The Trend and Management of Exchange Rates and Its Impact on Market and Price Stability in The Gambia.

By Kitabu Jammeh

Currently working with **CAC International Bank, Djibouti**

as **Country Head of Representative Office** in Addis Ababa**,** Ethiopia

Former Treasurer, Agib Bank Ltd, and ACIB Lecturer,
Chartered Institute of Bankers of The Gambia.

Paper presented to the Gambia Centre for Research and Policy Studies 26th August 2023

TABLE OF CONTENT PAGE

Introduction:

For a long time now, we have heard calls for reforms in the Gambia, only to be continuously disappointed. It is therefore imperative that stakeholders demonstrate sincerity in regards to reforming key areas, including the management of Foreign Exchange, as they take time to read this article.

The article attempts to explain the country's deepening problem of foreign currency management for the longest time now. It provides recommendations for policy consideration in key areas. It further put forward some proposals for reviewing the existing *Reference Rate* to ensure market and exchange rate stability. It postulates that regulating BDCs will go a long way in helping to ensure their operational efficiency and control in the FX market. Besides, this document discusses challenges associated with foreign currency cash handling outside the realms of the banking sector as a crucial macroeconomic threat that undermines price and exchange rate stability in the Gambia.

I encourage all and sundry especially the stakeholders (i.e. decision makers in Banks, BDCs, Microfinance Institutions, line Ministries and other interested parties), to fine time to go through the full content with an open mind. That way, I am very much convinced that you will find it thought-provoking and useful for decision making.

Description of Approach

Let me start by thanking various collaborators in this journey which includes the *Central Bank of the Gambia, IMF Press releases and reports, the Economist news, PAPSS official Website, Gainako news Gambia, The Reporter news Paper of Ethiopia and a host of many others including some individuals.*

- Please note, I will often be making references to **Foreign Exchange** by using terms like **FX** and **Forex** interchangeably, which means exactly the same.
- FX Volume data was collected from 2007, while that of Exchange Rates were obtained from 2004 to April 2023.
- Will make an overview of the International and Domestic Forex Market, with some numbers for better understanding.
- To be followed by *Implications of the study, my Observations, Recommendations for policy consideration* and *conclusion*.

Overview: the International Foreign Exchange Market

This is the most influential market in the world today. The **New York Stock** Exchange, the **NASDAQ** and the **Tokyo Stock Exchange,** are the three largest Security Markets in the world.

Their combined trading volumes have reached 300 billion USD. The foreign exchange market on the other hand, pull a combined trading volume of 6.6 trillion USD daily, according to *Bank of International Settlements*. This daily trading figure is higher than the annual GDP of the entire African Continent. It is also higher than the GDP of India, a country with a population of over 1.4 billion people. Thus, the forex market is such a large market basically for the following reasons:

1. Globalization: which allows the international movement of goods and services among nations all around the world.

2. Comparative Advantage: businesses around the world, are increasingly reliant on the *global supply chain,* and *Comparative Advantage* allows *specialization* and *efficient allocation* of the global resources.

Overview: Domestic Foreign Exchange Market

Data obtained during this research, revealed that periods up to December 1985, the Gambian Dalasi (the domestic currency), was pegged to the British Pound. But this fixed exchange regime created so much *government control*, which *was later abolished and replaced* by a *market based floating Exchange Rate* system in January 1986. The objectives were:

- To deepen the interbank Market
- To introduce a market determined exchange rate
- Minimize government control of the exchange rate market.

In addition, in April 1990, the government introduced *Licensed Foreign Exchange Bureaus* as part of the same objectives.
Source: *Central Bank of the Gambia and IMF.org Publication*

The total number of Banks and Bureau De Change (BDCs), currently stands at 11 and 165 respectively, as you can be seen in *table 1 below.* The number of banks went up to 14 sometime 2010/11 due to increased entry of Nigerian Banks, mainly.

Table 1: **Number of Banks/Bureaus Compared: 2005 to 2023**

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	%Growth
7	7	9	10	10	14	13	13	11	11	11	11	11	11	11	11	11	11	11	36.4
31	38	39	44	43	49	54	57	43	57	62	68	81	84	100	112	138	159	165	81.2

From 2005 to date, the total number Banks grow by **36.4%,** while the number of BDCs grew by a significant **81.2%** over the same period.

