existing data files on MFAU computers) (Valentine)
- (b) Harvard Graphics 3.0 (Importing of spreadsheet files) (Valentine)
- (c) Working with Pie, Bar, Line and Area charts (Valentine)
- (d) Selecting the best form of Graphic Presentation (Valentine)

II. Fiscal and Tax Policies

- (a) Duty waiver concessions and premix-fuel subsidies: The case of artisanal fishing in The Gambia (Frimpong)
- (b) The incidence of fuel taxes: A comparative study of three countries. (Frimpong)
- (c) The effects of domestic taxes on foreign private investment: Setting policies for The Gambia. (Frimpong)
- (d) Tax Policies, output growth, and sources of growth in The Gambia. (Frimpong)
- (e) The structure of Government revenue: Broadening the Base (Valentine)
- (g) Nontax revenue: An approach to indexation (Valentine)
- (h) Pricing publicly supplied goods in The Gambia (Frimpong)
- (i) A walk through in preparing public investment programs – The case of The Gambia (Frimpong)

- (j) Mechanisms for monitoring and improving public investment programs implementation (Frimpong)
- (k) Improving Donor Coordination—A simplistic view (Frimpong)

III. Investment Proposals/Documents Review

- (a) Evaluation of a proposal of 5-year Development Plan for The Gambia (Frimpong)
- (b) Evaluation of a proposal to rehabilitate the Denton Bridge Generating Plant (Frimpong)
- (c) Review/analysis of Report of the 5th Session of the Conference of African Ministers of Finance Meeting. (Frimpong)

IV. External Debt Management and Macroeconomic Issues

- (a) Forecasting/projecting external debt for The Gambia (Frimpong)
- (b) Integrating The World Bank debt reporting system (DRS) with in-house debt management data base (Frimpong)
- (c) External debt and macroeconomic stability for The Gambia – Merging the World Bank's RMSM with the DRS (Frimpong)
- (d) Net capital flows and transfers: Correlation with output growth (Frimpong)
- (e) Policy dialogue with the IMF/World Bank: The case of unanticipated external shocks (Frimpong)

V. Other Topics

- (a) Analysis of the review of the civil service pension scheme (Valentine)
- (b) The Household Expenditure Survey: Deriving a CPI (Valentine)
- (c) Analysis of the Greater Banjul 1992 Report on Labour Force Survey (Valentine)

Names of Participants

Debt Management

1. Boboucarr Jallow
2. Paul Conteh
3. Sana Darboe
4. Malick Sey
5. Momodou Ceesay

Economic Affairs

1. A.C. Holdbrook
2. Musa Jawara
3. Pa Madou Manneh

Programming and Budgeting

1. Lamin Jobe
2. Suwareh Dabo
3. Bai Jobe

Macroeconomic and Financial Analysis Unit

1. Mama J. Marenah
2. Mambury Njie
3. M. Ceesay

TOPICS FOR COMPUTER TRAINING

TITLE

I. **Improved File Management, File Recovery and Password Protection**
–Using Direct Access, MS-DOS 6.0, and WordPerfect 6.0

II. **Advance Topics in WordPerfect 6.0**

(a) Using Setup - shift | F1 |

- Environment, #3
 - Backup Options, #1
 - Beep Options, #2
- Location of Files, #5
 - Backup Files, #1
 - Documents, #7

(b) Initial Codes - shift | F8 |

- Format, # 1, Document Initial Codes
- Format, # 2, Initial Codes Setup

(c) Setting up form files

- Form letters, with Ministry letter head
- Form notes, faxes, and memos

(d) Using Search procedures - shift | F2 |

–codes, | F5 |

(e) Using Date Codes - shift | F5 |

(f) Using paragraph numbering, - shift | F5 |

- Outline Options
- Outline Styles, #3
- Insert Outline Level, #2

(g) Making Table of Content - shift | F1 |

- Marking Text, #1
- Defining Tables, #2
- Generating Tables, #4

(h) Columns/Tables - alt | F7 |

- Columns, #1
- Tables, #2
- Spreadsheet, #5
 - Importing data, #1
 - Linking text to spreadsheets, #2

(i) Graphics - alt | F9 |

- Graphic Boxes, #1
 - Creating/Importing, #1
 - Editing, #1
 - Edit Borders, #6

(j) Formatting - shift | F8 |

- Line, #1
- Page, #2
- Headers & Footers, #5
- Document, #4

(k) Fonts - ctrl | F8 |

(l) Screen - ctrl | F3 |

- Display Mode
 - Text, #2
 - Graphics, #3
 - Page, #4
- Line Draw, #5

-Setup, shift | F1 |

(l) Printing - shift | F7 |

-Setup, shift | F1 |

III. Spreadsheet, Graphics and Effective Analyses and Presentation of Data to aid Policy-makers

Using computer hardware acquired under the FAPE Project, MFEA staff will be exposed to methods of improving their presentation of existing spreadsheet data. After further manipulation (indexing to a base period, establishing ratios, etc.) spreadsheet data files will be imported from Lotus & Quattro into Harvard Graphics for improved graphical presentation.

The advantages of using different graphical techniques will be presented. The objective is to afford MFEA staff the appreciation of how existing data may be presented in a way which enhances understanding of trends and relationships. Techniques learned will be further developed in the undertaking of case studies to follow.

- (a) Lotus 123r3.4/Quattro Pro 5.0 (using existing data files on MFAU computers)
- (b) Harvard Graphics 3.0 and DrawPerfect 1.1 (Importing of spreadsheet files)
- (c) Working with Pie, Bar, Line and Area charts
- (d) Selecting the best form of Graphic Presentation

Names of Participants

Debt Management

1. Paul Conteh

Office of the Minister (MFEA)

1. Mrs. Njie

MFAU

1. Miniratu Carew
2. Marie Ndow
3. Ellen
4. Miniratu Coker

Accountant General's Department

1. Ebrima Cessay

Economic Management and Capacity Building

1. Mrs. Goode
2. Mrs. Jones

APPENDIX B

**TAX POLICY and
GOVERNMENT REVENUE POLICY
MATTERS**

INTERNAL MEMORANDUM

TO: PERMANENT SECRETARY
FROM: TED VALENTINE, CHIEF OF PARTY, AMEX/FAPE
DATE: January 3, 1995
REF: EFM/317/359/01(95)
TOPIC: PROPOSED CHANGES IN INCOME TAX AMENDMENT ACT

Having reviewed the memo by the Commissioner of Income Tax entitled "Income Tax Amendment Act 1995" I offer the following comments. While the memo discusses various aspects of direct taxation, my comments are restricted to discussions on the turnover tax. I hope that these comments will prove useful in the deliberations of implementing the Tax Reform Action Plan.

PROPOSED CHANGES IN INCOME TAX AMENDMENT ACT

1. With regard to the turnover tax, the memo on Income Tax Amendment Act 1995 proposes the following. (3) States that:

"Retain the 3% Turnover Tax but applicable only to unaudited accounts and to those who do not comply with the tax regulations."
2. The Rates of Tax on Companies provision of the Income Tax Act Cap.81 Laws of The Gambia is proposed to be amended to indicate:

"35% of profits of audited accounts; or 3% of turnover (or gross receipts as a Non-compliance Tax) applicable to all unaudited accounts".
3. A major objective of the Central Revenue Department (CRD) should be to increase the number of companies that are assessed net profits taxes. This can be done in two ways. The first is to increase the number of companies within the tax net, that is to increase overall tax compliance. The second is to increasingly shift the proportion of total firms paying company taxes away from paying turnover tax assessments towards paying net profit tax assessments. Until more companies are willing and able to provide proper, and credible, financial records the turnover tax should remain as a non-compliance tax, a tax of last resort. The turnover tax should apply to those companies which are unable to provide audit financial records which provide credible evidence of their tax liabilities.
4. Most companies in The Gambia still do not submit credible financial records, if any at all, to the CRD for the purpose of assessments. Currently a large proportion of the companies may be too small and their financial record keeping techniques too remedial to have their accounts audited. Until financial recording procedures are greatly improved for the majority of companies, the present turnover tax should stand.
5. However, there are a number of companies that are in a position to provide audited records that make a conscious decision not to do so, as they do not wish the CRD to know the true extent of their taxable liabilities. Hence, it is agreed that the turnover tax must be retained at a significant enough level to serve as a true minimum tax. Those companies that find the turnover tax to be

punitive, and it should be a minimum tax have the right to provide (credible) audited financial records. In this way they can benefit from the reduced net profit tax rate.

6. In a sense these companies have the option of producing audited financial records and being assessed at the net profits tax rate or not producing such records and being assessed at the 3% turnover tax rate. Acting rationally to maximize their net (after-tax) profits, companies may look at their tax differentials in producing/providing audited financial records and be assessed at 35% or not provide such records and be assessed at 3% of turnover. If the 3% turnover tax yields the lower taxable liability the company, even if it were otherwise in a position to do so, choose to provide audited financial records, may exercise the option not to do so.
7. The Government should take steps to require companies that are/should be in a position to provide audited financial accounts to do so. In general companies that should be in a position to provide audited financial records, should be required by law to do so.
8. In reviewing the tax records for the 1993 calendar year, based on 1992 assessments, it is quite surprising that companies with millions of dalasis in turnover per annum did not produce (credible) audited financial records and thus are assessed on their net profits rather than on turnover. Companies with D10 million in turnover are being assessed taxes on their turnover rather than their profits. One company actually paid turnover taxes on over D100 million in turnover. There is no justification for a company of this size not providing credible audited records and being assessed taxes on the basis of net profits, not turnover.
9. The law should require that companies that were assessed to pay taxes on turnover of more than (say) D5 million during any calendar year in the past three years should be required to provide the CRD with audited financial records when filing its tax assessment. (For companies with turnover levels above the threshold amount of **D5 million**, the requirement for submission of audited financial records should not be burdensome.) Where companies do submit credible financial records, the provision of the Income Tax Act which states that companies should be taxed at a rate of 35% of net profit or 3% of turnover whichever is higher should not apply. As long as the CRD is confident about the credibility of the financial records provided, tax liability should be assessed on net profits regardless of whichever is highest.

10. RECOMMENDATIONS

- a. Amend the provision of the Income Tax Act which states that a company should pay 35% net profits tax or 3% turnover tax whichever is higher. Companies that produce credible audited financial records should be assessed the 35% net profits tax rate. Those that do not (i.e., are not in a position to do so) should be assessed at the 3% turnover tax rate; and
- b. Require by law that companies with an assessed turnover of more than D5 million during any calendar year in the past three years should be required to provide the CRD with audited financial records when filing its tax assessment.

THE REPUBLIC

OF THE GAMBIA

Date: September 20, 1994
To: Heads of Establishments
From: Alieu N'Gum
Permanent Secretary, MFEA
Subject: Monthly Production and Sales Data

1. The Ministry of Finance and Economic Affairs in cooperation with Central Statistics is beginning to collect monthly data for economic analyses and reports. As a result, we would appreciate if you could supply us your monthly production and sales data over the last 12 months. Thereafter, our officials would be visiting you to collect these monthly information on a regular basis.
2. I would like to assure you that the information collected will be held in strictest confidence and would be used only in the performance of our economic analyses. Besides, the information collected from the individual establishment would not be used on its own, but would be pooled together with similar information from other establishments.
3. Again, many thanks for your cooperation.

Ministry of Finance and Economic Affairs

Date: June 3, 1994

To: Hon. Bakary B. Dabo
Minister of Finance

From: Coby Frimpong
Economist, MFEA

Subject: Analysis of Pre-Mix Fuel Scheme

1. Attached, please find a copy of an analysis on the above subject that you had requested.

2. Best Regards.

cc. Mr. Alieu N'Gum, Permanent Secretary, MFEA

**ANALYSIS OF PRE-MIX FUEL SCHEME
FOR
ARTISANAL FISHING**

Submitted to
Hon. Bakary B. Dabo
Minister of Finance

ECONOMIC ANALYSIS OF PRE-MIX FUEL SCHEME FOR ARTISANAL FISHING

1. **Introduction** The artisanal sub-industry is dominated by small-scale private entrepreneurs of either Gambian or foreign origin, operating individually or in informal cooperative groups. It is estimated that over 1,029 such fishing economic units operate in both the coastal and inland waters of The Gambia. Despite the small scale nature of their operations, these units provide about 95% of the total local fish consumption. They also serve as contract suppliers to some indigenous industrial companies, and the hotel and restaurant industry.

2. Government's objectives in the fishing sector over the last 9 years have been to (i) improve the nutritional standard of the population; (ii) increase employment opportunities in the sector; (iv) increase the net foreign exchange earnings; and (v) expand the participation of private Gambian entrepreneurs. Government with the support of bilateral and donor agencies embarked on an intensive development and exploitation of fishery resources through direct investment, especially in the artisanal sub-sector. As part of Government's assistance in creating conditions for private sector growth, the export duty on fish, and import duty waiver on fuel for industrial fishing vessels and on outboard engine premixed fuel were instituted in 1985.

3. Due in part to abuses, the scheme was suspended in April 1992 but was reinstated eight months later. Between December 1992 and December 1993, the volume of pre-mix fuel sale almost doubled from 278,000 liters to 451,000 liters per month. Revenue losses resulting from duty rebates on pre-mix fuel to Government in the first 10 months of 1993/94 amounted to D11.8 million. Expectations are that revenue losses would continue to be higher in the near term.

4. The purpose of this note is to determine if the (i) accrued benefits from the scheme justify its continuation; (ii) relationship between pre-mix fuel consumption and fish catch is statistically significant; (iii) there is a need for policy changes to make the scheme more effective.

5. **Measuring Benefits of Pre-Mix Fuel Scheme** A good measure of the scheme's benefits is the extent to which it contributes to the attainment of stated Government objectives for the sector. This is expressed in improvements in nutritional standards, higher employment, and increase in net foreign exchange earnings.

6. Improving Nutritional Standards of the Population Fish provides a major portion of the nutrition of the Gambian people. Though The Gambia's minimum calorie intake at 1800 per day is only 81% of the suggested minimum requirement by the World Bank, the fish component at 20kg per capita is almost twice the suggested target. Bonga¹ accounts for more than 18kg or 90% of Gambia's fish consumption per capita. Bonga fishing undertaken by motorized canoes, however, is fuel intensive due in part to searching time and speed required to encircle and capture fish school. Thus, changes in present policy may have a direct impact on fish output

7. In addition, the price elasticity of demand for Bonga is high. A 10% increase in the price of Bonga leads to a 12.7% reduction in the quantity demanded. If subsidies are removed and the burden completely passed on to consumers, the landed price of Bonga would increase by 4.8 bututs to about 80 bututs. Given a margin (1992) of about 168%, the retail price of Bonga per kg would be D2 14 implying a retail price increase of about 7%. By the elasticity analysis, this would reduce demand by 9%. It is unlikely, however, that the entire burden of the subsidy would be passed on to the consumer. Experience show that when the subsidy was suspended in April 1992, retail Bonga prices actually declined. This, however, was attributable to consistently good harvest over the eight month period. Compared with previous periods and the same period in 1991, however, prices during the suspension were much higher. Thus, a removal of the subsidy may defeat Government's objective of improving the nutritional standards of Gambians.

