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**PRIVATE SECTOR ASSESSMENT
AND STRATEGY STUDY ON
THE GAMBIA**

**PREPARED FOR
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID/GAMBIA
UNDER CONTRACT NO. AFR-0438-C-00-5037**

**PREPARED BY
INTERNATIONAL SCIENCE AND TECHNOLOGY INSTITUTE, INC.
1129 TWENTIETH STREET, N.W.
WASHINGTON, D.C. 20036**

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Drafted By

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EXECUTIVE SUMMARY

INTRODUCTION

The USAID Mission in The Gambia, together with the Private Enterprise Office of A.I.D.'s Africa Bureau (AFR/PRE), sought consultative assistance to help formulate private sector development strategy for the Mission. Existing mission activities as well as its limited financial and manpower resources were to be recognized. Strategy recommendations were to reflect an assessment of the investment climate in The Gambia as well as an examination of the Gambian private sector composition and its potential for absorbing additional investment.

INVESTMENT CLIMATE

The Republic of The Gambia is the smallest country in Africa on the Atlantic Ocean. It is located in West Africa and is bordered on three sides by Senegal. The country encompasses The Gambia River which meanders through its center.

The capital city of Banjul is situated on an island where The Gambia River enters the Atlantic Ocean and is the country's business and trade center.

The climate of The Gambia is sub-tropical. A rainy/hot season from June through October is crucial for its agricultural production and a dry/cooler season from November to May makes The Gambia attractive to European tourists.

A population of about 760,000, with 80% living in rural inland areas, makes it is one of the most densely populated countries in Africa. The official language is English but local ethnic languages are widely used.

The country lacks timber and important mineral resources. However, the river, the land, and the ocean coast adequately support its agriculture, fishing and tourism sectors.

The Gambia, a British colony, gained its independence in 1965. The first ten years of independence witnessed a strong economy with a growing aggregate real income, a small foreign debt, a balanced budget and a stable foreign exchange rate. However, the economy went into a serious decline during the second decade (1975-86).

Externally, it faced higher petroleum prices and higher food imports and lower agricultural exports because of a rapidly expanding population and a severe drought. The rate of inflation increased, affecting the cost of manufactured imports. Its debt burden rose as the U.S. dollar strengthened.

Internally, increases in government ownership of the major businesses; centralized development planning; food and service subsidies; and government guaranteed loans, lacked focus and proper management. Foreign borrowing increased rapidly but did little to expand the economy. The resultant serious economic deterioration forced the country into an Economic Recovery Program (ERP) in 1985.

Under the ERP, the government reduced the size of its civil service, agreed to sell its interests in some parastatals, raised interest rates, floated the Dalasi (its national currency) and instituted other monetary and fiscal reforms.

In the past two years (mid 1986 to mid 1988) the Gross Domestic Product increased over 5% per year in real terms, reflecting improvements in agriculture, fishing, manufacturing, trade, tourism, construction and transportation. The dalasi has stabilized, savings have increased, the money supply has grown and confidence has returned.

The increase in the consumer price index had been reduced to 7.6% by June 1988 from 70.5% (annualized rates) two years earlier. Further, the Government and the banking system had met or exceeded all of the IMF performance targets.

Trade grew in 1986/87 (July to June fiscal year) to D1,060 million (exchange rate of approximately 6.25 dalasi to 1 US dollar) from D696 million the previous year. Current official reserves are now equivalent to about 2 months of imports, an improvement over 1986.

Employment in the formal sector (companies with over 5 employees) approximates 22,000, of which two thirds are government employees. The Gambian entrepreneurs operate businesses employing over five workers in a wide variety of activities including tourism, trading, construction, and fishing, providing the country's private sector with economic stimulus. Private entrepreneurs also contribute an estimated 15,000 jobs in businesses employing less than 5 people, primarily in trading, fishing, handicrafts, construction and repair/service.

