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FM BANJUL 150345Z APR 85

TO PRIORITY FCO

TELEGRAM NUMBER 72 OF 15 APR

AND TO PRIORITY UKDEL IBRD/IMF WASHINGTON

YOUR TELNO 46: THE GAMBIA AND THE IMF

1. I CALLED ON PRESIDENT JAWARA TODAY AND SPOKE ALONG THE LINES OF YTUR.

2. PRESIDENT SAID HE WAS GRATEFUL TO THE PRIME MINISTER FOR RECEIVING HIM AND GIVING HIM SUCH A SYMPATHETIC HEARING. HE WAS ALSO GRATEFUL FOR OUR HELP AND ADVICE AND HE WOULD, AS A FIRST STEP INSTRUCT THE FINANCE MINISTER TO SUBMIT A REQUEST TO THE IMF FOR TECHNICAL ASSISTANCE IN PREPARING AN ECONOMIC REFORM PROGRAMME, WHICH HOPEFULLY WOULD LEAD TO A NEW PROGRAMME. HE WAS PARTICULARLY GRATEFUL FOR OUR CONDITIONAL OFFER TO CONVERT POUNDS ONE MILLION OF PROJECT AID INTO BALANCE OF PAYMENTS SUPPORT AND TO PRESS OTHER DONORS TO FOLLOW SUIT ONCE AN IMF PROGRAMME HAD BEEN AGREED. I EMPHASISED THAT THIS WAS DEPENDENT ON THE GAMBIA GIVING AN UNDERTAKING TO ACCEPT SUCH ECONOMIC REFORMS AS THE IMF STIPULATED.

3. THE PRESIDENT SAID THEY HAD BEEN GIVING THOUGHT TO WHAT OTHER MEASURES WERE AVAILABLE TO THEM. THE CABINET HAD AGREED THAT IF THE US GOVERNMENT PROVIDED 12,000 TONNES OF RICE AS FOOD AID, WHICH THE GAMBIA HAD REQUESTED, THE DOLLARS TWO MILLION SET ASIDE FOR RICE IMPORTS THIS YEAR WOULD BE USED INSTEAD TO PAY OFF PART OF THE IMF ARREARS. THIS CONFIRMS WHAT FINANCE MINISTER TOLD THE US AMBASSADOR. SISAY ALSO TOLD HENNEMEYER THAT ITALY HAS PROMISED TO MAKE A GRANT TO THE GAMBIA TO COVER THIS YEAR'S FERTILIZER IMPORTS AND IT HAS BEEN AGREED THAT THE FOREIGN EXCHANGE EARMARKED FOR FERTILIZER IMPORTS WOULD ALSO GO TOWARDS PAYING OFF THE IMF ARREARS.

GARNER
MONETARY
WAD.

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