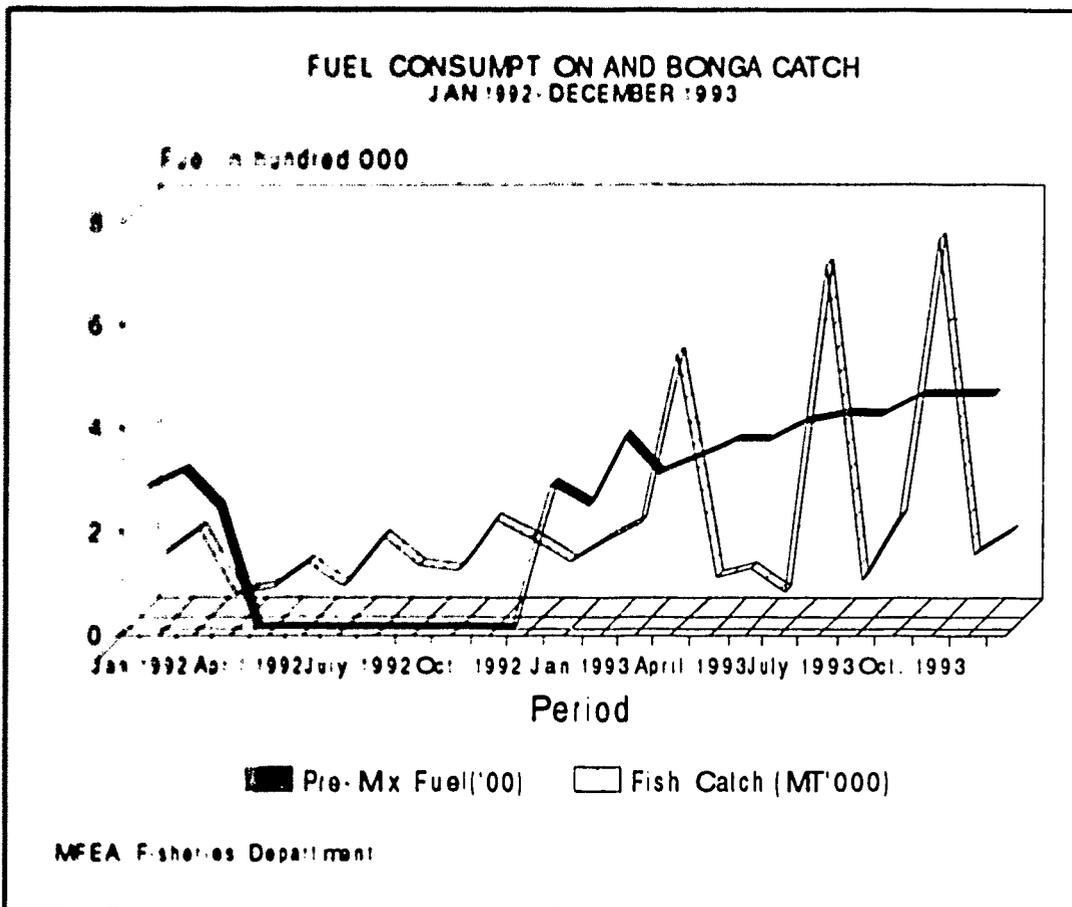
8. Increasing Employment in the Sub sector Between 1986 and 1992, the number of fishermen in The Gambia increased from 1334 to 1545. Of this, Gambian fishermen accounted for 1091 or 70%. The proportion of Gambian fishermen in artisanal fishing represents an increase of more than 25% over the last 8 years. The utilization of motorized canoes by Gambians also rose by 42.6% though motorized canoes by non-Gambians went up slightly higher at 45%. The number of Gambians using non-motorized canoes also increased by 25%. In addition, in 1992 the sub sector employed 4799 assistants of which more than 60% were Gambians, an increase of more than 80% over the 8 year period. Factoring in fish mongers and other middlemen, the artisanal fishing sub-sector continues to fulfill Government's objective of providing private sector jobs for Gambians.

9. Nevertheless, serious constraints prevent more Gambians from being fishing from the abundant and rich fishing resources of the country. Among the more immediate constraints are the lack of maintenance facilities for outboard motors, cold storage and icing and inaccessible credit facilities.

¹ The most common kind of fish, the Bonga, is seven times cheaper than beef and about two and half times cheaper than fowl, goats and sheep.

10. Increasing Net Foreign Exchange Earnings The subsidy on pre-mix fuel will be difficult to quantify in term of its contribution to net foreign exchange earnings to the country. Between 1986 and 1992, fish exports from artisanal fishing declined from 4896 to 296 metric tons. But the period also coincided with increased tourist arrivals to The Gambia. Therefore a component of foreign exchange earnings from tourist receipts could be attributable to the sub-sector. In addition, savings from lower imports represent a net foreign exchange earnings to the country. These savings are, however, difficult to measure.

11. Matching Pre-Mix Fuel Consumption with Output Even if the socio-economic benefits justify the continuation of the pre-mix fuel subsidy, a critical factor for its sustainability would be to ensure that the relationship between fuel consumption and fish catch is statistically significant. Figure 1 show that at least over the past two years, pre-mix fuel consumption (volume) has had a positive impact on the volume of fish catch. While the pattern of fuel consumption has remained consistently high, fish catch has been irregular since June 1993. This may be attributable to seasonality factors, and perhaps some abuse in the scheme especially given that the low catches correspond with the re-export trade crisis. Besides, the volume of fish catch (for low periods) was not different from the corresponding periods when the subsidy was not in place.



12. Nonetheless, further analysis confirmed that the relationship between pre-mix fuel consumption and bonga catch is positive and statistically significant. A 1% increase in the volume of fuel use was found to generate a 5.8% increase in bonga fish catch.

13. **Policy Changes?** Perhaps Government objective in the sub-sector may be more served by alleviating the more pressing and immediate constraints that face Gambian fishermen. A revolving fund supported by Government and NGOs and managed by fishing cooperatives to provide working capital to indigenous fishermen could generate quick supply response. In addition, Government and NGO assistance in providing maintenance facilities for outboard motors; and facilities for icing and cold storage would be helpful. Government may seek assistance from NGOs providing training in rural banking and outboard motor repairs.

14. **Summary and Conclusions** The foregoing analysis tend to support the continuation of premix fuel subsidy. The gains achieved in improving the nutritional content of the average Gambian could be wiped out by eliminating the subsidy. The employment benefits for artisanal fishing over the last 8 years have been phenomenal, and relationship between pre-mix fuel consumption and fish catch was found to be positive and significant. Nonetheless, measures should be put in place to ensure that the scheme is not subject to abuse. Such measure should include strengthening fishing cooperatives for bulk delivery, and imposing strict sanctions for diversion of pre-mix fuel for other purposes.

Artisanal Fisheries
Providing Alternatives to Pre-Mix Fuel Subsidy

1. **Introduction** In 1987, the Government instituted a pre-mix fuel subsidy as part of its assistance in creating conditions for private sector growth in the fishing sector and also improving the nutritional standards of the population. Though the scheme was suspended in April 1992 for 12 months between 1987 and 1994 the Government contributed more than D200 million or D1.3 million per boat in fuel subsidies to artisanal fisheries. This represents about 3% of total revenue.

2. The high level of subsidies has now began to impact directly on government finances. In addition, in recent times there have also been pressures from other economic groups such as the transport sector to exact some subsidies from government. To minimize these pressures Government in consultation with the IMF suspended the premix fuel scheme in July 1994.

3. Even so, Government still finds the need to explore other ways of assisting fishermen to attain the policy objectives of artisanal fishing sector. This paper therefore seeks to examine (i) new credit facilities; (ii) enhanced inputs availability; and (iii) improved marketing that would support and sustain private sector activities in artisanal fishing.

4. **Credit Facilities** At present, the financial system does not provide an enabling environment for the growth of most sectors. Although the rate of inflation has fallen from a high of 24% in 1987 to about 5% in 1993, lending rates remain high, averaging to about 20% per annum in 1993. In addition, the high treasury bill rates at 16%, difficulty in providing collateral, and the slow rates of loan recovery have made it profitable for the banking sector to engage mainly in the purchase of treasury bills and extending financing to trade and tourism. As a result, sectors such as agriculture including fisheries, and manufacturing have suffered in terms of not being able to access the needed resources to increase production.

5. At issue, therefore, is providing credit facilities to fishermen that would cut through the rigorous requirements and difficulties of accessing credit within the financial sector but which at the same time would be sustainable. The purpose of such a scheme would be to provide working capital to artisanal fishermen. In principle, Government may want to consider a revolving fund scheme where D15 million, an amount equal to the average subsidy, would be earmarked to an artisanal fisheries cooperative bank.

6. **Framework for Implementation** The Fisheries Centre Management Committee (FCMC) should be charged with administering the credit scheme at the respective landing sites on behalf of the Commission for Fisheries Centre (CFC). The Fisheries Field Assistants at the respective landing sites will provide the Fisheries Department with an updated list of artisanal fishermen with outboard engines, boats and more with the status and condition of materials and equipment. This list will be screened by the Fisheries Centre and screened fishermen will be considered the first beneficiaries of the scheme.

7. The revolving fund Government would be lodged in the Bank account of CFC. Disbursements and repayments of funds will take place on selected days at the respective centres by mobile teams.

8. For such a scheme to be a necessary condition for providing such an assistance would be (i) to establish a strong Artisanal Fisheries Association with full and complete addresses of all members; and (ii) for Government to require the Artisanal Fisheries Association to come up with a formula on the management of loans, including the nature of collateral and enforcement mechanisms that would be necessary to minimize losses. In this connection, the Advisor of Rural Banking at the Central Bank could provide a valuable input. But the mechanisms of such a scheme would have to be developed by the Fisheries Association itself with

technical support from the Ministry of Finance and Economic Affairs and the Central Bank.

9. Core Infrastructure Nonetheless, a sufficient condition for sustainability would be to provide some core supporting infrastructure for the sector. Such supporting infrastructure should include facilities for increased ice production, provision of maintenance facilities for outboard motors, and increased capacity for cold storage facilities. Given the present financial constraints facing the Government, it may be necessary to appoint a task force whose responsibility would be to solicit non-governmental organizations (NGOs), bilateral (Japanese, EEC) assistance in the provision of these core infrastructure.

10. Timing would be critical. Credit facilities and infrastructure support are complementary. Removing pre-mix fuel subsidy would increase the cost of operations and put more pressure on fishermen to improve their efficiency and service their debt. The timely provision of icing facilities and other inputs would therefore support the new initiatives in the sector.

11. Financing Issues But what are the sources of financing the revolving credit program? Even if budgetary resources are fungible, it would be difficult to reallocate resources in the 1994/95 fiscal year for the above purposes. Thus, provisions for the revolving credit would have to be incorporated in fiscal 1995/96 budget. In the immediate short-term the possibility of Government loan guarantee, perhaps, from SSHFC should be explored. Alternatively, given budgetary constraints and the institutional framework that has to be developed, a pilot credit and inputs program consisting of fishermen from Tangi, Gunjur, and Bakau could be put in place to gather more information on its sustainability before the scheme is expanded to cover all fishermen in the sector.

INTERNAL MEMORANDUM

TO: Permanent Secretary

FROM: Ted Valentine, Chief of Party, AMEX/FAPE

DATE: 31 November, 1994

REF: EFM/317/359/01(95)

TOPIC: CHANGES IN THE COMPANY TAX RATE AND ITS IMPACT ON 1994/95 BUDGET REVENUE

1. I had a lengthy discussion with Professor Don Morrison, before his departure, on issues related to the impending net profit tax rate reduction and its impact on 1994/95 budget revenue. In this discussion it was brought to my attention that current revenue estimates may have been developed using an incorrect assumption. That is, it was assumed that the company net profit tax rate reduction from 50% to 35% will lead to reductions in income tax revenue during the current fiscal year. As the new tax rate is expected to take effect on January 1, 1995, it should be noted that its effect of income tax revenue will not be immediate, that is, there is a built-in lag effect.
2. One argument for the government accepting an immediate net profit tax rate reduction, before all the expected improvements in tax administration were implemented, was the built-in lag effect. Given the difference between the government fiscal year, the financial reporting year, and the lag in tax assessment, tax rate reductions do not have an immediate impact of income tax revenues.
3. The proposed tax rate reduction will take effect on January 1, 1995. That means that companies will get tax relief on their 1995 financial year's net profits. For fiscal purposes there is a one year, or more accurately a one-and-a-half year to two year lag effect. Companies will start paying taxes on their 1995 net profits after they are assessed starting in January 1996. The assessments are not all made at once, they are generally spread throughout the calendar year. The full revenue reducing effects of tax rate reduction (if there are any at all in practice when taking into account increased compliance and the buoyancy and elasticity of the tax system) will take effect with a two-year lag. At the same time, the GOTG should have some indicators of the robustness of 1995 net company profits before the 1996/97 budget process begins and can begin to take appropriate measures.

4. The only way that the tax rate reduction can affect the current fiscal year's revenue forecast is for the rate reduction to be made retroactive to January 1st 1994. As far as I know, there has been no such proposal for retroactive tax rate reductions. Hence, if the revenue forecast for the current fiscal year assumes that net profit tax revenue will begin to fall this year due to the tax rate reduction, this revenue under-estimates the net profit tax revenue's contribution to the budget.

APPENDIX C

**MACROECONOMIC and
FISCAL POLICY MONITORING
(SPECIAL STUDIES)**

Date: October 19, 1994
To: Governor, CBG
From: Advisor
Subject: Central Bank Guarantee of Letter of Credit for
Importation of Essential Commodities

1. The application of the Saudi International Commercial Company (SICC) for Central Bank Guarantee of letter credit for importation of essential commodities has been carefully reviewed.
2. As part of the ERP/PSD, the Government has committed itself to reduce its debt service burden and improve its profile of external public debt by limiting public and publicly guaranteed external borrowing on non concessional terms. In addition, the Government has committed itself to create an environment conducive for private investment by engaging in activities that the private sector including the financial sector could provide. The Government reiterated its desire to continue with these policies in its recent discussions with the World Bank and IMF in the context of the PFP.
3. As you may recall, on August 13 1994, the Government had written to the donor community including the Bretton Woods of its commitment to continue with the economic policies and programmes of the previous government.
4. Guaranteeing the line of credit for Saudi International Commercial Company would mean reneging key components of policies that the Government has pursued over the last several years and also bring into disrepute Government commitment and pledges to the international community. Under the foregoing, I would recommend that SICC make its own arrangements with Standard Chartered Bank or any other commercial bank for that matter to open its line of credit.
5. The free market and trade liberalization policy has been effective. It has guaranteed fair and healthy competition within the private sector and accounts for the abundant supply of all the essential commodities and other trade items in the market at reasonable competitive without any burden on the Government.
6. In fairness and for accountability, such a step may not serve the largest national interest or the business community. On the other hand, it is not prudent or expedient for the Bank to act contrary to Government's policies and understandings without prior or fundamental change in the policy to that effect.
7. Nevertheless, Government may consider:
 - (a) entering into bilateral arrangements with a friendly Government for a concessional loan to purchase these essential commodities. While such an

arrangement would not contravene Government's understanding with the donor community on its contraction of external loans, it would nonetheless imply intervention in an area where the private sector is more efficient;

- (b) encouraging SICC to seek suppliers credit of at least 180 days. Government can give then Standard Chartered Bank an "oral Guarantee" that in the event of default, it would assume this responsibility of the loan. This option is predicated on the fact that The Gambia imports about US\$xx worth of rice every month. Under the assumption that orders have not been made for December and next year, it is anticipated such an amount could be sold quickly, therefore obviating the need to invoke any "clause". It must be conceded, however, that even if Standard Chartered Bank agrees to this arrangement, such an unusual intervention may send the wrong signals and undermine confidence in the financial sector. Even so, a necessary condition for the Central Bank to undertake this Guarantee would be carefully examine the terms of contract between SICC and the suppliers so as to ascertain the credibility of the suppliers and availability of the goods;
- (c) sending the right signals to the business community to encourage them to import rice as they have always done. Utilizing the scare foreign exchange for import of essential commodities is not sustainable, and may send the wrong signals to the private sector investment and question Government's commitment of seeing the private sector as the engine of growth.

8. Obviously options (a) and (b) would not serve the larger national interest or the business community of The Gambia. A more commensurate arrangement may be possible to work out under a situation where a national crisis is anticipated. In this regard, under Government's own initiative, the Ministry of Trade, Industry and Employment may negotiate on bilateral basis for the import of requisite items. Under a separate agreement, through the Chambers of Commerce, the business community will provide the dalasis cover to their banks as and when they import the commodities. The Central Bank, on the other hand, will guarantee the banks the shortfalls in foreign exchange.