There are no formal Gambian sources of development capital at present. The Gambian Commercial and Development Bank (GCDB), experienced large losses in its portfolio and stopped making development loans three years ago. GCDB and the other two commercial banks in The Gambia now limit their business lending to short-term loans. The unavailability together with the current cost of credit discourages Gambian businessmen seeking to make new investments.

Infrastructure in The Gambia is generally inadequate. Even Banjul, the capital city lacks adequate coverage. Electricity and water service are interrupted so frequently that back-up systems are required. Many roads are unpaved, and paved roads are often in poor condition. The port and airport facilities are adequate for the business handled and have capacity for potential development. The newly installed telephone system in Banjul works well.

The Gambia has enjoyed a history of political stability. A republic was established in 1970, five years after independence. An attempted coup in 1981 was put down with the assistance of Senegalese troops. Currently, the country appears to be politically stable. Its government is supportive of private investment and has agreed to privatize its holdings in many businesses. The Government passed a Development Act in 1973 to provide tax incentives for new business investment, revising the Act in 1988. The Act provides incentives for new investments that can provide The Gambia with foreign exchange earnings, domestic value added, local employment and training and that use local services. However, the new Development Act lacks a clear definition of the incentives to be granted and retains a cumbersome review and approval process. Unrestricted access to expatriate expertise, trade and capital movements favor private enterprise development.

The Government has also acted to enhance the attractiveness of trade -- its lifeblood. Taxes on international trade taxes account for approximately 70% of the Government's revenue. The Gambian tariff rates traditionally have been lower than its neighboring countries and currently are being further

reduced. All import tariffs are to become a flat 10% within a few years with the implementation of an effective ad valorem and duty collection system. The new rates, in the form of a sales tax are expected to stimulate trade and generate more income because of simplified assessment and collection methods.

The corporate tax rate in The Gambia is 50% on net profits or a 3% tax on revenues, whichever is greater. Corporate taxes appear to be widely evaded and only contribute 5% the government's budget.

The major constraints to investment appear to be the small size and buying power of the local market, the relatively poor and unreliable infrastructure, the bureaucratic red tape and delay, the shortage of investment capital via the banking system, high interest rates, the lack of exploitable timber and mineral resources, and the absence of a trained labor force.

PRIVATE SECTOR PROFILE

Two-thirds of The Gambian working population are employed in agriculture. The dominant crop is groundnuts (peanuts) which accounts for about 60% of all domestic exports. Groundnuts are very susceptible to fluctuating weather conditions and to world market prices which are generally declining because of competition from other edible oils and increasing international production (The Gambia only supplies 1% of the world market). Other important crops include coarse grains and swamp-grown rice for the local market. In addition, The Gambia produces a variety of fruits (mangos, papaya, bananas, pineapples and some citrus fruit). It has the climate and soil potential for increasing production of vegetables and fruits. Poultry production is small scale. Sheep, goats and cattle are produced throughout the country.

The manufacturing sector, which only contributed 7% to GDP in 1986, is diverse and includes a variety of building products and consumer products. Small-scale manufacturing in the informal sector includes batik making, weaving, tailoring and wood carving. The informal sector is an important sector in The Gambia economy in terms of employment and value added. The shortage of capital, inadequate equipment and a lack of business and technical training is limiting its potential.

The fisheries sector exploits ocean and river fish and shellfish, supplying fish for local consumption as well as fish and shrimp for export. The Atlantic Ocean, (The Gambia has established an Exclusive Economic Zone extending 200 miles out from its coastline) is being fished by both foreign and locally owned trawlers with overfishing an increasing concern to the country. Onshore fish processing facilities serve the needs of the commercial river and ocean fishermen. Artisan fisherman up-river are limited to drying, smoking and salting fish because of the hot climate. Shrimp farming, as well as farming of other species, holds great promise.