Graph 1: **% Growth in number of Banks/Bureaus: 2005 to 2023**

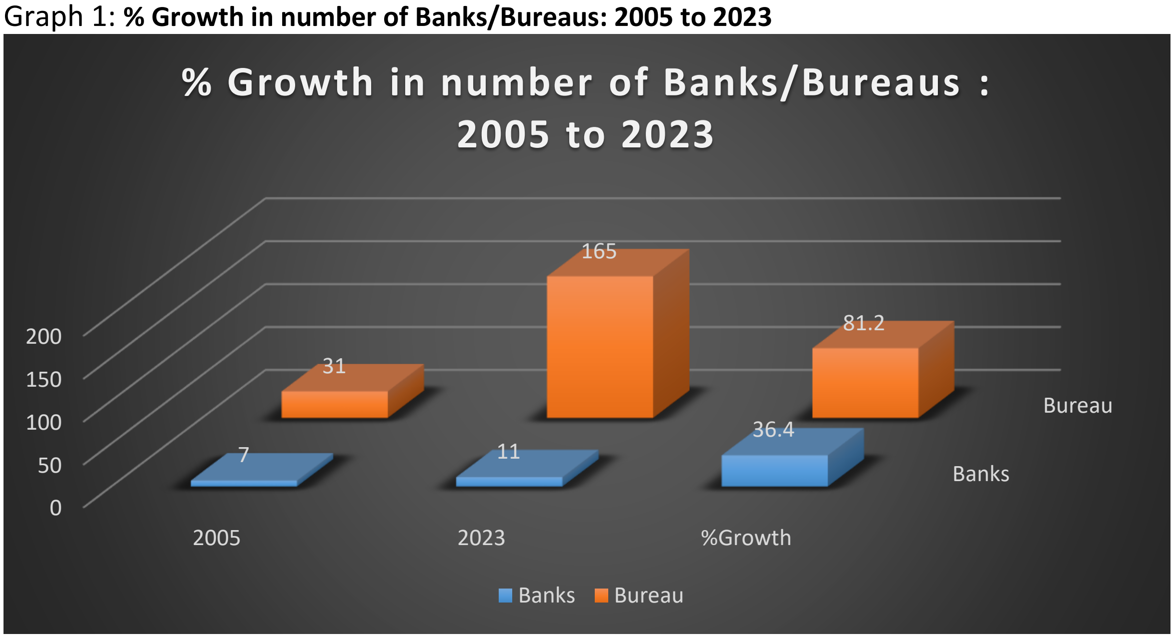


Table 1 above, has been graphically represented here to show the percentage growth of Banks (in blue) and BDCs (orange color) from 2005 to April 2023.

The ***entry of Nigerian banks*** in to the Gambian market, **starting** with Guarantee Trust Bank (GTBank) in 2002, had greatly help to improve financial inclusion and increased competition in the FX market.

The other Banks that followed include Access Bank, First International Bank (later rebranded as FiBank/Vista Bank), Bank PHB (now Mega), First Bank of Nigeria (FBN), Sky Bank (Bloom Bank of Africa, BBA), Prima Bank (Subsidiary of Societe Gen, Lebanon), Eco Bank, Zenith Bank, Oceanic Bank and United Bank of Africa (UBA). Oceanic and United Bank of Africa (UBA), left the Gambian and return to Nigeria only after a very short period of time.

However, on May 5th 2014, the Economist reported, that two local subsidiaries of Nigerian banks (Access & Bank PHB) plus Prime Bank, were nationalized by the Central Bank of The Gambia (CBG), with one being returned to private hands (Access Bank), on May 12th following a capital injection from their parent in Nigeria.