9. Getting around the present policy arrangements and commitment of the Government to its donors is difficult. Apart from sending the wrong signals outside, such an undertaking may also affect the confidence of the business community and impact on private sector investment. Changing the rules between the Central bank and the commercial banks, may also set a precedent that would be difficult to erase. Certainly, the costs of pushing through this arrangement far outweigh its benefits. Under the foregoing, I would recommend that the SICC makes its own arrangements with Standard Chartered Bank or any commercial bank for that matter to open its Letter of Credit. The banks are fully aware of the current policy arrangements with regard to such transactions.

INTERNAL MEMORANDUM

TO: Honourable Minister
THRU: Permanent Secretary
FROM: Ted Valentine, Chief of Party, AMEX/FAPE
DATE: November 28, 1994
TOPIC: REVISED COMMENTS ON "READJUSTING THE GAMBIA'S ECONOMY"

Pursuant to your request, I have reviewed your comments on my earlier summary of the abovementioned document. As suggested, I have updated and revised my summary in light of your comments and more recent studies of constraints on development in The Gambia (see attached). I hope that these comments will prove useful.

REVISED COMMENTS ON "READJUSTING THE GAMBIA'S ECONOMY"

I. INTRODUCTION

1. A recent World Bank report, Adjustment in Africa: Reforms, Results, and the Road Ahead, (hereinafter referred to as Adjustment in Africa) reviewed the economic performance in the 29 sub-Saharan African countries which have undergone structural adjustment programmes with the assistance of the World Bank. That report found that The Gambia was one of the six countries showing "large improvement in macroeconomic policies" in Africa. The Gambia ranked third behind Ghana and Tanzania.
2. However, in contrast to the other five countries in the "large improvement in macroeconomic policies" category, The Gambia experienced significant reductions in annualized changes in external income (at negative 1.2% per annum) and average annual GDP per capita growth (at negative 0.8% per annum) between the period 1981-86 and 1987-91. (See Figure 2 below.)
3. Earlier in the year, the World Bank commissioned a follow-up country study to Adjustment in Africa to further investigate the Gambian adjustment experience. This study, which was undertaken by Professor Robert Klitgaard, a well known political economist who has widely published on issues of incentive (performance-based-pay) and corruption in developing countries, is entitled "Readjusting The Gambia's Economy". The proposition posed is that the macroeconomic performance of The Gambia is much less impressive than the country's macroeconomic policy stance would indicate. The question is raised as to why the country is an "underperformer" relative to other sub-Saharan African countries that have undertaken similar adjustment programmes.
4. The structure of the report is as follows. The main body of the report is 34 pages in length. The report consist of four sections. Section 1 poses the question as to why The Gambia has underperformed in real per capita growth terms relative to its performance in terms of macroeconomic policy adjustments. Section 2 discusses the need to readjust the economic strategy. Section 3 presents what the author refers to as a bold, experimental approach to institutional reform. The author having assumed that the "underperformance problem" is related to corruption, Section 4 presents a detailed proposals on how to reduce corruption in the Gambian economy.

II. SPECIFICATION OF THE PROBLEM

5. Since 1985 under the ERP and then the PSD, The Gambia is seen as having adopted the right macroeconomic framework, moving towards free-market economic policies, and reducing government interference in the operation of the economy. The Gambia is ranked by the World Bank as being in the top three in sub-Saharan Africa in terms of adjustments in macroeconomic policies. With the strong democratic principles and the favourable rights environment, according to the report, one would have thought that those would translate into improved macroeconomic performance. Yet, The Gambia has performed much worse than would have been expected. Instead of having experienced an improvement in the standard of living of its population, per capita income actually fell by almost 1 percentage point per annum. This the author states was almost 3 percentage points lower than would otherwise be expected. The Gambia also

underperformed in investment rates, agricultural growth, and growth in industry and manufacturing.

6. The Gambia is the only country in the "large improvement in macroeconomic policies" category where the abovementioned economic parameters and growth rates are at lower levels than before adjustment. This is seen as being true though cross-country data would suggest that the Gambia's level of political and civil rights should give it more of an edge in growth rates than the other countries in that group.
7. The factors which account for The Gambia's weak performance are seen as being two-fold:
 - excessive dependence on re-export trade;
 - corruption that affects property rights, credit systems, and administration of justice.
8. The re-export sector yielded obvious benefits to The Gambia's short-term adjustment, contributing more than a third of government revenue. However, there are a number of (overlooked) negative effects of the overdependence on re-exports. The major problems with reliance on the re-export trade are that it:
 - is not based on economic efficiency but on economic imbalances (overvalued exchange rate, price controls) in the economies of the trading partners;
 - has very few linkage effects with local skilled employment, resource utilization and production; and
 - promotes/encourages negative economic behaviour -- fraud, tax evasion, bribery and smuggling.
9. The second problem is corruption and, more generally, underperforming public institutions, which are seen as particularly harmful to a small, fragile, open economy. Corruption is seen to impede development in several ways.
 - it deters investment by undermining contract law, debt repayment, or property rights;
 - it affects the distribution of income negatively;
 - it distorts the incentive structure; and
 - it results in a situation where the direct benefits to individual civil servants are placed above those of the nation regardless of cost and quality of service considerations.
10. The Gambia has yet to address the issues confronting the nation. The author expresses concerns in three areas. First, at the political level there is apparently little recognition of the economic costs of corruption or of the priority of a systematic reform of government institutions. There has been no strategy for reducing corruption. Second, thinking about public sector reforms has been insufficiently bold and experimental. The focus has been on conventional civil service reform programmes rather than innovative performance-based pay programmes and incentives for enhanced productivity. And third, the economic strategy needs "readjustment", towards a new vision of sustainable economic growth and development which is efficiency driven, with lower transactions costs of economic activity and reduced corruption.

III. READJUSTING ECONOMY STRATEGY

11. As The Gambia liberalized its economy and trade policies and reformed its port administration in the late-1980s, it gained a comparative advantage in importing goods for re-export to its

neighboring countries, particularly Senegal. It profited from the continuing inefficiencies and structural distortions in those countries. However, with the nonconvertibility of the CFA, the closure of the border to re-export trade, and the deceleration of the CFA and pending structural adjustment program in Senegal, the future of the re-export goods driven development strategy is called into question.

12. Thus, the Gambian economy will have to adjust (or better readjust) to the new realities. In the author's view, The Gambia has a two-year window of opportunity to make the necessary readjustment in strategy before the re-export market disappears and government revenues from international trade experience a sharp and permanent decline.
13. Short run stabilization is required. The Gambia must build its institutional and human capabilities. It must also reduce the effects of corruption which undermines investor confidence and raises risks and transaction costs.

IV. A BOLD EXPERIMENTAL APPROACH TO INSTITUTIONAL REFORM

14. The Gambia is currently considering adopting conventional civil service reforms. The approach considered, in the author's view, is too long-term, costly, assistance driven and will take too much time to be studied and implemented. Rather than a gradual civil service reform scheme, the Gambia should embark on a bold experiment, with the expected consequences being dramatic improvements in civil service performance. The solution 'performance based pay' empowering the citizenry, private aspects of government by devolving nonpolicy jobs in government to the private sector, and redoubled efforts to enhance transparency. The key in the author's view is linking compensation to performance.

15. The author contrasts the conventional civil service reform program (which advocates across the board pay increases and general downsizing of the public sector) with his 'bold experiment' (of selective pay increases based on performance based pay).

16. It is argued that the conventional approach relies too much on foreign aid to do studies, takes too much time to implement, focuses on learning by planning, and focuses too much on budgetary austerity. In contrast, the bold experiment, reforming government or at least government incentive structure relies on energizing or empowering the civil service by experimenting and allowing them to set standards and determine measures of success, and undertaking on a program through learning by doing, where civil servants can set the personal incentives budget constraints by proposing revenue raising and cost saving experiments which allow them to give themselves more.

17. The choice posed is experiment versus reform. Where experiment is favored as being:

- less expensive,
- capacity enhancing, as a learning by doing device,
- a natural contribution to a better use of national resources and increasing economic efficiency,
- the facilitator of a broader new strategy to institutional reforms.

14. The issue is not posed in terms of experimentation, with popular participation, and finding new improved ways of doing things versus some arrangements, debilitated more of the same. "more training, more personnel and equipment, more consultation, more studies and central planning, and more U.S. 'Aid' million's view. 'more' does not address the institutional adjustment problem and is unlikely to solve the problems of governance

15. The thrust of the reports argument is that The Gambia has done its "macro adjustments", both economic and political. Now the task is institutional adjustment, whose general principles should include:

- improving incentives, with incentives being linked to agreed-upon performance measures;
- enhancing information and evaluation;
- promoting competition and countervailing forces; and
- strengthening the budget constraint

V. REDUCING CORRUPTION

16. A strategy for controlling corruption is seen as being a central element of readjusting The Gambia's economic strategy

17. Is there a "corruption problem"? And is corruption the major explanatory variable in the underperformance of The Gambia? The answer of the author is an emphatic yes. How else can you explain the observed phenomena of

- good macroeconomic policies, high degrees of political and civil liberties, but lagging economic performance;
- unacceptably low levels of private investment;
- the recent scandals in credit and the cooperatives that have received so much publicity;
- anecdotal evidence which describes thousands of international transfers by government officials of "large sums of foreign exchange";
- detailed studies of areas such as CES and CRD administration describing details of the lax practices and existence of widespread corruption; and
- remarks from Gambian officials concerning the prevalence of corruption and high-level indifference to it

VI. TOWARD A STRATEGY FOR CONTROLLING CORRUPTION

18. Corruption is formalized as being equal to monopoly plus discretion of officials minus accountability. Searching for this combination of factors in organization is called "vulnerability measurement". Governments should work towards reducing the vulnerability to corruption. A comprehensive strategy is required

19. The problems areas in controlling corruption are:

- lack of overall strategy and coordination;
- reporting of evidence of corruption;
- lack of appropriate and timeliness of auditing and accounting procedures;
- inadequate police investigation of corruption, fraud and white-collar crime;

- lack of willingness to prosecute, lack of political support/will;
- problems in the court system and the speed at which cases are adjudicated; and
- the personal emoluments budget constraint, reflecting the overall government budget constraint.

24. Aspects of the strategy against corruption will include:
- (a) pursuing and prosecuting a few big names, high profile cases--"frying a few big fish";
 - (b) running participatory workshops at all levels--at the highest political levels, auditing and accounting levels, police investigation units, for prosecutors, for court system participants, and for the revenue departments;
 - (c) creating a public complaints commission and establish inter-agency committee at two levels;
 - (d) promulgate a code of conduct for public officials and private firms;
 - (e) resuscitating the Assets Evaluation Commission;
 - (f) designing experiments with performance targets and incentives, particularly in the revenue-raising and public resource management areas;
 - (g) selectively involve private auditors and accountants in monitoring revenue and public service expenditure departments;
 - (h) strengthen investigatory capabilities of police criminal investigation units;
 - (i) monitor the speed and quality of performance of the courts and prosecution units and make information known within the legal profession;
 - (j) implement long-standing managerial recommendations in the CED and CRD; and
 - (k) invite Transparency International (TI) to set up a chapter here and try to make The Gambia one of TI's "islands of integrity."
25. The proposal to reactivate the Assets Evaluation Commission and make it operational based on existing law is an interesting one. The commission would have the responsibility to investigate assets and properties of any public officials viewed as living above their means, as well as any cases of suspected corruption. "The accused public official would have to prove that his or her wealth was acquired legally. Without such a proof, he or she would be declared guilty of corruption.
26. In essence the strategy against corruption and public sector underperformance entails:
- (a) strengthening governance and empowering the citizenry and civil servants;
 - (b) sensitizing high-level politicians, government officials, the general public and the private sector to the negative economic consequences of corruption;
 - (c) introduce codes of acceptable behaviour and have workshops to promulgate and inculcate desired patterns of behavior;
 - (d) undertake performance-based-pay experiments starting with the revenue-raising and public resource management departments;
 - (e) strengthen, improve the efficiency, and establish monitoring mechanisms for all aspects of the justice system (the police, prosecutors, and the courts); and
 - (f) invite objective outsiders in to determine if the system is becoming less corrupt.

VII. COMMENTS

27. Discussion on the low performance of The Gambian economy at this juncture when the re-export

strategy has appeared to run aground, and when the national decision-makers are unwilling to recast the medium- and long-term development strategy is as timely as it is important.

28. Why the questions posed at the outset of the report are very interesting and pertinent to The Gambia, this appears to be a case where the funding agency knew what answers it wanted to come up with before the undertaking of the study. As I stated before Professor Kilgour is well known and well-published on issues of corruption in the developing world. I think the selection to undertake the study was an indication of what some would see as the major constraint on the economic development of The Gambia today: corruption.
29. The study begins by comparing the change in macroeconomic indicators to the growth of per capita income for 26 African countries, between 1981-86 and 1987-91. On the basis of these data, The Gambia is considered to be an underperformer and the explanation for this underperformance is seen to be widespread and debilitating corruption.
30. While The Gambia's macroeconomic performance leaves much to be desired, the correlation as it is presented appears to be very weak indeed. I question the whole testing approach adopted. Also, I question the interpretation of the results. Simply stated and repeated widely throughout Africa, I do not see the corruption problem being nearly as acute as the author states. This is particularly true when it is recognized that the underperformers from the data presented are countries such as Nigeria, Tanzania and Zambia where corruption is much more pervasive and systemic. Of course, it could be argued that corruption may be a much greater constraint on economic growth in a small fragile economy such as The Gambia. But it would be difficult to argue a case that the reason that Nigeria, Tanzania or Zambia had a higher growth rate than The Gambia is that the latter's growth potential is diminished by the debilitating corruption.
31. The question that is raised as to why the large improvements in macroeconomic policies why has The Gambian economy not performed better. The answer may be that the major constraints on economic growth and development have yet to be relaxed. These constraints go beyond the macroeconomic reforms adopted to date. Institutional weaknesses, the constraints on development of a small natural resource poor economy, the low level of human resource development, etc., may be much greater impediments to growth in The Gambia. Macroeconomic policy reforms may have been a necessary though not sufficient condition for rapid sustainable economic growth in The Gambia's case.
32. For example, it is indicated that in 1987-91 agricultural output in The Gambia fell by an average of -2.6% per annum, while that of the other five countries in the large improvement in macroeconomic policies category grew by 7.2% per annum. Rather than reveal weaknesses in the economic system, perhaps these data indicate that the macroeconomic adjustments made did not address the factors which inhibit the expansion of agricultural production in The Gambia.
33. It is agreed that investment is deterred by corruption that undermines contract law, debt repayment, or property rights. However, weak contract law, poor debt repayment, and weak property rights are not necessarily the result of corruption. They may be problems in themselves. It is true that corruption may grow in countries where each of these circumstances are prevalent, but there is a cause and effect relationship that the report does not attempt to address. Besides, there may be other explanations for the low level of private sector investment other than corruption. Among these are

- the small size of the market;
 - the lack of availability of skilled manpower;
 - low levels of productivity;
 - the lack of adequate infrastructure;
 - the high statutory tax rate;
 - the high real domestic interest rates;
 - lack of complementary inputs; and
 - the absence of a conducive incentive regime.
34. A recent (October 1994) report by The Foreign Investment Advisory Service (FIAS) for the GOTG, titled "Diagnostic Review of the Investment Environment," addressed the issue of the national investment incentive regime. The report presents an assessment/diagnosis of private sector investment incentives and constraints on private sector development in The Gambia. Advantages and disadvantages of The Gambian economic environment to foreign investors are assessed.
35. The Gambia offers a number of advantages and disadvantages to foreign investors. Among its **advantages** are:
- a. stability and government support for and commitment to a continued economic liberalization;
 - b. an open economy characterized by a stable and low inflation rate; and
 - c. absence of foreign exchange controls, and a relatively stable currency.
36. Among the **disadvantages** from the perspective of foreign investors are:
- a. high income tax rates combined with minimum relief, except for noncompliance;
 - b. government's over dependence on revenues from duties and sales taxes, whose rates are also relatively high;
 - c. a complex and highly discretionary investment incentive system (the Development Certificate);
 - d. high energy costs, including fuel and electricity;
 - e. lack of physical infrastructure (save telecommunications) and unreliable sea and airfreight services, which is critical for any potential export oriented industries; and
 - f. the small pool of skilled labor to draw on, combined with the low levels of labor skills and labor productivity.
37. According to the FIAS study, the high cost of energy, electricity and fuel cost, combined with the lack of a reliable supply of the electricity was singled out as the most serious infrastructure problem facing enterprises in The Gambia. Similar findings are presented in a report of the constraints on expanding the horticultural sector by Cargill.
38. The FIAS report finds that the disadvantages far outweigh the advantages of the economic environment, limiting the potential of past liberalization efforts to attract new investment and to diversify the economy.
39. I agree with the Klitgaard report that there has been an over-dependence on the re-export trade as a source of economic activity. This has been indeed problematic. It has placed The Gambia, whose economy remains fragile, in a very vulnerable position. Yet the re-exports sector was never

likely to serve as an engine to growth because of the lack of linkage effect, the minimal employment effect, the lack of an income spread effect, and the minimal relationship between the growth of this sector and increased efficiency in The Gambian economy. Hence, the need for "readjustment" definitely exists.