Tourism is growing rapidly in The Gambia. The 86,000 arrivals in fiscal year 1986/87, represented an increase of over 10% from the previous year. Tourist hotels all had high occupancy levels during the six month season. It is estimated that tourism directly and indirectly employs over 7,000 in season, and contributes D80 million in gross earnings annually.

The trading sector includes some large companies such as foreign-owned CFAO and the recently privatized National Trading Company, but most trading is done by some 500 small Gambia-owned private sector firms. The goods traded to neighboring countries include food, consumer hard goods, cigarettes and textiles. Trading contributed D107 million value-added in 1986/87 and about 20% of the GDP. Transport (local trucking) and construction are also important.

The Government established the National Investment Board (NIB) in 1977 to support private sector development and to serve as an instrument of economic investment policy. Its responsibilities include overseeing the operation (and now divestiture in some cases) of the parastatals and encouraging/assisting new investment in The Gambia. The NIB has recently been granted increased authority to monitor newly established performance contracts on some of the parastatals and to provide a "one-stop" investment service to potential new projects. At the moment, the responsibilities assigned to the NIB exceeds its ability to carry them out because of a shortage of manpower, a lack of cooperation on the part of other government institutions and inadequate financial resources. Improving the quantity and quality of NIB's resources would improve its effectiveness in promoting and facilitating new private sector investment.

The Indigenous Business Advisory Service (IBAS) was established by the Government to encourage and train Gambians interested in starting small businesses. IBAS, headquartered in Banjul, has four field offices around the country. It provides a business advisory service to prospective entrepreneurs and recommends qualified applicants for small amounts of seed money from a \$500,000 revolving fund. After an entrepreneur is established, an IBAS staff member visits the business periodically to render advice on business problems and to assure that adequate records are being kept.

The Gambia has a number of business and vocational training facilities. The Management Development Institute (MDI) formed in 1984 is a facility for middle and senior management training, offering 1-2 week seminars on a variety of business topics as well as an one-year accounting course. A number of other institutions around the country offer vocational training skills important for small business. However, they lack the facilities to provide sufficient rudimentary business and supervisory skill training for the country.

The Gambia receives a large amount of support from many donor nations and international aid organizations. Some of the support is directed to the private sector through small training and technical assistance projects. While they all make a positive contribution, to date, most of the private sector efforts have lacked the scope to actually institutionalize business ventures in The Gambia's economy.

The commercial banking system consists of three banks, one owned by the government, and all regulated by the Central Bank of The Gambia. Business credit available to local Gambians (except for mortgage loans) is short-term (up to one year) carrying at high 26-28% P.A. interests rates, currently subject to downward pressure. The two privately-owned banks appear to be risk adverse and show little interest in providing development capital. The government-owned bank is undergoing a management review, which, when complete, may permit it to resume development lending in accordance with a World Bank proposal being negotiated with Government.

The potential for a variety of small scale ventures is large in all the major sectors of the economy. These small scale ventures could have a significant impact on the economy in the next five years as they create buying power in the local economy.

PRIVATE SECTOR STRATEGIES FOR USAID MISSION

USAID/Banjul is concentrating its resources and activities in The Gambia on agriculture and natural resources to assist in attaining sustainable, market-oriented economic growth. The Mission is also assisting the Government with policy studies and technical assistance to improve the economic and institutional environment for agricultural development. Limited Mission resources are being devoted to private sector development activities in privatization, investment promotion and training. This study is to provide the Mission with a private sector strategy that will enable it to extend its efforts to positively impact The Gambian economy.

The recommended strategy options discussed in the text assume that the Mission will continue its current support of economic and administrative reforms by the Government and continued improvements to the existing infrastructure.

Strategy Option One -- *Support the simultaneous, integrated development of primary and subsidiary industries in private sector agribusiness.* Full utilization of by-products from a primary industry to be achieved by using them as inputs into subsidiary production processes.