Table 2: Industry Average Volumes Banks & BDCs - as at year end 31st Dec

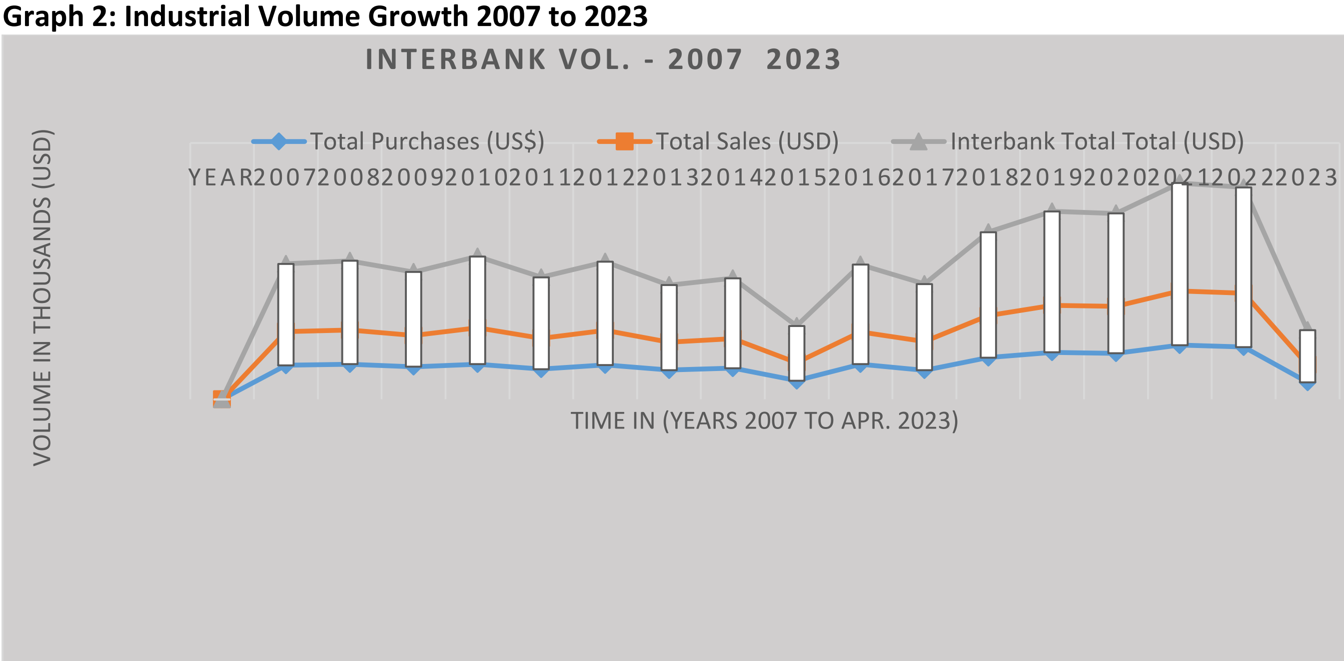
Period	Total Vol. Banks	Total Vol. BDCs	Total Volume Interbank
2007	1,515,230,069	69,574,276	1,584,804,345
2008	1,507,284,358	112,729,138	1,620,013,496
2009	1,341,463,285	148,060,948	1,489,524,233
2010	1,544,464,898	127,010,245	1,671,475,143
2011	1,336,639,347	90,398,436	1,427,037,783
2012	1,481,404,799	128,399,200	1,609,803,999
2013	1,183,320,730	152,822,973	1,336,143,703
2014	1,310,776,507	106,080,672	1,416,857,179
2015	815,940,708	41,697,456	857,638,164
2016	1,530,323,473	44,089,071	1,574,412,544
2017	1,209,787,519	138,955,701	1,348,743,220
2018	1,813,017,548	142,387,777	1,955,405,325
2019	2,018,709,229	179,829,387	2,198,538,616
2020	1,993,398,499	181,021,214	2,174,419,713
2021	2,346,934,008	184,219,754	2,531,153,762
2022	2,307,820,863	173,011,691	2,480,832,554
2023	674,057,021	132,412,119	806,469,140

Table 3: Industry Purchases & Sales Volume - as at year end (31st Dec. 2004 to Apr. 2023)

Year	Total Purchases (US$)	Total Sales (USD)	Interbank Total Total (USD)
2007	795,910,797	788,893,548.00	1,584,804,345
2008	819,855,949	800,157,547.00	1,620,013,496
2009	761,587,961	727,936,272.00	1,489,524,233
2010	820,878,714	850,596,429.00	1,671,475,143
2011	705,962,969	721,074,813.94	1,427,037,783
2012	802,411,044	807,392,955.00	1,609,803,999
2013	680,729,014	655,414,689.00	1,336,143,703
2014	725,934,511	690,922,668.00	1,416,857,179
2015	434,717,598	422,920,566.00	857,638,164
2016	820,627,674	753,784,870.00	1,574,412,544
2017	679,604,807	669,138,413.00	1,348,743,220
2018	975,753,853	979,651,472.00	1,955,405,325
2019	1,099,537,129	1,099,001,487.00	2,198,538,616
2020	1,074,923,952	1,099,495,761.00	2,174,419,713
2021	1,265,016,534	1,266,137,228.00	2,531,153,762
2022	1,221,332,386	1,259,500,168.00	2,480,832,554
Apr. 2023	397,312,253	409,156,887.00	806,469,140

This table sets the industry total volumes into purchases and sales for the same period *taking note of the comparative lower volume obtained in 2015*.

Graph 2: Industrial Volume Growth 2007 to 2023



The above graph demonstrates Sales and purchase volumes in the previous table. It attempts to visibly denote the remarkable shrink in volumes of FX traded in 2015 as previously observed.

During the period under review, Banks and BDC volumes grew by a margin of 51.3% and 90.33% respectively. The high percentage growth registered from BDCs can be associated with a significant growth in the numbers registered from 31 in 2005 to 165 by April 2023.

Overall annual industry volume of FX traded grew from USD1.58 billion to USD2.48 billion, all currencies combined from 2007 to 2022, registering a 57% growth over the period.

The 2015 figures raise questions about what really happened that year, which we will delve into in more details.

So, what really led to the sharp decline in volumes in 2015?