40. The over-dependence on TA's is a bit exaggerated. Having worked in other African countries I am actually surprised given the low educational levels and the levels of skills development, that there are not more TA's. For example, in Botswana between 1986 and 1990, in the Ministry of Finance and Development Planning there were probably 20 to 25 long-term TA's working within the ministry at any given point in time. One donor, USAID under the Botswana Workforce and Skills Training Project had 42 operational experts (OPEXER's or TA's) working in various ministries as part of its big effort to enhance skill development and on-the-job training in the Botswana Government. This programme was very successful because technical assistance personnel were fully integrated into the structure and work of the units where they worked. (There were separate long-term advisors working directly with Ministers and Permanent Secretaries. However, these were few and far in between.) With the appropriate design of projects and the appropriate coordination on the ground, TA's can become a benefit, instead of being perceived as a liability, nuisance that has to be tolerated to receive donor funding.
41. When comparing and contrasting the conventional civil service reform programme to the proposed "bold experiment", the author appears to downplay the constraints on adopting the latter scheme. He cites as the sole constraint to the introduction of the experiment:
"Begin with revenue-sharing and cost-saving experiments that can pay for themselves; use aid to fund experiments."
42. First of all, it should be noted that what is given is not a constraint but an approach. Secondly, it should be recognized that those jobs that can be placed on a fair performance-based-pay scheme are few in number. This is true for the private sector. It is equally true for the public sector. To introduce a performance-based-pay incentive scheme, the work of an individual or unit has to be very measurable, productivity and the contribution of various resources to production have to be measurable. This can be easily done in cases of piece-work, where contributions to revenue and production are easily discernible, and where output is tangible and divisible. The cost and production contribution of such activity are difficult to gauge. This is true with the production of many services, particularly public services, which is one of the reasons for having undertaken by public instead of private concerns.
43. Perhaps performance-based-pay can be introduced to revenue-raising and expenditure monitoring units with little degree of difficulty. However, the true challenge will be to introduce such a scheme to the entire public service. The fact that only a small percentage of private sector firms, which have a much greater incentive than governments to adopt performance-based-pay schemes and to try to get more value for money, have not introduced such schemes points to major constraints that are being cited here.
44. With regard to the low level of productivity in the public service, it is true as the author states that: "Part of the problem relates to low pay scales, but another part concerns the weak or absent linkages between performance and pay." Hence across-the-board pay increases must be part of the solution to improving the performance of the civil service. I agree with the author that the government can not increase wages across-the-board and hope that increased production and

greater efficiency will follow. This is correct: one can not simply hope for increased productivity. Higher wages, along with improved working conditions, will improve workers' morale. At the same time management efficiency, proper incentives, and motivation are required to translate higher worker morale into higher productivity. On the other hand, in the absence of management efficiency--managerial morale and efficiency has declined as well as that of workers--and proper incentives (and motivation) the substantial declines of real earnings which have contributed to demoralization of workers were bound to have a negative effect on productivity of labor.

45. The approach of the author is simplistic. "The government would create experiments that make rewards of various types contingent on the achievement of performance targets. The rewards should include pay, but also can mean training, travel, professional recognition, reassignment, promotion, better working condition, more independence, and so forth." Given the view that the major problem with The Gambia is corruption and this is in part due to smallness and that everyone knows everyone and kin links are very prevalent, this appears to be a recipe for nepotism and tribalism.
46. In the discussion of experiments versus reforms, the author has a preference for the former in that he argues that the latter costs too much. He argues that experiments are less expensive. How so? How is expense/cost to be measured here? Experiments, especially when they are not necessary replicable, as they are not being undertaken in a controlled environment, and may not be easy reversed can go terribly wrong. They can be potentially costly and can lead to the collapse of the civil service system.
47. As pointed out by Klitgaard elsewhere¹, the result of such wage repression is incentive myopia, leading to the continuance of a downward economic spiral, depriving poor nations of required physical, human, and motivational capital needed for future economic development.
48. I agree that information, monitoring and evaluation is critical to the functioning of any well run system. In the case of The Gambia there is both a real shortage and an induced shortage of information. Induced in that in practice information is poorly disseminated. As a result of poor coordination, important information does not flow upward or downward. In addition to this, there appears to be a culture of information hoarding. Access to information ensures influence and some degree of control.
49. The author argues that controlling corruption in The Gambia is a central element in readjusting the country's economic strategy. I disagree. Not because I do not think that corruption is a problem in The Gambia. It is. And not because I think that in a small country with inefficient economic systems the transaction cost may rise to be prohibitive. It may. And not because tax evasion and evasion of custom tariffs deprive the government of much needed revenue to finance its social services and infrastructural programmes. It does. I strongly believed that the author misspecified the problem. Definitely the weaknesses in institutions, coordination, and monitoring can and does give rise to corruption and undermine investors confidence in the economic system. However, I feel the biggest problem is institutional weakness itself rather than corruption per se. (However, it is recognized that these weaknesses may also be a result of weak coordination which

¹ Klitgaard, R. (1989) "Incentive Myopia." *World Development*: 17(4);447-59.

may be within the leadership's own interest. They may be reflective of a lack the political ethics.)

50. Anti-development tendencies resulting from these institutional weakness reveal themselves in many forms. Corruption is one of these forms, perhaps it is the worst form but it is merely one form. I think the general weaknesses in the organizational and institutional structure, lack of coordination, lack of accountability, general complacency, the lack of a systematic approach to addressing many issues, and the lack of commitment to monitoring, follow-up, and follow agreed upon procedures are the major impediments to development. In many cases what appears to be commitment to macroeconomic reforms is more apparent than real, because the process by which rhetoric is turned in to workable policies and programmes is incomplete. The process is as follows:
- undertake background work, explore the issues;
 - formulate policies;
 - turn policies in to programmes;
 - develop mechanisms to monitor the programmes and get feedback on the successes and limitations of the programmes;
 - revisit policies and programmes to workout any unforeseen negative side effects and feedback.
51. In the case of The Gambia there are glaring flaws at each stage of the process. Combine this with the lack of coordination and the information hoarding culture that has arisen, major problems can indeed exist and persist for significant periods of time, though it appears that the policy stance is the right one.
52. On page 21, third paragraph, the author stretches his case by using the "anecdotal evidence from one source". This cannot be considered as an unbiased sample.
53. On page 22, the author reveals a weakness of other short-term consultants by getting the institutional names wrong. "Asset Management Recovery Commission" should be Asset Management and Recovery Corporation.
54. With regard to the schematic summary of corruption related problems and proposed solutions, the author puts too much faith in workshops. I question whether having participatory workshops will succeed as any thing other than a publicity ploy. Workshops may sensitize some participants to issues that they had now here-to-fore thought of in the proper terms. But these individuals will be few and far between. In most cases, workshops are good to air views/grievances and for bonding, however there is no hard data to show that they modify long-term behaviour. The Strategic Management Retreat is a case in point. It was a very good "feel good opportunity" for local staff members. However, to date nothing has come out of this workshop. It did little to alter long-term behaviour.
55. Page 26, I agree with the argument that to break through the culture of corruption, big fish have to be fried. People assess the costs and benefits of a given activity and weigh the net benefit against the prospects of getting caught and the likely punishment. Until the system starts to actively seekout and punish wrong-doers, there will not be substantial change in behaviour. To send the right signal, a prominent wrong-doer has to receive the full-force of the law. Tax evasion and the laxity of the enforcement system is a case in point.

56. I think the corruption formulation is overly simplistic. Even if behaviour fall well short of corruption, monopoly power (and hording), official discretion, and lack of accountability are negative tendencies which can be very detrimental to economic growth and development.
57. The vulnerability to corruption is enhanced when people are underpaid, when the salary earned from a job cannot cover the basic costs of subsistence and reproduction. It is expressed in terms of using paid work-time, and/or work-resources to "supplement" wage-earnings. Evidence shows that where people are underpaid they will use other means to supplement their incomes. Many of these other means are detrimental to the economic growth and development process. Among these means are:
- (1) involvement in multiple income generating activities during work-time, by using "free intervals" to use skills to earn more money;
 - (2) combining official and private roles and duties and getting paid for both, while making use of the work-resources (vehicles, typewriters, computers and ancillary supplies, work shop equipment, etc.);
 - (3) spending work-time to make clients for work to be undertaken in off-work hours, engaging in what are referred to as "take-away jobs";
 - (4) engaging in the pilfering of work-resources for sale or for the undertaking of workers own off-work enterprise; and
 - (5) workers having to be paid directly by customers/clients to undertake their regular work-time responsibilities in a timely manner or not to undertake their responsibilities in some cases, generally referred to as engaging in corruption or bribery.
58. The negative economic tendencies which accompany underpayment go way beyond the revenue-raising and expenditure monitoring departments hence some element of across-the-board increases in salaries may be desirable.
59. The proposal for resuscitating the Assets Evaluation Commission as it is presented is problematic. The proposition that public officials should have to prove that they did not acquire wealth through corruption, points to a situation where one is guilty until proven innocent. This goes against the tenets of modern legal systems and could be subjected to widespread abuse. It points to a lack of due process. What would Amnesty International or the donors think about governance in The Gambia if such an approach to the judicial system were adopted.
60. If civil servants have to prove that they did not get their wealth through corruption, in the name of fairness, should not the same be required of private businessmen. Should they not be required to prove that they are not enjoying a better life style as a result of tax evasion, customs evasion, or bribery.

VI. CONCLUDING REMARKS

61. I disagree that the major problem posed to the economic growth and development of The Gambia is corruption. No doubt that corruption does exist and is, perhaps, widespread. However, there are other major impediments to improvements in the country's macroeconomic performance. Market size combined with the dearth of both natural and human resource are strong impediments to growth and development, as are the high cost of fuel and electricity, the poor economic

infrastructure facilities, and the inefficiencies in the civil service. These combined would significantly increase the cost of production and transaction costs in The Gambia reducing its competitiveness in the tradable goods sector. Corruption, where it exist, would further increase the transaction costs of doing business. The corruption component of transaction costs may or may not be significant.

62. Even if corruption has reached problematic levels, questions may be raised with regard to the approach presented to address it and to expose corrupt officials. I reiterate that the proposition that public officials should have to prove that they did not acquire wealth through corruption, points to a situation where one is guilty until proven innocent. This goes against the tenets of modern legal systems and could be subjected to widespread abuse. It points to a lack of due process of law.
63. The author argues that the problem with conventional civil service reform is that it takes too long, costs too much (especially the salaries of the foreigners who do the studies), runs into political roadblocks because of its "grand reform" nature, and, in the case of the civil service, probably cannot engender enough savings to make a big enough difference to civil service pay to matter." Yet, the bold experiment envisioned is nothing more than a "grand experiment" that is untested. The likelihood of success is unknown. The cost of failure can be extremely high. Should The Gambia become a guinea-pig for such grand experiments? Should we base the future on the hope "to shock the entire civil service system into change by experimenting in a few key areas" and hoping "that people beyond these areas take note and learn from the process"? I think not.
64. Innovate, yes. Coordinate, yes. Improve the flow of information downward and upward, yes. Provide staff with clearly defined job descriptions, expectations of performance, bench-marks to measure performance, and ensure that the appropriate monitoring and feedback mechanisms are in place, yes. Undertake grand experiments in the hope that things will work out as expected, no.

APPENDIX D

TRAINING and CAPACITY BUILDING

INTERNAL MEMORANDUM

TO: Ted Valentine, COP, AMEX/FAPE
Mambury Njie, Principal Economist and Head MFAU
Coby Frimpong, PA, AMEX/FAPE
M. Ceesay, Acting Senior Economist
J. Marenah, Economist

FROM: PERMANENT SECRETARY, MFEA

DATE: 24 October, 1994

RE: Enhancing Capacity Building in the MFAU

1. I have become increasingly aware of the urgent need to enhance capacity-building and intensify on-the-job training efforts during the remaining tenure of the AMEX/FAPE project team. In line with this new awareness, the following counterpart arrangements and office assignments are being made with immediate effect.
2. Dr. Valentine's counterpart for immediate capacity-building and on-the-job training purposes will be Mambury Njie, Principal Economist and Head of the MFAU. These two individuals will share office accommodations to concretize and enhance this arrangement.
3. Coby Frimpong will have as his counterparts both M. Ceesay (Acting Senior Economist) and J. Marenah (Economist). Mr. Frimpong will share office accommodations with Miss Marenah.
4. While these counterpart arrangements are being made, it is my expectation that the AMEX/FAPE team will continue to recognize that its capacity-building and training efforts should extend beyond the MFAU and embrace economic orientated staff in other units/departments within the Ministry.

cc: Fred Witthans, Acting Director, USAID

INTERNAL MEMORANDUM

TO: PERMANENT SECRETARY

FROM: TED VALENTINE, CHIEF OF PARTY, AMEX/FAPE

DATE: 31 October, 1994

TOPIC: **Strengthening the Economic Management, Internal Coordination, and the Information Dissemination Process within the MFEA: The Role of the Central Management Committee**