Strategy Option Two -- *Facilitate Private Sector Development With Qualified Assistance,* i.e., retain the services of an internationally experienced management/venture capital firm to provide the necessary leadership in carrying out private sector enterprise development in The Gambia.

Strategy Option Three -- *Support Training of Skills for The Private Sector.* Improving the competence and capability of indigenous entrepreneurs and the labor force will accelerate and sustain private sector development.

Strategy Option Four -- *Support The Creation of a Source of Development Financing for Gambian Entrepreneurs.* Competitive access to investment and operating capital for financing legitimate private sector enterprises is an essential ingredient for developing the sector.

Strategy Option Five -- *Support the Ongoing Privatization Process.* Private businesses cannot compete successfully with subsidized State Owned Enterprises. Divestiture of the remaining parastatals must be accomplished for optimum development of the private sector.

INTRODUCTION

OBJECTIVES

The USAID Mission in Banjul, The Gambia, with the assistance of the Private Enterprise Office of USAID's African Bureau (AFR/PRE), sought assistance in formulating a private sector development strategy. The strategy was to help guide the Mission in its efforts to assist the Government of The Gambia in attracting increased local and foreign private sector investment. Recommendations were to take into consideration present USAID Mission activities and available financial and manpower resources.

SCOPE

The assignment was to identify private sector strategy options that would promote private business investment in The Gambia and further the country's development goals. Government policy and regulatory constraints affecting private sector investment were to be identified together with alternatives for reducing any negative impacts.

The scope included the following:

Investment Climate assessment in The Gambia, with emphasis on structural strengths and weaknesses. It was to address the country's physical environment, its economy, the business environment, and the governmental policy and regulatory environment as they relate to attracting new investment into the private sector.

Private Sector Profile of The Gambia, including its composition, local support activities important to its development, and the make-up and capabilities of the local financial market. Finally, an evaluation of the potential for additional investment in the private sector including consideration of the constraints and barriers that must be overcome.

Private Sector Strategy Options for the USAID Mission that take into consideration the current programs and activities of the Mission so that it can maximize additional support for increased private sector investment and development in The Gambia within its dollar and manpower resources.

These objectives and scope were the terms of reference for the consultant, William Pugh, who conducted the review in Banjul, The Gambia from May 11 to June 14, 1988. J. B. Wyyckoff followed up on the specific strategies to be recommended in January 1989.

PART I INVESTMENT CLIMATE

1. COUNTRY ENVIRONMENT

A. PHYSICAL

The Republic of The Gambia, situated in West Africa, is the smallest country in Africa (11,295 sq. kilometers). It is surrounded on three sides by the republic of Senegal with the Atlantic Ocean forming its western border. It encompasses The Gambia River which meanders approximately 320 kilometers inland from the coast. The width of the country ranges from 48 kilometers on the west coast to 24 kilometers at its eastern border. Its maximum elevation is 112 feet. (See map Appendix 3).

The capital of The Gambia is Banjul, is situated on an island where it serves as the trade center of the country with well-equipped port facilities. Banjul proper has a population of about 40,000, but the greater Banjul area, including Serrekunda has nearly 150,000 residents.

The climate of The Gambia is sub-tropical. It has a rainy/hot season from June through October and a dry/cooler season from November through May. The temperature ranges from 48 degrees F in January to 110 degrees F in October, with cooler temperatures prevailing along the ocean coast. Moderate temperatures, sunny skies and a comfortable ocean temperature give The Gambia a pleasant environment during the dry season that is attracting foreign tourists. Rainfall varies widely from year to year but averages about 40 inches a year. The country is subject to periodic droughts as a part of the arid Sahel zone south of the Sahara Desert.

The Gambia has a population of about 760,000, (1987) and is one of the most densely populated areas in Africa. The population is estimated to be growing at about 2.4% a year with 80% of the people living in rural up-river areas. It is also one of the poorest countries in the world with a per capita income estimated at \$260. The major ethnic groups are Mandinka, (42% of the population), Fula (18%) and Wolof (16%). The people of The Gambia share many cultural attributes because of the country's small size, intermarriage and the teachings of Islam (90% of the population is Muslim). English is the official language in schools, commerce and government but the local languages are widely spoken by the population.