According to an IMF Press Release, an IMF delegation was sent to the Gambia in May 2015 to assess the country's economic situation, and below is a summary of their report:

- A regional Ebola Outbreak affected *tourism receipt of* foreign currency, compounded by delayed rains leading to poor crop season, which had significant implications on food security. All these happened amidst weak policy implementation the government was faced with.
- Significant spending pressures also emerged from April 2015,

This ended up putting pressure on the exchange rates, at the onset of the lean season for foreign exchange receipts,

And as a result, the authorities issued a *directive fixing the exchange rate* at a level overvalued by more than 20 percent compared to prevailing market rate in May.

The exchange directive *materially damaged the economic prospects* and fiscal situation of the Gambia.

The Country's fiscal sustainability was put to grave risk. The mission therefore urged the authorities to immediately *rescind the exchange rate directive* and return the country to a flexible exchange rate policy.

Next we will look at the 2015 full year trading volumes in the next table to validate the narrative provided by IMF report above.

Table 4: What happened in 2015?

	PURCHASES		SALES		TOTAL IN	TOTAL IN	Exchange Rates
2015	GMD	US$ EQUIV.	GMD	US$ EQUIV.	GMD	US$ EQUIV.	
Jan.	2,609,186,838	57,223,516	2,762,948,470	59,463,973	5,372,135,308	116,687,489	46.04
Feb	2,586,563,646	56,184,684	2,641,706,554	55,983,335	5,228,270,200	112,168,019	46.61
Mar.	3,147,057,429	65,969,734	3,113,203,013	63,777,448	6,260,260,442	129,747,182	48.25
Apr.	2,725,236,745	54,835,461	2,689,548,709	52,249,472	5,414,785,454	107,084,933	50.57
May	1,143,778,350	27,025,140	1,019,670,286	23,461,675	2,163,448,636	50,486,815	42.85
Jun.	1,193,410,060	30,437,230	1,268,799,746	31,668,993	2,462,209,806	62,106,223	39.65
Jul.*	820,326,022	20,852,839	773,196,033	19,256,972	1,593,522,055	40,109,811	39.51
Aug. *	806,136,370	20,581,349	804,437,227	20,154,495	1,610,573,597	40,735,844	39.54
Sept.	1,067,070,124	27,323,963	1,087,835,572	27,084,999	2,154,905,696	54,408,962	39.61
OCT. *	863,364,438	22,188,302	837,575,676	20,998,440	1,700,940,114	43,186,742	39.39
Nov. *	854,059,100	21,868,102	773,591,090	19,294,271	1,627,650,190	41,162,373	39.54
Dec.	1,185,030,277	30,227,278	1,186,379,051	29,526,493	2,371,409,328	59,753,771	39.69
Average yrs vol.	19,001,219,399	434,717,598	18,958,891,427	422,920,566	37,960,110,826	857,638,164	44.26

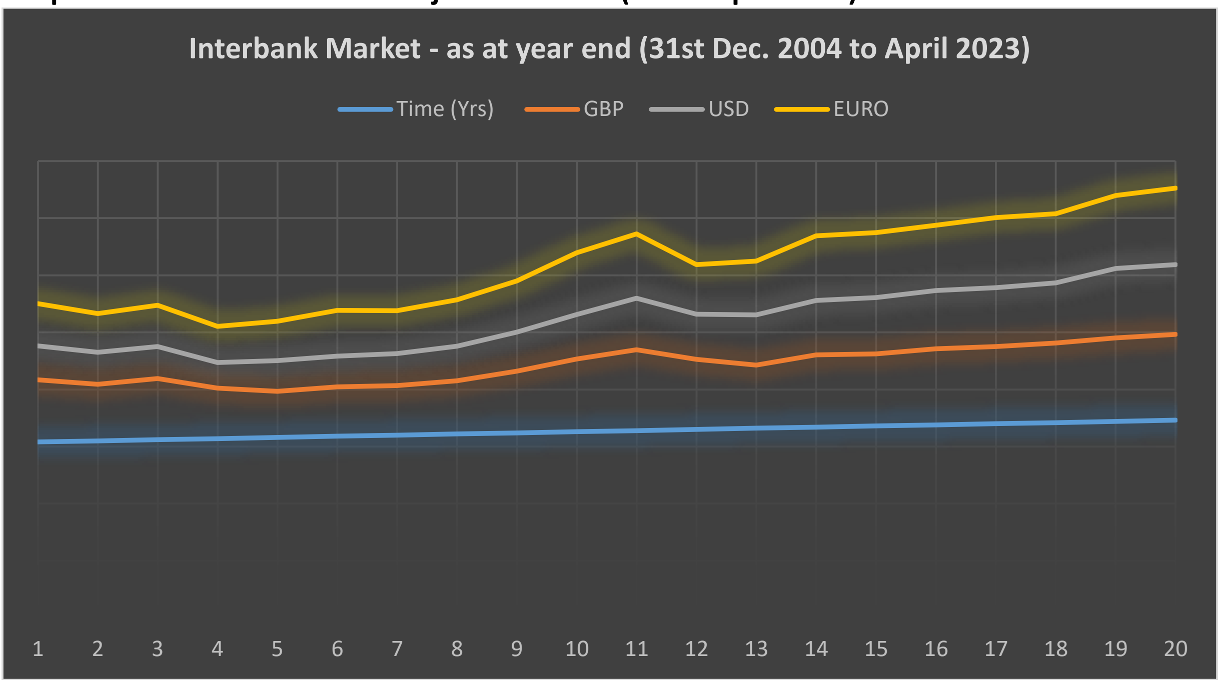
It can be observed from the above table that the buildup started much earlier than July 2015 but the market started feeling the impact of the ***presidential directive*** around July through August down to November when rate also appear to relatively stagnant at around D39.50/$