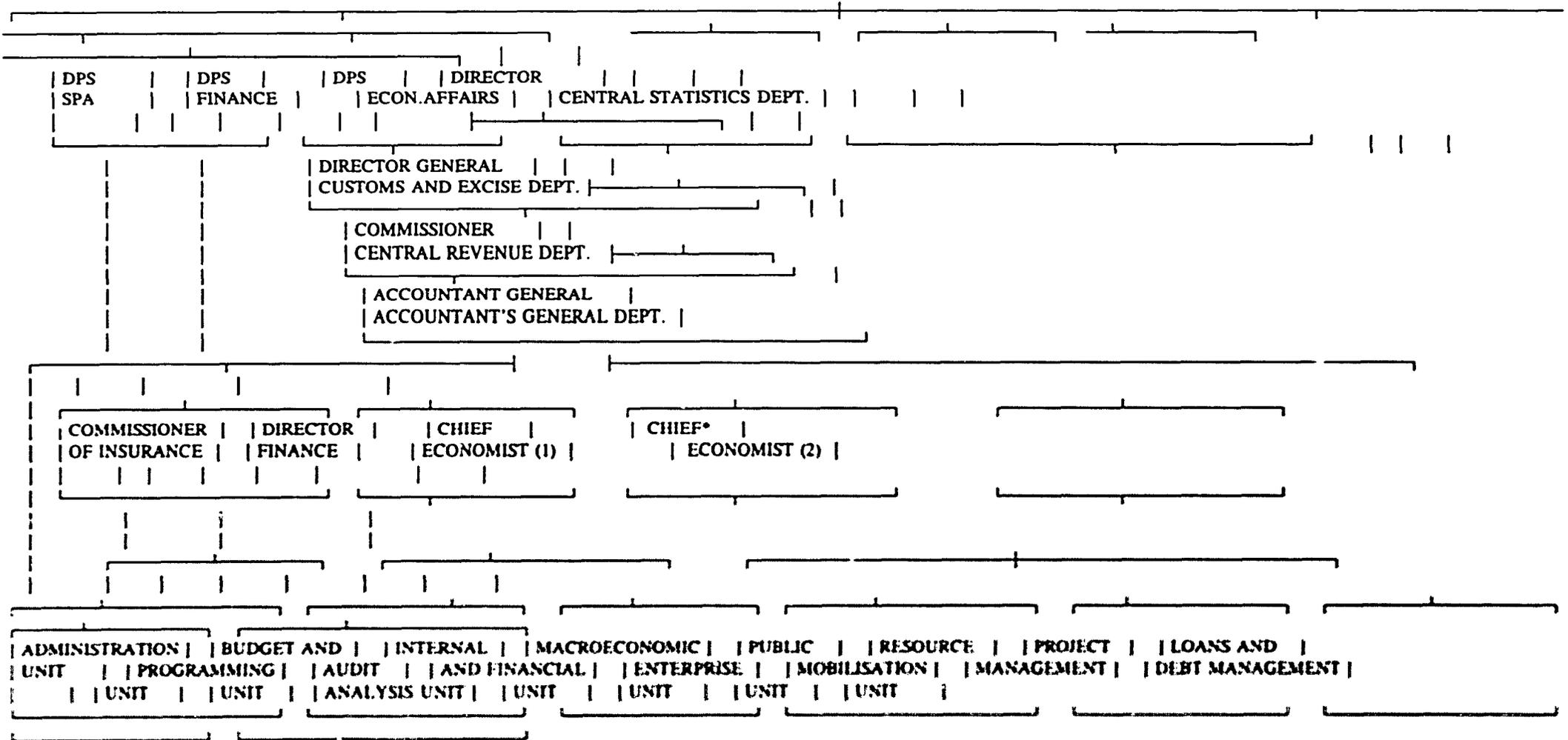
1. **Mission Statement.** Central Management Committee (CMC) will be responsible for providing an input into economic management, central government reviewing revenue and expenditure; and assisting in the removing impediments to the efficient operation and flow of information within the MFEA. The overall objective of the CMC is to enhance the organization and economic management performance of the MFEA for the purpose of providing senior staff input into decision-making process and for monitoring the implementation of critical economic and financial policies.
2. **CMC's Terms of Reference.** The terms of reference of the CMC are as follows.
 - a. to discuss and review revenue and expenditure performance;
 - b. to discuss and review the implementation problems of priority projects;
 - c. to provide input into the policy framework for annual budget preparation and for the budget speech;
 - d. to discuss macroeconomic and financial matters that are to go before cabinet for the purpose of briefing the Minister;
 - e. to review matter of economic and financial policies implementation and implementation constraint;
 - f. to review major macroeconomic information and indicators in advance of arriving international delegations/missions and preparation for meetings with such delegations/missions; and
 - g. to address global issues of ministry operation and implementation constraints.
3. **Membership.** The membership of the CMC will be comprised of the following senior staff of the Ministry of Finance and Economic Affairs.
 - a. PS (MFEA), Chair;
 - b. DPS (EA);
 - c. DPS (FA);
 - d. Director of Finance;
 - e. Chief Economist (No. 1);
 - f. Chief Economist (No. 2); and
 - g. Senior Economic Advisor.

(Other staff members will be requested to attend meetings on an as-need-basis.)
4. **Regularity of Meetings:** The CMC will meet on a monthly basis; the meeting at the end of each quarter will discuss issues in preparation for meetings of the Central Coordinating Committee.

MINISTRY OF FINANCE AND ECONOMIC AFFAIRS
 THE GOVERNMENT OF THE GAMBIA

THE OFFICE OF THE
 MINISTER

THE OFFICE OF THE
 PERMANENT SECRETARY



* This position is to be established by 1996/97

HEAD II - MINISTRY OF FINANCE AND ECONOMIC AFFAIRS - CIVIL

DETAILS OF EMPLOYMENT

Sl. No.	Grade	Detail	Number	Rate	Total
(1) OFFICE OF THE MINISTER					
<i>Salaries (010)</i>					
MINISTER OF FINANCE AND ECONOMIC AFFAIRS					
		Parliamentary Secretary			
1	1	Parliamentary Secretary			62
2	2	Deputy Parliamentary Secretaries		68	
2	1	Principal Assistant Secretaries	10		
1	1	Commissioner of Insurance	11		
2	2	Senior Assistant Secretaries	9		
		* Assistant Secretary		8	
2	2	Principal Finance Secretaries	9		
1	1	Assistant Revenue Officer	7		
1	1	Finance Secretary (B)		6	
2	2	Finance		1	
1	1	Driver		2	
<hr/>					
15	15	Total (1) Office of the Minister			
(2) DIRECTORATE OF FINANCE					
<i>Salaries (010)</i>					
1	1	Director of Finance		88	
1	1	Clerk		1	
1	1	Messenger		1	
<hr/>					
3	3				
PROGRAMMING AND BUDGETING UNIT					
1	1	Principal Economist		10	
1	1	Senior Economist (Accounts)		9	
		Senior Economist (Capital Budgeting)		9	
2	2	Economists		8	
<hr/>					
4	4				

EXPENDITURE CONTROL AND MONITORING UNIT

1	1	Principal Fiscal Officer	10	
1	1	Senior Fiscal Officer	9	
1	1	Fiscal Officer	8	
3	2	Assistant Fiscal Officers	5	
1	1	Trainee Fiscal Officers	3	
	1	Assistant Accountant	7	
1	1	Accounts Clerk	5	
1		Senior Accounts Clerk	6	
<hr/>				
9	8			

INTERNAL AUDIT UNIT

1	1	Principal Accountant	10	
4	4	Senior Accountants	9	
4	2	Assistant Accountants	7	
6	6	Senior Accounts Clerk	6	
7	7	Accounts Clerk		5
1	1	Records Supervisor II	4	
1	1	Typist II		2
2	2	Drivers		2
1	1	Messenger		1
1	1	Cleaner		1
<hr/>				
28	26			

DETAILS OF ESTABLISHMENT

ad	93/94	94/95	Detail	Grade		
CLERICAL SERVICES						
<i>Salaries (010)</i>						
	1	1	Assistant Record Officer		7	
	1	1	Records Supervisor I		5	
	4	4	Records Clerks		3	
	3	3	Junior Typists		1	
	4	4	Senior Driver		2	
	4	4	Driver		1	
	3	3	Messengers			1
	4	4	Cleaners		1	

	24	24	Total--Clerical Services			

	83	81	Total--(2) Directorate of Finance			

(3) DIRECTORATE OF ECONOMIC AFFAIRS						
<i>Salaries (010)</i>						
	1	2	Chief Economists		11	
	1	1	Documentalist		8	
	1	1	Private Secretary		5	
	1	1	Typist		2	
	1	1	Assistant Records Clerk		2	

	5	6				

MACROECONOMIC AND FINANCIAL ANALYSIS UNIT						
	1	1	Principal Economist		10	
	1	2	Senior Economists		9	
	3	2	Economists			8
	1	1	Programmer			7
	2	2	Computer Operators		4	
	1	1	Messenger			1
	1		Senior Statistician		9	

	10	9				

**RESOURCE MOBILIZATION AND
PERSPECTIVE PLANNING UNIT****

H	H	Principal Economist	10	
H	H	Senior Economist	9	
H	H	Economist		8
<hr/>				
3	3			
<hr/>				

PROJECT EVALUATION AND MONITORING UNIT

H	H	Principal Economist	10	
H	H	Senior Economist	9	
2	2	Economist		8
<hr/>				
4	4			
<hr/>				

**The unit is unmanned at present. Requires manpower development planning.

HEAD 11--MINISTRY OF FINANCE AND ECONOMIC AFFAIRS--Contd.

DETAILS OF ESTABLISHMENT

Sl. No.	Numbers		Detail	Grade			
	93/94	94/95					
LOANS AND DEBT MANAGEMENT UNIT							
3.	1	1	Principal Economist		10		
4.	1	1	Senior Economist		9		
5.	1	1	Senior Loans Officer		9		
6.	2	2	Loans Officer			8	
7.	2	2	Assistant Loans Officers				5
8.	3	2	Trainee Loans Officers				3
9.	2	2	Typist		2		

	12	12					

PUBLIC ENTERPRISE UNIT							
20.		1	Principal Economist		10		
21.		1	Senior Economist			9	
22.		1	Senior Financial Analyst			9	
23.		1	Financial Analyst			8	

	0	4					

	34	36	Total--(3) Directorate of Economic Affairs				

65

INTERNAL MEMORANDUM

TO: Permanent Secretary
FROM: Ted Valentine, Chief of Party, AMEX/FAPE
DATE: 10 November, 1994
SUBJECT: THE TERMS OF REFERENCE OF THE MFAU, ITS ORGANISATION, AND MANPOWER REQUIREMENTS

In pursuance of your request I have revised my early draft proposed terms of reference for the MFAU, its organisational structure and manpower requirements. In addition, I have drafted proposed job descriptions for all the professional positions in the Unit. I have also indicated where we are now in terms of meeting our manpower requirements. These are presented for your considerations and for discussions. (See attached) I hope that this proposals will prove useful as a point of departure for deliberations on structure, organisation, and staffing of the Unit.

Proposed Terms of Reference for the MACROECONOMIC AND FINANCIAL ANALYSIS UNIT (MFAU)

Objective of the MFAU

1 Monitoring the implications of policy decisions and timely analyses of data and information that feeds into the policy and fiscal formulation processes are essential to the efficient functioning and impact assessment of any organization. This is particularly true for government, with respect to macroeconomic and fiscal policies for at least two major reasons. First, the right policies can serve to assist in relaxing/removing constraints on economic growth and development and creating an enabling environment for the undertaking of private initiatives. Adopting the wrong policies can reinforce existing constraints. Second, the development of proactive policies for the formulation of medium- and long-term policy initiatives and appropriate policy framework requires assessment of the likely impact of macroeconomic policy, the monitoring of target variables, and the undertaking of sensitivity and simulation analyses.

2 The Macroeconomic and Financial Analysis Unit (MFAU) was established to serve as the monitoring, modelling and research unit within the Ministry of Finance and Economic Affairs (MFEA).

Scope of Work of the MFAU

1 Undertake macroeconomic and fiscal analyses and develop/ adopt macroeconomic models that provide insight into the Gambian economic situation.

2 Undertake policy simulations for macroeconomic & sectoral effects of specific government policies on:

- a. fiscal policy: government revenue, expenditure and deficit;
- b. monetary policy: money supply and demand, interest rates (in collaboration with the Central Bank);
- c. debt management policies; and
- d. incentives framework for real sector growth.

3 Assist in formulating revenue and tax reform policies. Assist in revising and monitoring implementation of tax policy action plans for the purpose of increasing efficiency in revenue collection procedures and improving resource mobilization efforts.

4 Assist, and take the lead, in the preparation and production of periodic macroeconomic reviews and forecasts of macroeconomic variables and trends.

5 Undertake special studies on major macroeconomic issues for the purpose of macroeconomic monitoring and the facilitation of policy discussion. Among these are the following:

- a. production-based diversification and long-term growth strategies;
- b. trade policy, re-exports and economic development;
- c. interest rate policy and private sector development;
- d. industrial policy and private sector development;
- e. the impact of policy reforms on employment and earnings and social priority areas; and
- f. other macroeconomic issues that arise, related to the program for sustainable development.

6 Prepare monthly and quarterly fiscal reports which monitor implementation of the annual budget and review its consistency with macroeconomic and budgetary policies.

7 Continually review and analyze government's revenue performance and policy options at appropriate stages of the budget process.

8 Assist in the preparation of medium term macroeconomic programmes and the setting of targets for sustainable economic growth and development.

9 Act as the secretariat for the Central Management Committee, the Central Coordinating Committee, and the Tax Reform Committee. Provide technical support for other bodies whose focus is on analyzing/reviewing various aspects of

macroeconomic, fiscal and monetary policies.

10 Liaise with relevant agencies, including the Central Bank, Accountant-Generals Office, Central Revenue Department, Division of Financial Affairs and Central Statistics Department of MFEA, to carry out the above task.

11 Organise and conduct occasional workshops/seminars on various economic policy matters in collaboration with the Central Bank.

Structure and Organization of MFAU

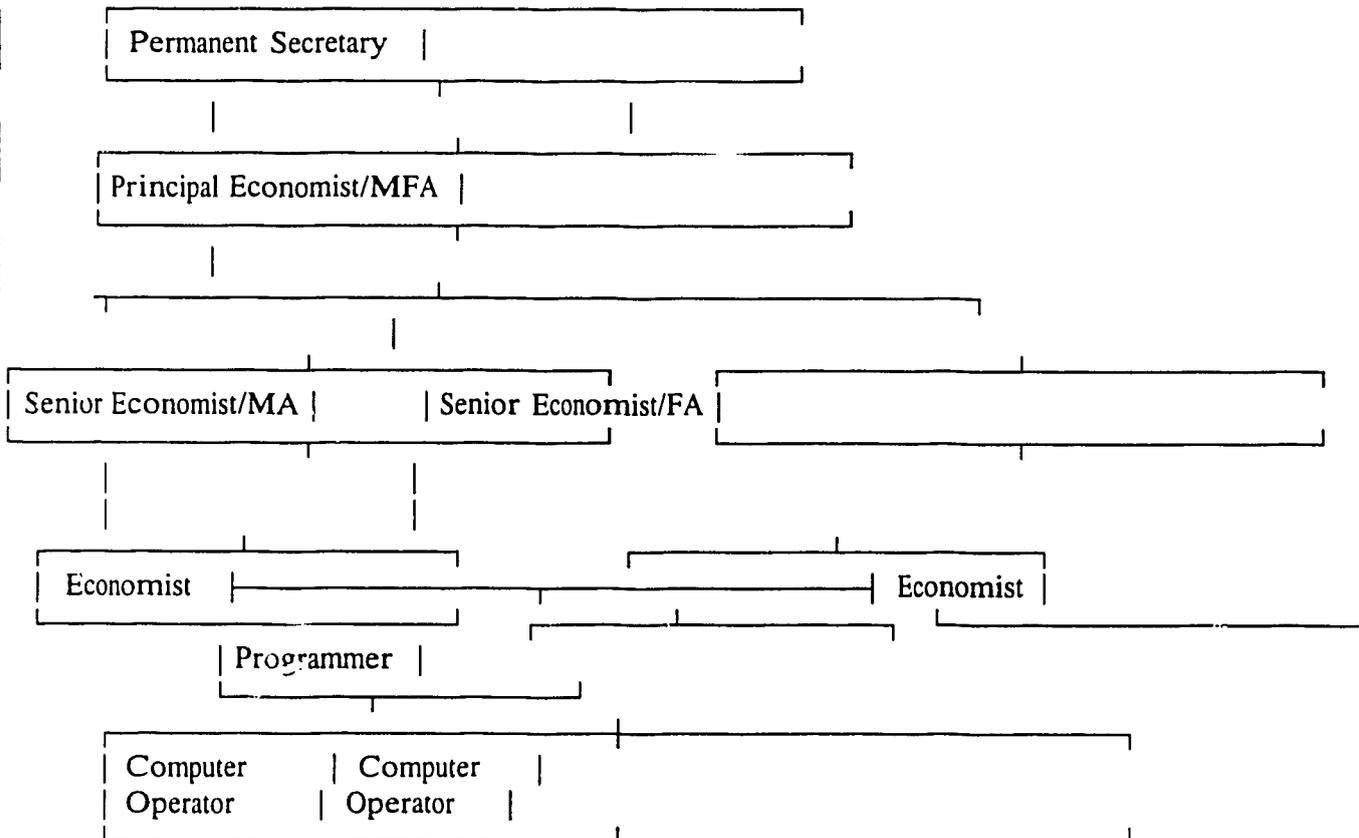
1 The structure of the MFAU should be as follows. The MFAU will be "housed" within the Division of Economic Affairs, though it will report directly to the Permanent Secretary, Economic Affairs.