B. RESOURCES

The country is lacking in timber and mineral resources. Its major natural resources are The Gambian River which provides flood water for recessional rice and horticultural crop production as well as river fishing and shrimping; its land base of which 40% is arable when adequate rainfall is available, with soils that respond well to irrigation if properly tilled and fertilized; a largely unexploited ground water supply at relatively shallow depths available for irrigation; a combination of land and saline water resources bordering the river that is ideal for aquaculture; sandy beaches on the Atlantic Ocean that are largely undeveloped; and a climate that will support both agricultural production and tourism.

Banjul, The Gambia's capital and major city, is located at the juncture of The Gambia River and the Atlantic Ocean. The natural harbor provides virtually unlimited potential for the development of port facilities. The flat terrain adjacent to Banjul is ideal for their commercial airport runways, (which serve as a backup landing site for NASA'S space shuttle).

The Gambia's human resources are largely underemployed, possess an entrepreneurial spirit and many are proficient in English, the country's official language. However, the labor force is largely illiterate and generally lacking in administrative, supervisory, and technical skills as well as modern sector experience.

2. THE ECONOMY

A. PAST TWO DECADES

The contrast between The Gambia's economic performance over the two decades, 1965 to 1986, is striking (see Table 1). During the first decade (1965-1976) aggregate real income increased substantially, average per capita income expanded, foreign exchange reserves rose, foreign debt was small relative to GDP, the Government budget was in balance, groundnut production was high, imports were in line with the exports, and the foreign exchange rate was stable (in fact, in 1973, the dalasi was revalued). That decade left The Gambia with a stable currency, increased foreign exchange reserves, low levels of domestic bank borrowing, relative price stability, and a small external debt burden. By contrast, the decade 1975-1986 left the country with declining real income, an unstable currency, large budget deficits, rising inflation and a foreign debt burden which could not be serviced. Development expenditures expanded rapidly, but little positive effect on the growth of GDP was observed.

The economic reversal between decades can be attributed to both external and internal factors. Externally, the rise in petroleum prices in 1973 and again in 1979 increased the cost of necessary imports and absorbed foreign exchange reserves; the prolonged Sahelian drought reduced agricultural exports and more food imports were required; and inflation increased the cost of manufactured imports. As the 1980s began, agricultural prices declined as worldwide agricultural surpluses saturated world markets; foreign loan interest payments increased as worldwide rates rose; and The Gambia's external debt burden rose sharply as the U.S. dollar appreciated between 1982 and 1985.

Internally, the problems created by these external factors were magnified by domestic economic policies. The planned public sector development effort was too large, lacked focus and was poorly managed. High levels of subsidies provided for rice, fertilizer, electricity, and transport services diverted a large amount of resources away from productive investment. Public employment expanded, supplementary appropriations became the rule and revenue collection procedures bogged down. The foreign exchange rate became overvalued, causing imports to increase while hurting exports of groundnuts and other food crops already affected by drought and low international prices.

The large increase in foreign borrowing seemed to do little to expand the economy's productive capacity. The Government's increased role in the economy via the creation of parastatals, guaranteed loans, and subsidized interest rates, did not provide the economic impetus that had been anticipated. Government-administered prices, weak management, and poor cost recovery and outright corruption all added to the financial burden. Government expenditure increased from 18% of GDP in the 1965-76 decade to 37.5% of GDP in the next decade. Meanwhile, economic growth declined.