Table 5: Interbank Actual Exchange Rates as @Dec. 31st (2004 - April 2023)

Time (Yrs)	GBP	USD	EURO	XOF CFA /5000
2004	54.44	29.80	36.93	279
2005	49.52	28.15	33.72	253
2006	53.64	28.01	36.21	273
2007	44.28	22.24	31.60	256
2008	40.43	26.83	34.61	260
2009	43.39	26.89	40.02	294
2010	43.36	27.99	37.52	285
2011	46.72	30.14	40.68	300
2012	53.99	34.07	44.85	322
2013	63.77	38.87	54.00	393
2014	70.92	44.97	56.43	455
2015	61.49	39.55	43.34	355
2016	55.47	43.82	47.08	372
2017	63.33	47.63	56.54	412
2018	63.19	49.35	56.78	417
2019	66.64	51.12	57.00	421
2020	67.54	51.72	61.29	438
2021	69.81	52.61	60.52	455
2022	73.07	60.84	63.92	459
2023	75.26	61.08	66.91	481

Gambian dalasi depreciated against all major traded currencies: GBP by **38.24%**, USD by a significant **105%**, EURO by **81.3%** and XOF CFA by **72.4%**

Graph 3: Interbank Rates for Major currencies (2004- April 2023)



The above diagram graphically demonstrate the Exchange Rate trend for the most tradable currencies in table 5 above, showing the spikes from 2004 to April 2023, for the major tradable currencies.

Trading and Methods of International Payment/Settlement

The **primary approach** to trading in the Gambia is mainly, via **spot** transaction. They buy and sell, and conduct loads of spot transactions either internally, or with the aid of their Correspondent Banks abroad under strict regulatory and compliance standards. The most traded currency is the USD and most of the imported good comes China.

Derivative products such as *Futures, Option contracts and Forwards* are hardly in use as hedging tools in these Forex Market.

i) Advanced Payment - pay cash before arrival of goods. Usually when the terms are dictated by the seller

ii) Open Account – purely based on trust between buyer and seller *built over many* years of trading relationship. *Fresh orders honored for payment at a future* date, acceptable to the exporter. Also called account payable by the bearer, deferred payment schedule, or past due account etc….

iii) Documentary Collection –here *funds are remitted* to the exporter from Import in exchange for the document (bills of exchange).

- *Documents against Acceptance* importer pays the face amount at a date in future once he accepts doc.
- *Document against Payment* – Here the importer pays the face amount receiving Documents and transfer of title *done immediately*.

iv) Documentary Letters of Credit (LC) – an LC is a *document from a bank guaranteeing* that a seller will receive full payment as long as *certain delivery conditions* have been met. It is the most secured method of international settlement for:

- Safety: Assuring the buyer that the goods being purchase will be delivered and seller that good being sold will be paid for.
- Flexibility and Reliability: to create convenience for both the buyer and seller of goods. However, most of the international settles from the Gambia are conducted via Advanced payments only a tiny proportion is done through Documentary Credits (LCs and Collections), surely at the risk of our importers.

Implications of high Exchange rates

To understand the implication high exchange rates we must first understand the ***effect of speculation*** and it affects market sentiments.

When a country's currency is expected to rise in value (e.g. USD), investors will demand more of that currency in order to make more profit. As more and more investors demand for the currency, its exchange relative to other currencies will rise and get stronger. The stronger a currency is in the FX market, the higher its exchange rate.

Furthermore, the general increase of prices of goods and services over a period of time is referred to as inflation; and practically speaking, in the Gambia and elsewhere, the movement of exchange rates play a significant role in this. As our domestic currency depreciates against major tradable currencies, exchange rates tend to go up.

*Traders are very much aware of this change and would always add every margin of increment in exchange rates on the prices of the goods they sell to maintain some level of profitability, making those goods more expensive each time.

*A continuous rise in the exchange rate, will lead to higher prices, with inherent inflationary tendencies.

*To control inflation, Central banks (including our own), will often increase interest rates that they charge on commercial banks. Commercial Banks then pass on these high interest rates to consumers (their Customer).