2 The MFAU will comprise five professional staff members, with two support staff members. The level of staffing to be as follows:

- (a) one Principal Economist;
- (b) two Senior Economists;
- (c) two Economists;
- (d) one Computer Programmer; and
- (e) two Computer Operators.

3 The Principal Economist, whose title will be Principal Economist - Macroeconomics and Financial Analysis (PE/MFA), is to serve as the Unit's head. One Senior Economist, whose title will be Senior Economist - Macroeconomic Analysis (SE/MA), is to be directly responsible for macroeconomic monitoring, modelling and forecasting. The other Senior Economist, whose title will be Senior Economist - Financial Analysis (SE/FA), is to be responsible for fiscal and monetary policy issues. The Senior Economists will be supported by two economists; one focusing on macroeconomic issues, the other on financial issues. The support staff will consist of one computer programmer and two computer operators. The job descriptions for these positions are presented separately.

4 The MFAU's organization chart is as follows:



JOB DESCRIPTION

1 JOB IDENTIFICATION

Job Title: Principal Economist/ Job No:
Macroeconomic and Financial
Analysis

Ministry: Finance and Economic Date: 14 November, 1993
Affairs

Department: Headquarters Station: Banjul

Division/Section: Economic Affairs

2 ORGANISATIONAL RELATIONSHIPS

I. Responsible to - (a) Permanent Secretary

(b) Indirectly to Deputy Permanent
(Economic and Financial

Secretaries

Affairs)

II. Responsible for - (a) Directly 2 x Senior Economists

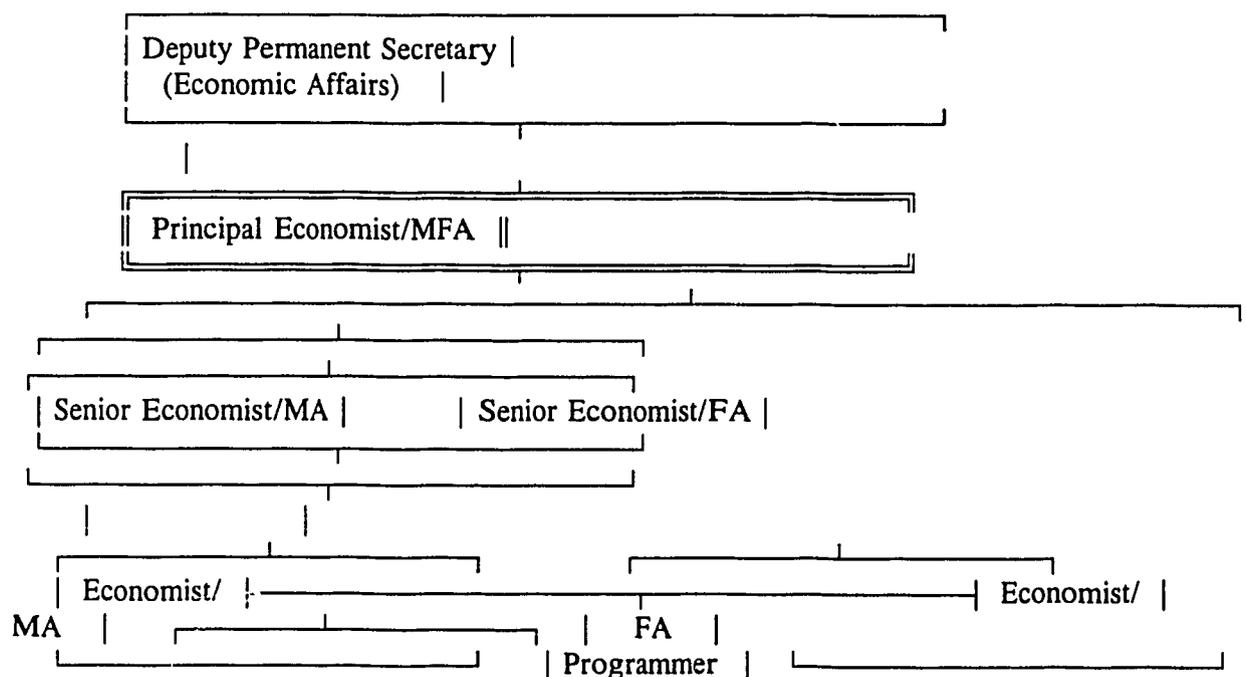
2 x Economists

1 x Programmer

2 x Computer Operators

(b) Indirectly NIL

III. Organisation Chart



I. Statistics

II. Deputising Role: Principal Economist/MFA

III. Other relevant features (If any)

6 QUALIFICATIONS CONSIDERED NECESSARY

I. Knowledge: Minimum of Masters Degree in Economics

II. Experience: Minimum of 3 years experience in macroeconomic analysis and modeling, econometric and simulation analysis of fiscal and monetary policies and programmes.

III. Training: Periodic Short Courses and Seminars in Macroeconomic and Fiscal Analysis, modelling and policy simulation; econometric and statistical analysis; basic computer and statistical software programme skills.

7 SIGNATORIES

I. Job Occupant.....
Signature Date

II. Direct Supervisor.....
Signature Date

III. Head of Department.....
Signature Date

IV. Analyst.....
Signature Date

Computer Operator	Computer Operator	
----------------------	----------------------	--

3 MAIN PURPOSE OF JOB

The Principal Economist (PE/MFA) is the head of the Macroeconomic and Financial Analysis Unit (MFAU). The PE/MFA is responsible for coordinating and assisting in: providing technical/policy input and background studies to support in the formulation of medium- and long-term economic policy initiatives; assessing of the likely impact of macroeconomic policy; the monitoring of macroeconomic and fiscal target variables; and the continual review and analyses of government revenue and expenditure performance.

4 DUTIES

- 4.1 Coordinates the activities and research of the Macroeconomic and Financial Analysis Unit which is responsible for monitoring, modelling and research on issues related to macroeconomic analysis, fiscal and revenue mobilization policies, and the preparation of periodic macroeconomic reviews.
- 4.2 Reviews and determines the effectiveness of existing programmes, consultative machinery and systems for monitoring of macroeconomic variables and budget implementation. Develops proposals of new and/or modified programmes, machinery and systems for consideration by the Deputy Permanent Secretary (Economic Affairs), the Permanent Secretary and the High-Level Economic Committee.
- 4.3 Coordinates the implementation of approved programmes by setting up and maintaining appropriate consultative machinery. Advises senior staff in executing ministries and the Central Bank in the development of internally consistent programmes, machinery and implementation of macroeconomic, fiscal, and monetary policies.
- 4.4 Serves as Chair of the Inter-Agency Policy Research Group, which is responsible for the preparation of the periodic macroeconomic review. Through staff members of the MFAU, coordinates the preparation of background papers and provide technical support for this and other such bodies.
- 4.5 Serves in a coordinating, secretariat, technical, and/or advisory capacity on other inter-ministerial and tri-partite committees responsible for reviewing, monitoring, implementing and/or advising Government on macroeconomic, fiscal, and financial policy related issues. (Among these are the High-Level Economic Committee, the Macroeconomic Technical Committee, and the Tax Reform Committee.) Provide technical/policy support for other bodies whose focus is on analyzing/reviewing various aspects of macroeconomic, fiscal and monetary policies. Influence these bodies' deliberations by writing background papers and guiding them towards the best options.
- 4.6 Coordinates/conducts special studies on major macroeconomic issues for the purpose of macroeconomic monitoring and the facilitation of policy discussion. Among these are the following: production-based diversification and long-term growth strategies; trade policy, re-exports and economic development; interest rate policy and private sector development; industrial policy and private sector development; the impact of policy reforms on employment and earnings and social priority areas; and other macroeconomic issues that arise related to the program for sustainable development.
- 4.7 Coordinates the preparation of sections on macroeconomic, fiscal and financial policies issues for the various policy initiative and reviews and the annual Budget Speech.
- 4.8 Reviews private sector development issues for the purpose of determining how best government can assist in relaxing constraints on the growth and development of the private sector and stimulate private initiative. Liaises with relevant ministries, the Central Bank, private sector organisations, and donor agencies in this regards.
- 4.9 Directs the work of the MFAU by allocating tasks and duties to subordinate staff, interprets principles of the policies and coordinates the provision of analyses and discussion papers to the various committees. Trains and provides guidance for junior staff members in the Unit.

4.10 Supervises and maintains acceptable standards of discipline, counselling and reprimanding staff as appropriate. Appraises staff performance and complete annual confidential reports.

4.11 Undertakes any other related duties as required to meet the exigencies of the service.

5 ADDITIONAL INFORMATION

I. Statistics

II. Deputising Role: Deputy Permanent Secretary

III. Other relevant features (If any)

6 QUALIFICATIONS CONSIDERED NECESSARY

I. Knowledge: Minimum of Masters Degree in Economics/or MBA

II. Experience: Minimum of 6 years experience in macroeconomic analysis and modeling, policy analysis and simulation, and

III. Training: Periodic short courses and seminars in macroeconomic, fiscal and monetary analysis; policy analysis and simulation; taxation and public expenditures policies; computer and statistical software programme skills.

7 SIGNATORIES

I. Job Occupant.....
Signature Date

II. Direct Supervisor.....
Signature Date

III. Head of Department.....
Signature Date

IV. Analyst.....
Signature Date

JOB DESCRIPTION

1 JOB IDENTIFICATION

Job Title: Senior Economist/ Job No:
Macroeconomic Analysis

Ministry: Finance and Economic Affairs Date: 14 November, 1993

Department: Headquarters Station: Banjul

Division/Section: Economic Affairs

2 ORGANISATIONAL RELATIONSHIPS

I. Responsible to - (a) Directly to the Principal Economist

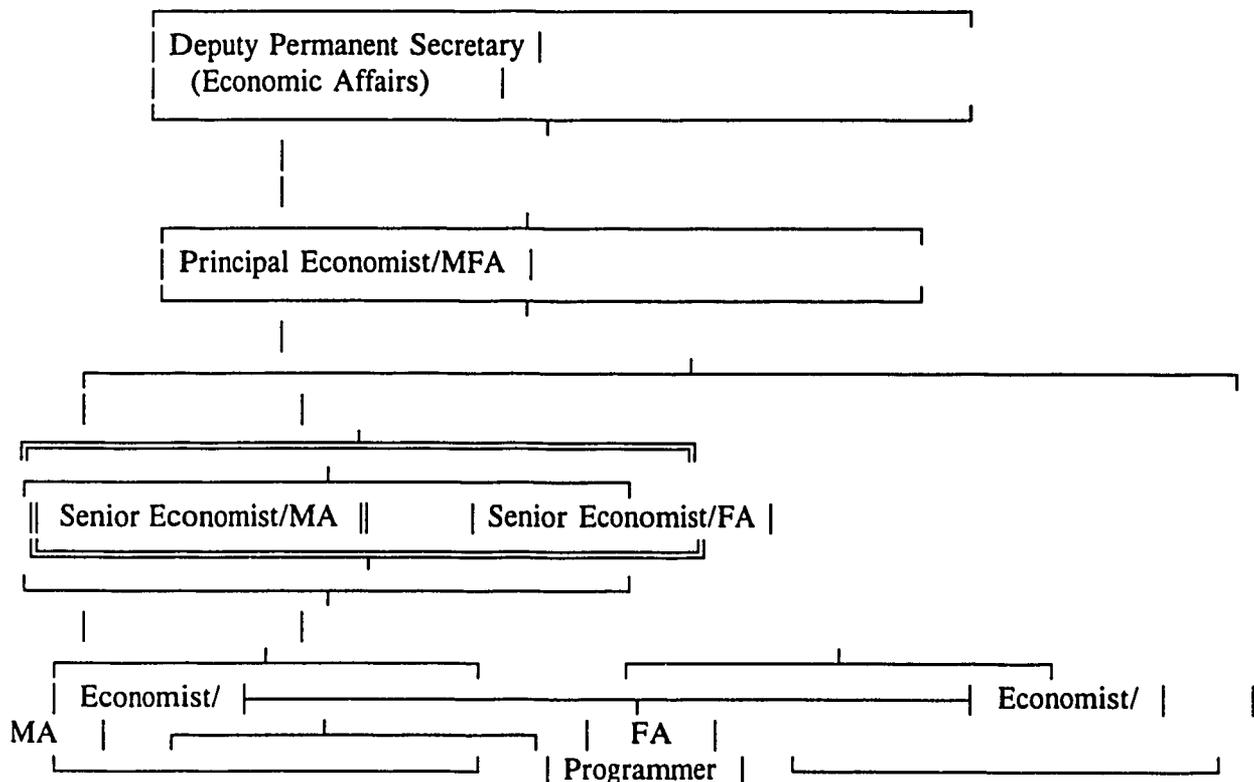
(b) Indirectly to Deputy Permanent

Secretary (Economic Affairs)

II. Responsible for - (a) Directly 2 x Economists
1 x Programmer
2 x Computer Operators

(b) Indirectly NIL

III. Organisation Chart



3 MAIN PURPOSE OF JOB

The Senior Economist Macroeconomic Analysis (SE/MA) under the direction of the Principal Economist Macroeconomic and Financial Analysis, serves as the person in the Macroeconomic and Financial Analysis Unit (MFAU) whose major function will be to undertake macroeconomic modelling, monitoring, and econometric statistical analyses of macroeconomic issues.

4 DUTIES

- 4.1 Models the macroeconomy, monitors macroeconomic and fiscal target variables, and undertakes macroeconomic and fiscal sensitivity and simulation analyses.
- 4.2 Assists, take the lead, in the preparation and production of periodic macroeconomic reviews and forecasts of macroeconomic variables and trends.
- 4.3 Serves as Secretary to middle-level bodies (represented at the technical-level in Government) responsible for reviewing and monitoring of Government macroeconomic and fiscal policies (for example, the Macroeconomic Technical Committee). Provide technical support in quantitative analysis and modelling for these and other bodies whose focus is on analyzing/reviewing various aspects of macroeconomic, fiscal and monetary policies.
- 4.4 Prepares monthly and quarterly fiscal reports which monitor implementation of the annual budget and review its consistency with macroeconomic and budgetary policies.
- 4.5 Assists in the preparation of medium term macroeconomic programmes and the setting of targets for sustainable economic growth and development.
- 4.6 Conducts special studies on major macroeconomic issues for the purpose of macroeconomic monitoring and the facilitation of policy discussion. Among these are the following: production-base diversification and long-term growth strategies; trade policy, re-exports and economic development; industrial policy and private sector development; the impact of policy reforms on employment and earnings and social priority areas; and other macroeconomic issues that arise related to the program for sustainable development.
- 4.7 Assists in the preparation of sections on macroeconomic issues and macroeconomic trends for the various policy initiative and reviews and the annual Budget Speech.
- 4.8 Liaises with the Central Statistics Department and the Research Department of the Central Bank to organise the collection and analysis of macroeconomic, fiscal and financial data. Assesses implications of data on future needs and makes recommendations to appropriate committees or senior staff in relevant ministries to review various options.
- 4.9 Supports the efforts of the PE/MFA in the supervision, training and provision of guidance for junior staff members in the Unit.
- 4.10 Works with the junior staff to develop skills in undertaking analyses of macroeconomic models and variables, econometric/ statistical techniques and computer software programmes, and monitoring of the macroeconomy.
- 4.11 Undertakes any other related duties as required to meet the exigencies of the service.