TABLE 1
THE GAMBIA: SELECTED ECONOMIC DATA, 1965-1986

<u>Item</u>	<u>FY1965/66 to 1975/76</u>	<u>FY1975/76 to 1985/86</u>
Real Income (GDP)	Increased 59.3%	Declined 18.3%
Real GDP per capita	Increased 26.4%	Declined 57%
Consumer Prices	Increased 81%	Increased 283%
Net Foreign Assets	Increased D51m.	Decreased D445.3m.
Value of Dalasi to US\$	Declined 24%	Declined 222%
External Debt	Increased \$10.6m.	Increased \$320m.
External arrears	0	Increased \$114m.
Cum. Gov. Deficit (excl. grants)	D49m.	D810m.
Gov. Exp. in GDP	18%	37.5%
Dev. Exp. in GDP	3.3%	13.4%
Balance of Payments Surplus (Deficit)	D51 m.	(D1,359m)

Sources: Annual Budgets; Central Bank Quarterly Bulletin; IMF Article IV Reports.

The Government of The Gambia finally realized that policy changes were needed if the country was to experience economic expansion. A Task Force from the Ministry of Finance and Trade, the Ministry of Economic Planning and Industrial Development, and the Central Bank met in June 1985 to review the situation and recommend steps to halt the decline and renew economic growth.

The Task Force produced a report which the Cabinet adopted as the foundation of an Economic Recovery Program (ERP). The major elements of the new program were exchange rate reform; reducing Government Civil Service employment and its parastatal investments; various monetary and fiscal policy changes; and the introduction of steps to promote development of the productive sectors, such as the reduction of rice import duties and the elimination of the fish export tax.

Bank interest rates were raised in September 1985 and the dalasi was floated in January 1986. This latter move was the most courageous and beneficial measure taken. An attempt to remove corruption from the customs and excise department was undertaken, pressuring the parallel foreign exchange market. As a result, importers who had been undervaluing their goods, were forced to pay the proper duties, thus profit seeking in foreign exchange declined. Table 2 shows the effect that floating the dalasi in January 1986 had on the parallel foreign exchange market rates.

TABLE 2
EXCHANGE RATE MOVEMENTS,
(DALASIS PER POUND STERLING)
JANUARY TO JULY, 1986

<u>Date</u>	<u>Commercial Bank Rate</u>	<u>Parallel Rate</u>	<u>Official Rate</u>
Jan. 17, 1986	5.00	8.50- 9.00	5.00
Jan. 24, 1986	7.50	9.75-10.00	7.45
Feb. 7, 1986	7.50	10.75-11.25	7.61
Mar. 7, 1986	9.00-9.10	9.50-10.50	9.00
Apr. 4, 1986	10.00	10.25-10.50	10.00
May 2, 1986	10.00	10.50-10.75	10.15
June 6, 1986	10.90	11.45	11.00
July 4, 1986	11.05	11.75	11.45

B. CURRENT STATUS

The domestic economy has shown a remarkable recovery in the past 18 months. The Gross Domestic Product, for fiscal year 1986/87 is estimated to be D1,056 million, an increase of 21.4% over 1985/86. This sharp increase reflects broad growth in agriculture, manufacturing, construction, fishing and trade.

In real terms, the GDP at constant 1976/77 prices is estimated at D436 million for 1986/87 compared with D414 million in 1985/86. While less dramatic, it shows an increase beyond that achieved in recent years (see Table 3).

TABLE 3
GROSS DOMESTIC PRODUCT
YEAR TO YEAR CHANGE AT CONSTANT (1976/77) PRICES
(FISCAL YEARS)

1983/84	1984/85	1985/86	1986/87	1987/88 (est)
-7.0%	-0.2%	-0.7%	+ 5.3%	+ 5.1%

Agriculture contributed an estimated D113.3 million in 1986/87, up from D108.4 million the previous year. Increased groundnut production (up 45% from the previous year), reflected the farmers' response to an increased price incentive as well as the return of a more normal rainfall. The fishing and livestock sectors showed modest growth during the year. The manufacturing sector's value added at constant prices was estimated at D20.4 million, up 10% from the previous year. Construction value added jumped 23.2% in the same period to D17 million, reflecting civil works projects and strong activity in housing and building construction. Trade also put in a strong performance with D107 million value added, up from D93.6 million the year before. Transportation contributed D37.2 million and communications D48.50 million in 1987/88.