High exchange rates, leading to inflation and higher interest rates, tend to reduce our purchasing power. It affects both our sovereign and domestic debts, pensions, insurance and other financial investments, which may end up making live much more difficult for all. High interest rates drives away private sector investors leading to what we refer to as a *Crowding-out effect*.

Observations

The Bretton woods conference held in 1944 set a gold standard for the currencies. The conference led to the culmination of the World Bank and the International Monetary Fund (IMF). It also set up the guidelines for a fixed exchange rate, and fixed a gold price of ***USD35/Ounce***, with all participating countries pegging their domestic currencies to the US dollar. It sounded nice and simple, but did not last, as it all crumbled by the year 1970.

Similarly, we all witnessed the ***presidential directives*** severally imposed on the Forex Market to peg the US dollar during the time of the previous regime which never worked. The issue was not only about its blatant failure to help stabilise the exchange rates, but also its monumental consequences on the FX market:

- Causing an excruciating revaluation loses for most Commercial Banks mainly,
- Encouraging unprecedented level of unreported FX transactions, which goes to affect the reliability of the Central Bank's data.

I most acknowledge the amazing efforts the CBG is making to help stabilize exchange in the Gambia. However, the use of the existing ***Reference rate***, by all indications appears to be following a similar trajectory to the presidential directives of the former regime. For me, it only *provides a cure, worse than the disease* itself. Thus, I think it requires an urgent review and I will tell you why.

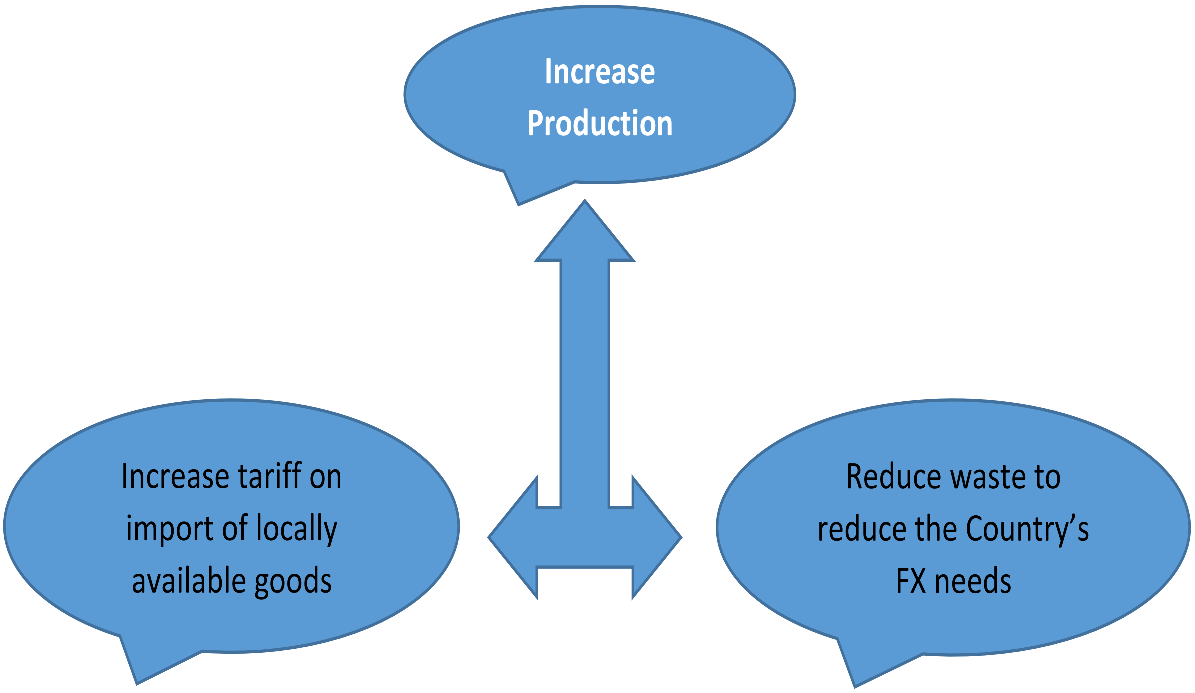
Our little understanding of economics convinces us that, *fighting the law of Demand and Supply* is like fighting a flow of water from the river banks. Surely, at the end of the day, the continuous forces will *out-power all your efforts* and win out.

Furthermore, it appears by all indications that the Gambia is among only a few countries where both business and individual dealers are left to keep large amounts of *foreign currency CASH* outside the banking sector. This Market has a significant number of non-banking institutions that holding foreign currency cash in hundreds of thousands and even in millions in some cases, without being seriously questioned. The Management of foreign currency cash is one of the major issues if left unrestrained, can inflict greater uncertainties on the market owing to its macroeconomic implication on price and exchange rate stability.