5 ADDITIONAL INFORMATION

15

Computer		Computer		
Operator		Operator		

JOB DESCRIPTION

1 JOB IDENTIFICATION

Job Title: Senior Economist/ Job No:
Financial Analyst

Ministry: Finance and Economic Date: 14 November, 1993
Affairs

Department: Headquarters Station: Banjul

Division/Section: Economic Affairs

2 ORGANISATIONAL RELATIONSHIPS

(a) Responsible to: (i) Directly to the Principal Economist

(ii) Indirectly to Deputy Permanent

Secretary (Economic Affairs)

(b) Responsible for: (i) Directly 2 x

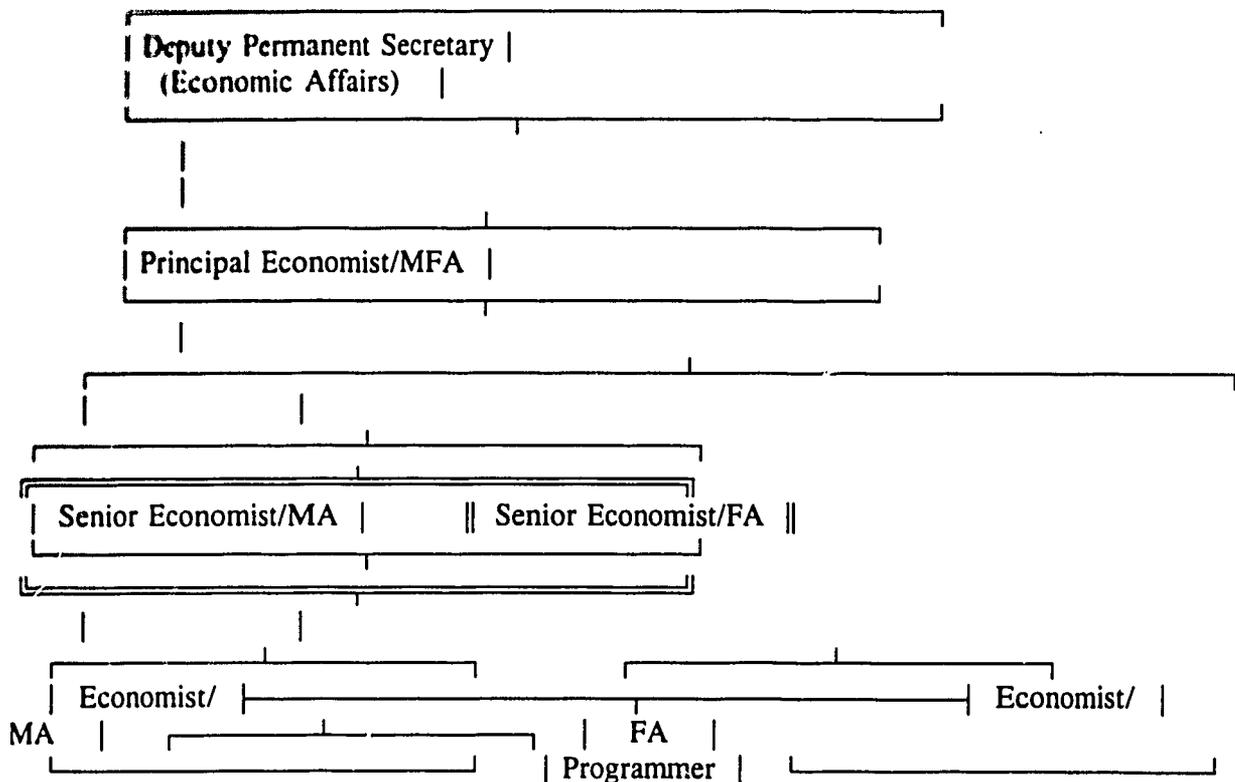
Economists

1 x Programmer

2 x Computer Operators

(ii) Indirectly NIL

iii Organisation Chart



Computer Operator	Computer Operator	
-------------------	-------------------	--

3 MAIN PURPOSE OF JOB

The Senior Economist/Financial Analysis, (SE/FA) under the direction of the Principal Economist/Macroeconomic and Financial Analysis, serves as the person in the Macroeconomic and Financial Analysis Unit (MFAU) whose major function is the analysis and monitoring of public sector financial (expenditures, investment and revenue) policies, monetary policies and the undertaking of special macroeconomic studies.

4 DUTIES

- 4.1 Assists, take the lead, in preparing monthly and quarterly fiscal reports which monitor implementation of the annual budget and review its consistency with macroeconomic and budgetary policies.
- 4.2 Assists in formulating of public revenue mobilization policies and tax policy reforms. Assist in revising and monitoring implementation of tax policy action plans for the purpose of increasing efficiency in revenue collection procedures and improving resource mobilization efforts.
- 4.3 Serves as Secretary to middle-level bodies (represented at the technical-level in Government) responsible for reviewing and monitoring of fiscal, expenditure, public investment programmes and revenue mobilization policies (for example, the Tax Reform Committee). Undertakes the preparation of background papers and provide technical support for these and other such bodies.
- 4.4 Reviews and analyzes government's revenue performance and policy options at appropriate stages of the budget process.
- 4.5 Assists in the preparation of medium term financial and budgetary programmes and the setting of targets for sustainable economic growth and development.
- 4.6 Conducts special studies on major economic issues for the purpose of macroeconomic monitoring and the facilitation of policy discussion. Among these are the following: tax policy; budgetary practices; interest rate policy and private sector development; financial policy, financial practices and private sector developments; and other fiscal and financial issues that arise related to the program for sustainable development.
- 4.7 Coordinates the preparation of sections on macroeconomic, fiscal and financial policies issues for the various policy initiative and reviews and the annual Budget Speech.
- 4.8 Reviews private sector and parastatal development issues for the purpose of determining how best government can assist in relaxing constraints on the growth and development of the private sector and stimulate private sector initiative. Liaises with relevant ministries, the Central Bank, private sector organisations, and donor agencies in this regards.
- 4.9 Liaises with the Central Statistics Department and the Research Department of the Central Bank Account Generals Department, Central Revenue Department, to organise the collection and analysis of financial, revenue and tax data. Assesses implications of data on future needs and makes recommendations to appropriate committees or senior staff in relevant ministries to review various options.
- 4.10 Supports the efforts of the PE/MFA in the supervision, training and provision of guidance for junior

staff members in the Unit.

4.11 Undertakes any other related duties as required to meet the exigencies of the service.

5 ADDITIONAL INFORMATION

I. Statistics

II. Deputising Role: Principal Economist/MFA

III. Other relevant features (If any)

6 QUALIFICATIONS CONSIDERED NECESSARY

I. Knowledge: Minimum of Masters Degree in Economics/or MBA.

II. Experience: Minimum of 3 years experience in financial analysis; public sector budgeting, revenue, and expenditure analysis; and financial policies, practices and programming.

III. Training: Periodic short courses and seminars in fiscal analysis and financial programming; taxation and private sector development; and basic computer and statistical software programme skills.

7 SIGNATORIES

I. Job Occupant.....
Signature Date

II. Direct Supervisor.....
Signature Date

III. Head of Department.....
Signature Date

IV. Analyst.....
Signature Date

JOB DESCRIPTION

1 JOB IDENTIFICATION

Job Title: Economist/Macroeconomic Job No:
Analysis

Ministry: Finance and Economic Date: 14 November, 1993
Affairs

Department: Headquarters Station: Banjul

Division/Section: Economic Affairs

2 ORGANISATIONAL RELATIONSHIPS

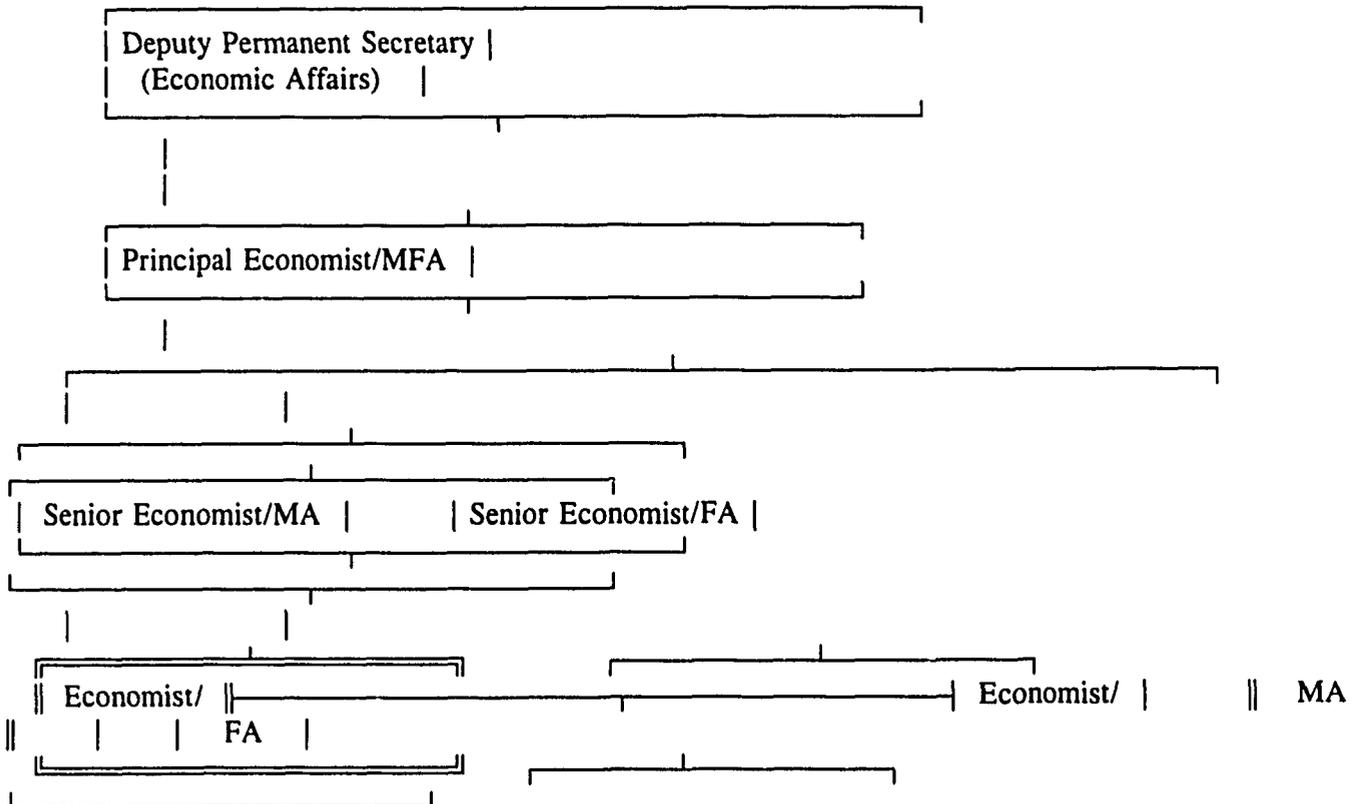
I. Responsible to - (a) Directly to the Principal Economist

(b) Indirectly to Deputy Permanent
Secretary (Economic Affairs)

II. Responsible for - (a) Directly 1 x Programmer
2 x Computer Operators

(b) Indirectly NIL

III. Organisation Chart



Programmer

Computer Operator	Computer Operator
----------------------	----------------------

3 MAIN PURPOSE OF JOB

The Economist/Macroeconomic Analysis, (E/MA) under the direction of the Senior Economist/Macroeconomic Analysis, serves as the junior staff in the Macroeconomic and Financial Analysis Unit (MFAU) whose major function is to assist in undertaking macroeconomic modelling, monitoring, and the undertaking of econometric/ statistical analyses of macroeconomic variables.

4 DUTIES

- 4.1 Assists in modelling the macroeconomy, monitors macroeconomic and fiscal target variables, and undertakes macroeconomic and fiscal sensitivity and simulation analyses.
- 4.2 Supports the SE/MA efforts in the preparation and production of periodic macroeconomic reviews and forecasts of macroeconomic variables and trends.
- 4.3 Assists in undertaking background research on technical issues for presentation at various committees and other bodies whose focus is on analyzing/reviewing various aspects of macroeconomic, fiscal and monetary policies.
- 4.4 Assists in preparing monthly and quarterly fiscal reports which monitor implementation of the annual budget and reviews its consistency with macroeconomic and budgetary policies.
- 4.5 Conducts and assists in the preparation of special studies on major macroeconomic issues for the purpose of macroeconomic monitoring and the facilitation of policy discussion for the consideration of the SE/MA and PE/MFA.
- 4.6 Assists in the preparation of sections on macroeconomic issues and macroeconomic trends for the various policy initiatives and reviews and the annual Budget Speech.
- 4.7 Liaises with the Central Statistics Department and the Research Department of the Central Bank to organise the collection and analysis of macroeconomic, fiscal and financial data.
- 4.8 Works with the computer programmer and computer operators to assist in the determination of data requirements, ensure the timely provision of data and for purposes of data "cleansing".
- 4.9 Undertakes any other related duties as required to meet the exigencies of the service.

5 ADDITIONAL INFORMATION

I. Statistics

II. Deputising Role: Senior Economist/MA

III. Other relevant features (If any)

6 QUALIFICATIONS CONSIDERED NECESSARY

I. Knowledge: Minimum of Bachelors Degree in Economics

II. Experience: Emphasis on macroeconomic analysis and modeling, econometrics and statistics in undergraduate studies.

III. Training: Periodic Short Courses and Seminars in Macroeconomic and Fiscal Analysis, modelling and policy simulation; econometric and statistical analysis; basic computer and statistical software programme skills.

7 SIGNATORIES

I. Job Occupant.....
Signature Date

II. Direct Supervisor.....
Signature Date

III. Head of Department.....
Signature Date

IV. Analyst.....
Signature Date

JOB DESCRIPTION

1 JOB IDENTIFICATION

Job Title: Economist/Financial Analysis Job No:
Analysis

Ministry: Finance and Economic Affairs Date: 14 November, 1993

Department: Headquarters Station: Banjul

Division/Section: Economic Affairs

2 ORGANISATIONAL RELATIONSHIPS

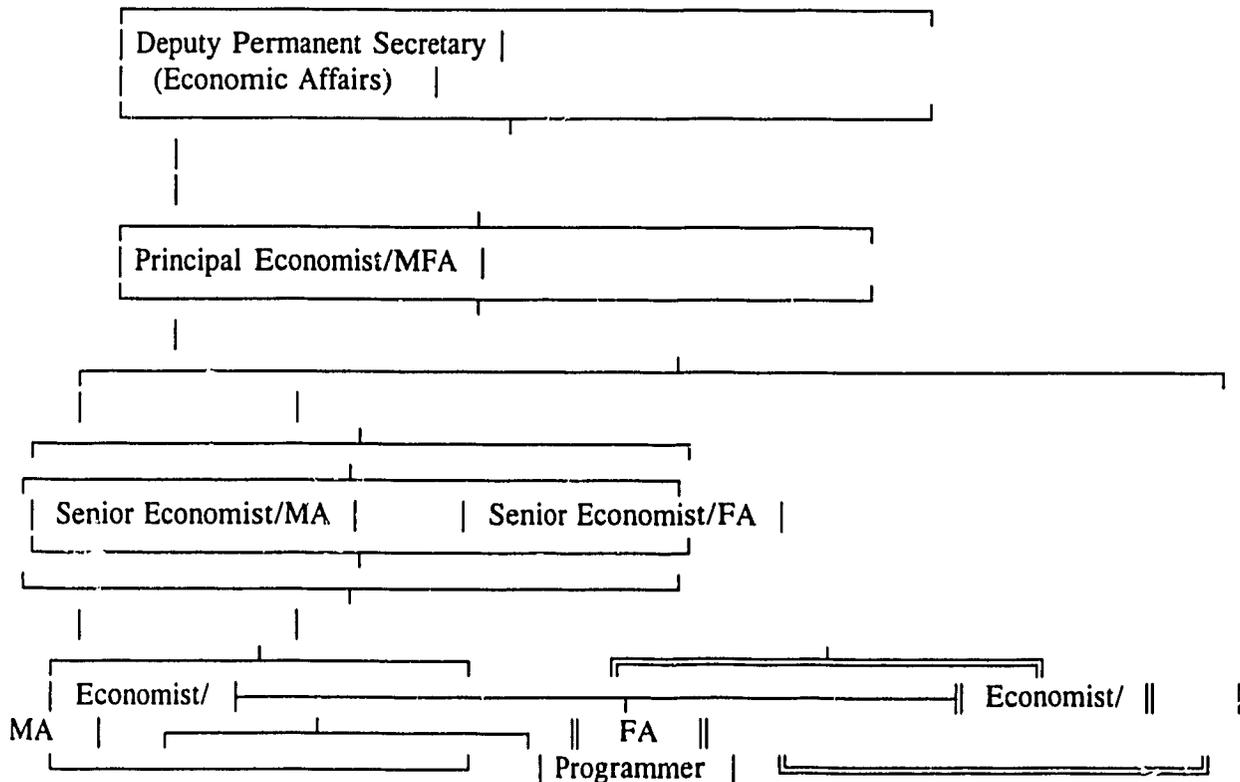
I. Responsible to - (a) Directly to the Senior Economist/
Financial Analysis

(b) Indirectly to Deputy Permanent
Secretary (Economic Affairs)

II. Responsible for - (a) Directly 1 x Programmer
2 x Computer Operators

(b) Indirectly NIL

III. Organisation Chart



Computer Operator		Computer Operator	

3 MAIN PURPOSE OF JOB

The Economist/Financial Analysis, (E/FA) under the direction of the Senior Economist/Financial Analysis, serves as the junior staff member in the Macroeconomic and Financial Analysis Unit (MFAU) whose major function is to assist in undertaking of analyses and monitoring of public sector financial (expenditures, investment and revenue) policies, monetary policies and the undertaking of special macroeconomic studies.