Per capital income was D1,342 for fiscal year 1986/87 compared with D1,138 per 1985/86 an increase of 17.8%. In constant terms (1976/77) per capita income rose 2% in 1986/87 to D554.

Banking and Credit

The banking and credit sector in fiscal 1986/87 was strongly influenced by the Stand-by-Agreement with the IMF requiring tight control over the money supply and credit. The money supply (circulating currency plus demand deposits) increased 43% in the nine months to March 1987 to D230 million, reflecting seasonal groundnut demand and the larger crop. Demand deposits grew by 25% in the same period to D100.5 million while the savings and time deposits rose 30.3% to D128 million. The growth in savings may reflect increased confidence in the economy together with the policy of higher interest rates on savings (15 to 17% per annum). The increased savings interest rate coupled with the commercial loan of 25-28% per annum has created excessive bank liquidity. To avoid pressure on the dalasi, the Government started offering 91-day Treasury Bills to the public on July 15, 1986. The Treasury Bill discount rate reached a peak of 20.46% in December 1986. In June 1988, the Treasury Bill rate was 16.5% and the re-discount rate (Central Bank lending rate to commercial banks) was 14.5%.

In September 1986, the IMF approved a 13-month Stand-By-Agreement with the Government under a three-year Structural Adjustment Facility. The Agreement imposed a number of credit limits including allowable net domestic assets, bank claims on the Government, level of financing permitted to support The Gambia Produce Marketing Board and external borrowing (non-concessionary). As of June 1988, the banking system and the Government had met or exceeded the performance targets.

Consumer Price Index

Inflation for the fiscal year 1986/87, as measured by the consumer price index (based upon a low-income group in the Banjul/Kombo area, base year 1974=100) was 46.2%. The rate of inflation has steadily dropped since that time to an annualized low in June 1988 of 7.6% (see Table 4).

TABLE 4
ANNUAL RATES OF INFLATION

<u>Fiscal Year</u>	<u>Rate for Fiscal Year</u>	<u>Annualized Rate Fiscal Year End</u>
1987/88	10.6%	7.6%
1986/87	46.2%	22.2%
1985/86	35.0%	70.5%
1984/85	21.8%	12.5%

The consumer price index for the 1986-87 period indicated that locally produced commodities accounted for 60% of the rise that year while imports accounted for 40%. This partly reflects the sharp increases in producer prices mandated under ERP as well as higher taxes on petroleum. The 1986/87 increases by commodity group were as follows:

Meat, poultry, eggs and fish	30.9%
Other food and drink	30.8%
Fuel and light	10.2%
Clothing, textiles and footwear	14.2%
Other	<u>13.9%</u>
	100.0%

3. BUSINESS ENVIRONMENT

A. TRADE

The Gambia experienced strong international trade growth in 1986/87 based on an improved economic climate, the increased availability of foreign exchange, the floating of the dalasi and the expansion of public and private investment. Total trade in 1986/87 was D1,060 million compared with D696 million the previous fiscal year.

Imports for 1986/87 were estimated at D827 million compared to D492 million the previous year, an increase of 68%. (See Appendix 4). Food imports continue to be significant for The Gambia. While a large amount is re-exported, (including flour, sugar, rice, and tomato paste), the potential for more local agricultural production is obvious.

Domestic exports in 1986/87 were estimated to be D233 million, up from D204 million in 1985/86. (see Appendix 4). Groundnuts and their by-products still dominate. Exports of fish and related products as well as vegetables and fruit are growing.

