

#### **1.4 Socio-economic characteristics**

The economy of the Gambia is basically agricultural with 67% and 80% of the population in 1993 and 2003 engaged in agricultural activity, e.g. groundnuts farming. The economic situation has been stabilising from 2004 with the overall GDP growth rate of 5.3%, lower than the 2003 growth rate of 7.0% but still improving compared to 2002 where the country experienced negative growth of -3.2%. This was mainly due to a generalised Crop failure as a result of the exceptionally low rainfall experienced in 2002. The growth rate in 2004 was underpinned by the strong recovery of the agricultural sector in terms of better harvests and also inflows attributed to private remittances and investments from Gambians in the Diaspora. This was a relatively slight improvement since the external current account deficit – including official transfers – deteriorated from 5% of GDP in 2003 to 12% in 2004, partly reflecting the worsening in the balance of trade, as strong import growth was driven by the recovery in output, and other donor-financed capital expenditures. Gross international reserves rose by more than US\$ 22 million that is by over 30% in 2004 as increased foreign inflows and a stabilising exchange rate allowed the Central Bank of the Gambia (CBG) to increase its purchases in the inter-bank market.

The IMF in 2005 entered into another SMP with the Government (October 2005 – March 2006) with a view to getting a fresh PRGF.

As regard the trade regime, the Gambian economy is open, liberal and the location of the country and its relatively efficient port facilities make it attractive as a gateway to the West African region. The external sector is dominated by re-exports. The Gambia has been part of the exchange rate mechanism of the West African Monetary Zone (WAMZ) since April 2002, and ratified both the West African Central Bank statutes and WAMZ Agreement in August 2004. Imports are subject to a maximum tariff of 18%. Export taxes are restricted to fish and fish products (10%).

Under the old Integrated Framework (IF) programme of the EU a comprehensive study was undertaken on the country's export potential, including an analysis of its export trade and the identification of potential "winner" products. A request for assistance from the new Integrated Framework was introduced with the objective of integrating the country into the global trading system, and to mainstream trade in its national development plan, particularly the PRSP

Regarding the social aspects, the rural population is being depleted by rural-urban migration and by the scourge of HIV/AIDS. However, the country still has a relatively low prevalence rate, estimated at 1.1% and 0.6% for HIV-1 and HIV-2 respectively (2005 HIV Sentinel Surveillance Report). These, coupled with the high incidence of poverty, unemployment, poor infrastructure and high dependence on a narrow agricultural commodity base, groundnuts in particular, make for a very precarious existence for individuals and families, and for the country, a tenuous national development challenge.

Basic social indicators show that poverty is pervasive and increasing from 34% in 1994 to 69% of the population in 1998 (Household Poverty Report). Poverty is predominantly a rural phenomenon. Within the five rural Divisions, more than 62% of population are described as 'very poor' (i.e. an income below 75% of the food basket). In contrast, the same figure for the urban area is 19%. Average incomes in the Greater Banjul Area is almost triple that of the rural divisions. However, urban poverty has also risen with the increased rural-urban migration, narrow employment base and the associated low wages and salaries.

The primary goal of the government under the PRSP in the health sector is still to improve access to health services and ensure country-wide provision of an essential healthcare package. The Gambia has achieved substantial progress in health during the past fifteen years. Performance in the sector is relatively good when compared with other

Sub Saharan African countries. Equally, there has been substantial improvement in education and access to water supply. The gender disparity in the social sectors has reduced drastically over the years. However, constraints and challenges still persist in these social sectors.