4 DUTIES

- 4.1 Assists in preparing monthly and quarterly fiscal reports which monitor implementation of the annual budget and review its consistency with macroeconomic and budgetary policies.
- 4.2 Supports the efforts of the SE/FA in public revenue mobilization policies and tax policy reform analyses. Assist in revising and monitoring implementation of tax policy action plans for the purpose of increasing efficiency in revenue collection procedures and improving resource mobilization efforts.
- 4.3 Assists in preparing background papers and providing technical support for various committee and other bodies whose focus is on analyzing/reviewing aspects of financial, revenue and expenditure policies.
- 4.4 Assists in reviewing and analyzing government's revenue performance and revenue policy options at appropriate stages of the budget process.
- 4.5 Conducts and assists in the preparation of special studies on major fiscal and financial issues for the purpose of macroeconomic monitoring and the facilitation of policy discussion for the consideration of the SE/MA and PE/MFA.
- 4.6 Assists in preparing of sections on fiscal and financial policies issues for the various policy initiatives and reviews and the annual Budget Speech.
- 4.7 Assists in reviewing private sector development issues for the purpose of determining the impact of government fiscal and financial on promoting private initiatives.
- 4.8 Liaises with the Central Statistics Department and the Research Department of the Central Bank Account Generals Department, Central Revenue Department, to organise the collection and analysis of financial, revenue and tax data.
- 4.9 Works with the computer programmer and computer operators to assist in the determination of data requirements, ensure the timely provision of data and for purposes of data "cleansing".
- 4.10 Undertakes any other related duties as required to meet the exigencies of the service.

5 ADDITIONAL INFORMATION

I. Statistics

II. Deputising Role: Senior Economist/MA

III. Other relevant features (If any)

6 QUALIFICATIONS CONSIDERED NECESSARY

I. Knowledge: Minimum of Bachelors Degree in Economics

II. Experience: Emphasis on fiscal and financial analysis and public finance in undergraduate studies.

III. Training: Periodic short courses and seminars in macroeconomic and fiscal analysis; taxation, financial programming; econometric and statistical analysis; basic computer and statistical software programme skills.

7 SIGNATORIES

I. Job Occupant.....
Signature Date

II. Direct Supervisor.....
Signature Date

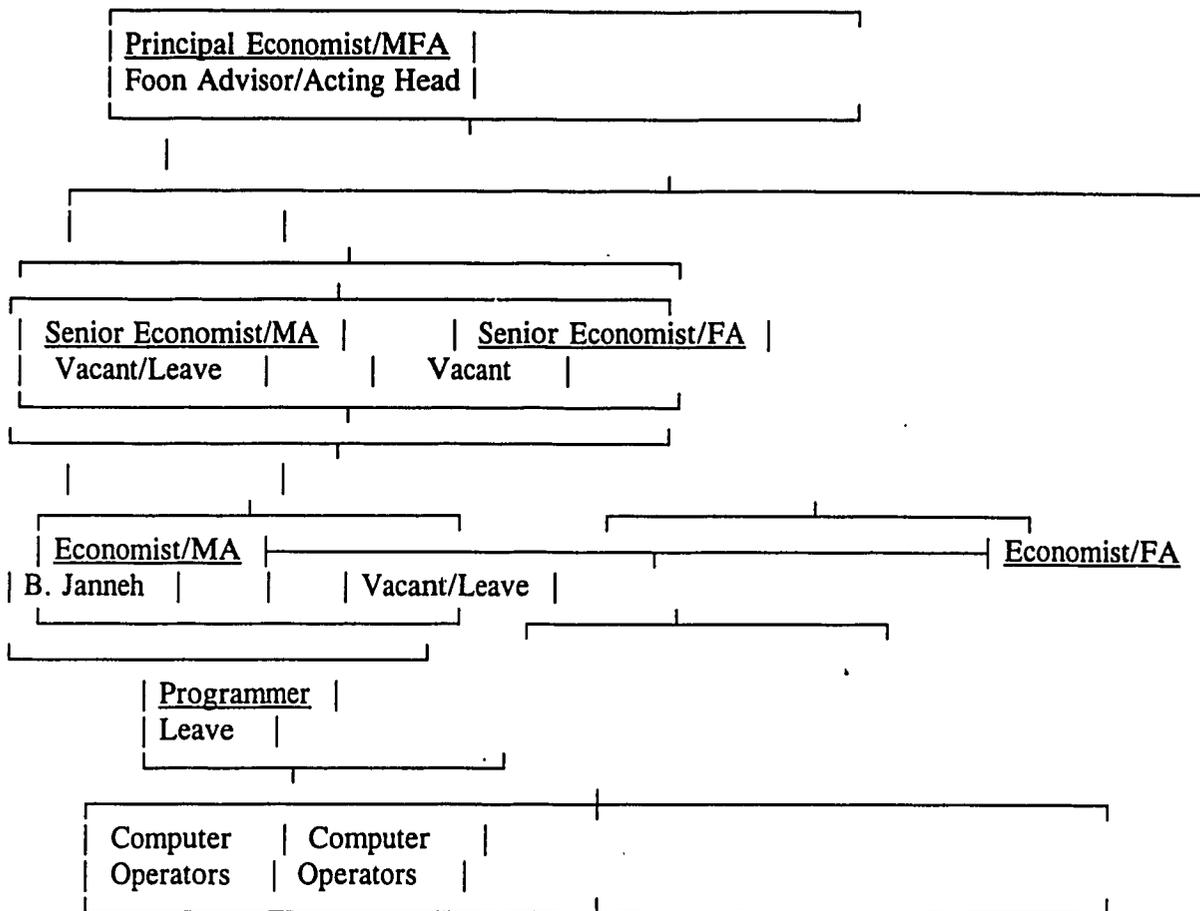
III. Head of Department.....
Signature Date

IV. Analyst.....
Signature Date

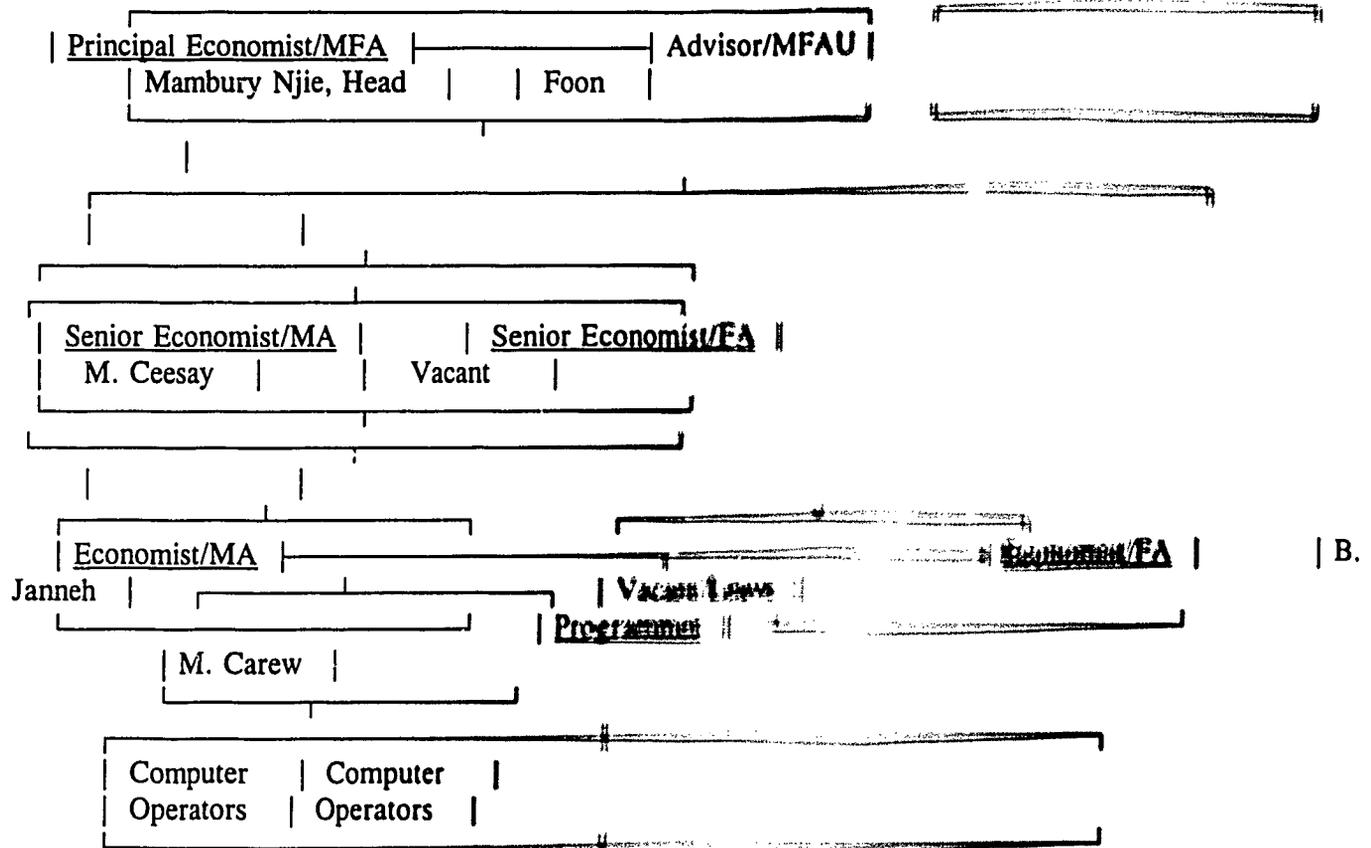
PRESENT STAFFING SITUATION IN THE MFAU

- Momodou Foon: Macroeconomic Advisor to the MFAU on loan from the Central Bank. Currently Acting Head, MFAU.
- Mambury Njie: He lacks experience. The proposed years of post-master's degree experience presented in the job description is six years.
- Abdoulie Sireh-Jallow: Currently on educational leave (1993/94–1994/95) at Boston University, where he is undertaking post-graduate studies. Should return to The Gambia in mid-1995. Present position, Economist. Targeted to assume the position of Senior Economist/Macroeconomic Analysis at the time assuming successful completion of post-graduate studies. His econometric and quantitative analytical skills are very good.
- Fatou Leigh: Currently on study leave in New York. Training course, uncertain. Post-graduate qualifications uncertain. Expected to return some time in 1994. Present position, Economist.
- Binta Janneh: Former position, Economist. Presently on study leave, to undertake post-graduate studies in the United States from mid-1994 through mid-1996.

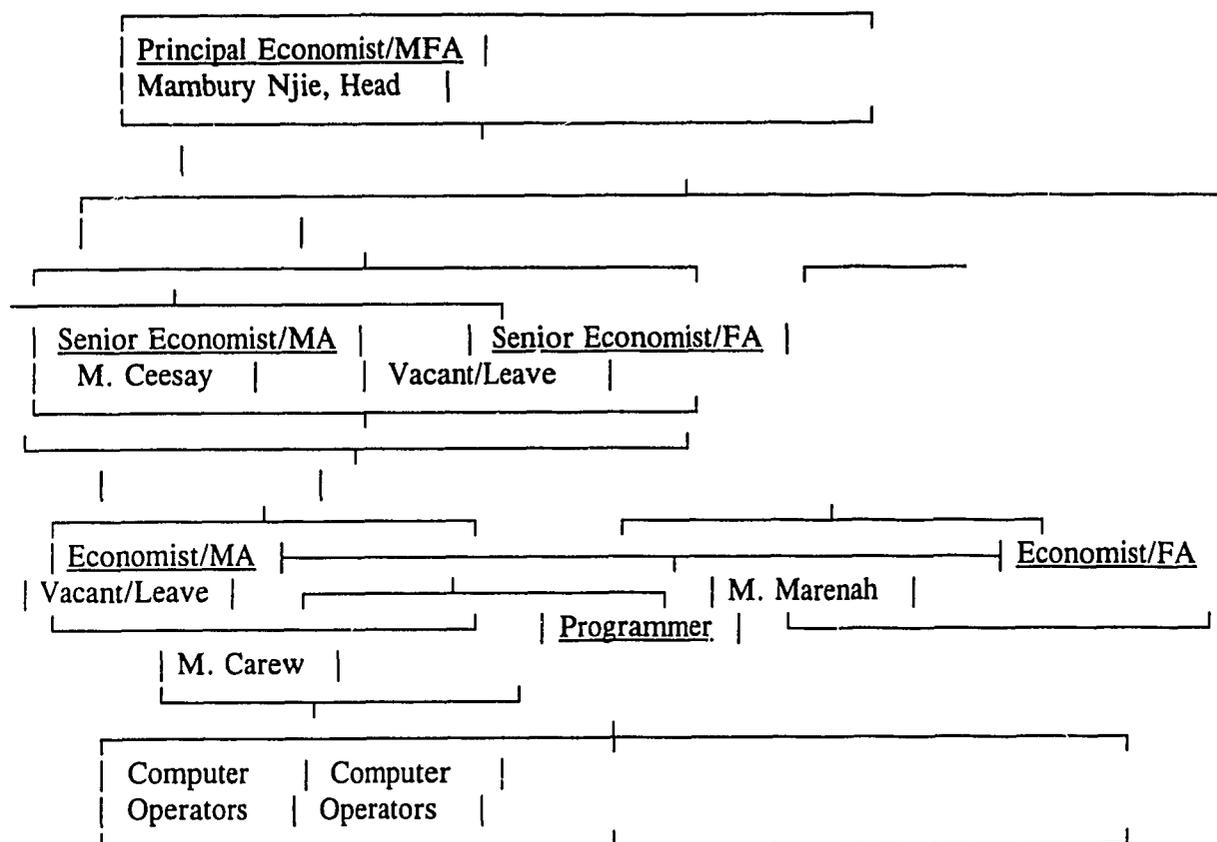
PRESENT (NOVEMBER 1994) STAFFING SITUATION



LIKELY STAFFING SITUATION IN JANUARY 1981



LIKELY STAFFING SITUATION IN JUNE 1994



Given the present situation (study leaves present and anticipated), it is likely that for the next two years, assuming no staff turnover, that the MFAU will be two-to-three staff members short. The staff shortage is more severe at the senior (Masters Degree plus experience) level. However, staff turnover is unavoidable, in some cases desirable, and thus should be planned for.

With the manpower shortage-situation in The Gambia, it is difficult to find citizens who can be attracted and retained in Government at the Masters Degree in Economics level to fill these positions. However, to start building for the future one may wish to transfer an able-bodied staff member from elsewhere in the Government, preferably presently in-service in the MFEA. In addition, at least two staff at the junior level, with new degrees in economics and financial analysis should be sought.