Recommendations for Policy Consideration

1. **<u>Increasing output, Support infant industries while reducing waste (a 3 dimensional approach)</u>**

3 diamentional approach to increasing output



What is in abundance is cheap. This is an economic theory I strongly believe in. Why is water so cheap and Gold so expensive?

Thus, the CBG's intermittent monetary policy interventions through injections and mopping up efforts, may have provided some short term remedies to our exchange rate stability, but the most suitable and permanent solution lies in increased production at a commercial level. Production in our *Manufacturing, Service, Mining* and the *Agricultural sector* are essential and investing resources in this area to boost production would be prudent for the country. The export of excess output from these sectors can help to bring in the needed foreign exchange inflows to improve our FX supply side.

This effort should be aligned with *minimization of waste and restrictions (tariffs)* on the *import of goods* that can be locally produced in good quantities, as a means of supporting our infant industries. E.g. poultry farmers, Salt mining in the country side, *etc….*

According to the UNEP food waste index report 2021 **over 931 million** tons of food gets wasted annually in the world. These had increased to over **1.2 billion** tons **in 2023**. Africa's proportion of this is **108** million tons annually.

Nigeria leads with **38** million tons, followed by Ethiopia's **10.3** million tons, Egypt's **9.1** million tons, DRC's **9** million tons, Tanzania's **7** million tons, and Kenya's **5.2** million tons.

A Press Release from the Office of the President- for the First National Economic Council meeting at the State House which provided a highlight of The Gambia's economic performance, reports that the total value of imports significantly increased from over D36.5 million in 2021 to D3.3 billion in 2022, representing an 8,918% increment in imports. The main items includes petroleum products, vehicles and spare parts, and cereals, mainly rice.
Source: Gainako news reports, March 2022.
Our efforts in these three dimensional approach of Increasing *output, minimizing waste* and using *tariffs,* should be complementary to each other, and not *mutually exclusive.*

2. **Introduction of an *Official FX Buying & Selling Rates* for Major Currencies**

The existing reference rate approach in my view, has been and is still problematic in producing the desired results for the following reasons:

- It has created enormous resistance and tension in the Forex Market with some negative consequences such as unreported/undercover transactions, which will undoubtedly affect the reliability of CBG data.
- It is also a one sided affair, setting a floor for market buying rate only, enforced mainly on banks.
- The reference rate is provided for only the based currency, and as such the exact equivalent at which traders should trade the other major currencies, can differ from one player to another, from one bank to another.
- It creates a confusion as there exist a mid-market rate, fit for any valuation purposes at the Ports, Airport and our boarders.

Thus, given the fact that rate setting is benchmarked on the movement of international cross rates, I recommend that the CBG commences the daily broadcasting of ***Official Buying and Selling rates*** for all tradable currencies, and for all legally operating market players. I further recommend that this be enacted into law through the Ministry of Finance at the National Assembly to circumvent tendencies of non-compliance.

Sample: Daily		
Effective Transaction Rates		
Day : Tuesday		Date: 25 July, 2023
Currency	**Buying**	**Selling**
USD	51.5506	52.6416
EUR	55.3892	56.5677
GBP	65.8018	66.1578

3. **Upward review of Capital requirement of BDC registration**

Given the high growth rate of registered BDCs at 81.2% (from 31 to 165), the CBG should consider *the possibility of raising the Capital requirement for their registration*, to oblige a merger or possible acquisition of many of the small and inefficient establishments littered around the country.

This will reinforce control and operational efficiency of BDCs.

4. **Establishing a regulation that Limits the amount of Foreign Currency Cash one can hold outside the banking sector**

Due to its macroeconomic implication on price and exchange rate stability, the Central Bank of the Gambia should come up with a regulation that illegalizes the holding of Foreign Currency Cash outside the banking sector beyond a certain amount for both individuals and the business sector.

5. **Temporary and Priority based restriction on Import of certain goods to help manage the seasonality - monitored by FX Sales Reports@CBG**

This recommendation requires a collective and collaborative efforts.

The Ministry of Trade and Ministry Finance, through the Central Bank, to periodically put restrictions on the importation of certain goods pending seasonality. Times such as ***Hajj***, priority should be given to Hajj Agents for their Flights and Accommodation arrangements which has a significant FX requirements. Muslim feast of *Eid Adha*, "Tobaski" for Ram Sales requirements", and, prior to the rainy season when the government has requirements to ***import fertilizer*** for the Gambian farmers. These are critical times for the forex market that require regulatory considerations and attention.

A temporary restriction on invoices on goods such as *Perfumes; Make-ups, artificial Jewelry, Human and artificial hair, recondition vehicles and spare parts etc…,* will leave banks with enough reserves to fund FX requirements deemed essential at the time. The policy should be implemented in a measured way so that it does not cause preventable market disruptions for FX supply.

6. **Periodic Month end FX Submission (a % monthly surrender of FX receipts to the CBG periodically)**

All forms of growth and development have inherent costs.

The objective here, is see the Gambia move forward. Consequently, sometimes it might require taking some painful policy directives seen to bear some long term benefits for all.

Thus, I would recommend that Commercial Banks be required to sell a proportion of their FX receipts/purchases to the Central Bank monthly. The benefits includes but not limited to:

- Facilitating the CBG's occasional injection of FX into the market through interbank sales as may be dictated by market conditions.
- Enabling the CBG build up the country's *Foreign Exchange Reserves* seamlessly, without causing much supply disruptions in the forex market.

We must be prepared to take some short term pains for our long term gains.

7. Participate in the Promotion of "Intra-African Trade" using the Pan African Payment and settlement system (PAPSS)

The use of the PAPSS will greatly help to minimize our Structural dependence on the USD.

Afreximbank has provided a platform where traders can trade in their goods, and the bank will settle in beneficiary's local currency on a real time basis, using the PAPSS infrastructure. The platform helps to minimize both exchange and settlement risks, and contributes to financial integration across the African continent.

PAPSS is the brainchild of Afreximbank powered by the Central Banks of member countries. It's headquartered in Cairo, Egypt and has branches in many parts of Africa: Abidjan, Abuja, Harare, Kampala and Yaoundé. Recently, 5 of Africa's largest Banks sign up to use the Pan-African Payment and Settlement System (PAPSS)

As of June 2022, the PAPSS network consists of 8 Central Banks, 28 Commercial banks and six switches. It plans to expand into all the five regions of Africa before the end of 2023. *All Central banks* are to sign up by the end of *2024* and all Commercial Banks by the end of 2025.
Source: Official Website www.papss.com

The conversation or the ongoing debate that African countries ought to trade internally more and settle proceeds of goods traded within the continent in beneficiary's domestic currencies, is gaining significant ground.

The idea may not necessarily be aimed at vilifying the multilateral institutions (WB & IMF), but principally as an attempt to address the US dollar issue, coupled with the existing inequality that leaves too many developing countries like ours, at the mercy of the too few.

With the exception of a few African countries who maintain a fixed parity with either Euro or USD, we are all struggling with FX shortages.

*The recent FX swap ($100 million), between the Nigerian and the Ethiopian government (*June 30th 2023*), for ***Dangote Cement*** and the ***Ethiopian Airline*** provides a sufficient proof of the enormous challenges our countries are confronted. As the two companies struggled to repatriate their profits amid forex shortages in both countries.

*Consequently, the recent move by the Gambia's **High Court** to illegalize rent settlements in foreign currency, is indeed a move in the right direction.

*Consequently, the recent move by the Gambia's High Court to illegalize rent settlements in foreign currency, is indeed a move in the right direction.

Conclusion

The Global environment today requires us to approach key contemporary issues *candidly, constructively* and collectively.

This gathering should send a strong message to our politicians, relevant Ministries and Heads of Departments for action. The responsibility is even greater *as we still contemplate* on the devastating trickle down effects of *Covid-19* and the *anxieties arising* from the various conflicts around the world, especially the one in Ukraine, which has caused and continue to inflict a monumental damage to *global supply chain and pricing*. These occurrences continue to impose deep shocks on our domestic challenges, and impedes our efforts and aspirations for improved economic growth.

Finally, it's important to note that for any FX policy directive to work, it would be critical to consistently involve stakeholders, particularly the market players (Banks, BDCs and the growing number Microfinance Institutions recently).

Let me emphasize at this point by concluding this article with a quote from Confucius, one of China's greatest philosophers, who once put it this way, "Tell me *and I will forget*, show me and *I may remember* and involve me *and I will understand.*

Glossary:

CBG: *Central Bank of the Gambia*

BDC: *Bureau De Change*

Forex: *Foreign Exchange*

FX: *Foreign Exchange*

D39.50/$: *Number of units of Gambian Dalasi (D) per Unit of US dollar ($)*

PAPSS: *Pan African Payment and settlement system*

References:

- Central Bank of the Gambia – www.cbg.gm
- The Economist - http://country.eiu.com/article.aspx?articleid=1481809132
- *IMF Press Release:* http://www.imf.org/external/np/sec/pr/2015/pr15155.htm - *No. 15/155 - June 22, 2015*
- Pan African Payment and Settlement System - www.papss.com
- National Bank of Ethiopia (Ethiopia's Central Bank) - https://nbe.gov.et/ and reporters news of Ethiopia
- Gainako newspaper Gambia – www.gainako.com
- *UNEP food waste index report 2021 – www.unep.org*
- The trend and management of Exchange rates and their impact on market and price stability in the Gambia. **By Mr. Kitabu Jammeh**
  Link: https://youtu.be/8p2zdpOIurc?si=mFuipBWh0wreqgBZ