The balance of gross trade deficit in 1986/87 was D594 million compared with D288 million a year earlier. The Government is seeking to reduce this deficit under ERP by encouraging investments that will result in import substitution and the expansion of exportable products. In any case, the figures are less negative than they appear because of the substantial re-exports that also create foreign exchange.

The official reserves as of March 1987 were D88.6 million, which is the equivalent to about 2 months of imports at the 1986/87 level. While this is still a thin margin, it reflects a considerable improvement over the March 1986 reserve level of D18.6 million. Much of the improvement, however, reflects the effort of The World Bank's Structural Adjustment Credit and the rescheduling of the Government's external debt by the Paris Club.

B. EMPLOYMENT

Total employment in the formal sector (establishments with five or more workers) was 22,298 in December 1986, consisting of 15,270 in the public sector and 7,028 private sector. The largest government employment categories and the number employed were:

Community, Personal and Social Services	4,167
Transport and Communication	2,605
Agriculture, Forestry and Fishing	2,505

The largest private sector employment categories and the number employed were:

Wholesale, Retail, Hotels and Restaurants	2,321
Construction	1,228
Personal Services	1,086

A shortage of skilled labor including craftsman in construction, equipment mechanics in manufacturing plants and accountants exists. The largest overall shortage is in supervisory personnel. The untrained and relatively unskilled labor force requires a high degree of supervision, a skill which is lacking in The Gambia. The supervisory gap, one of the major hurdles to be overcome in attracting greater foreign investment, must currently be filled by expatriates. This increases the cost of doing business.

C. ENTREPRENEURSHIP

There is a strong sense of entrepreneurship in The Gambia. It is reflected in the independent informal sector of the economy where large numbers of Gambians work alone or in small family related businesses in a variety of business and trade sectors (trading, fishing, handicrafts, construction, and repair/service). While their individual impact is small, their collective contribution is an important part of the private sector economy. The environment for the continued growth of this segment of the private sector is very positive. It should continue to expand and strengthen the economic base.

The other major group of Gambian entrepreneurs is the businessmen who are starting and/or managing businesses in the formal sector. They will ultimately be the decisive factor in providing much needed

investment and economic diversification. These entrepreneurs/businesses ultimately supply the jobs and products which can build economic momentum.

Gambian businessmen often have acquired their business skills and wealth through trading activities. They are just now becoming aware of the increasing opportunities in business in The Gambia resulting from the positive results of the ERP. They are beginning to take advantage of these opportunities, often in cooperation with foreigners who can provide capital and experience in fields such as ocean fishing, shrimp farming, construction, and tourism.

Another interesting characteristic of this group of emerging entrepreneurs is their interest in diversification. Many want to participate in each of the actively growing sectors of the economy. The drive to be in the agriculture, fishing, tourism, construction and the service sectors may reflect two factors: 1) the opportunities in each sector are numerous and offer the prospect of excellent returns, and 2) the small size of the local economy and the inherent risk of export-oriented sectors makes investors more comfortable with small projects at this stage of the country's economic development.

D. CREDIT

Gambian businessmen encounter a virtual absence of medium and long term credit. They also face an interest cost of 26-28%P.A. for short-term, working capital loans. The local banks are justifiably risk averse and unwilling to finance any business even, for working capital, unless the loan is well secured. Government-owned Gambian Commercial and Development Bank (GCDB) (in the past the only formal source of development financing in The Gambia) stopped making development loans three years ago because of widespread loan defaults and corruption. This means that most of the informal sector entrepreneurs have no access to day-to-day business credit, and must rely on their own savings or loans from relatives or friends. Entrepreneurs in the formal sector that lack excellent security, are similarly denied. Investment prospects for Gambian businessmen will not brighten until steps are taken to make the needed capital available at a cost consistent with a project's risk and potential financial returns. The shortage of investment capital does not appear to impact on foreign investment. Foreign investors, when they feel the proposed investment is justified, can borrow the needed funds abroad at a lower rate of interest -- a policy strongly encouraged by the Government as a means of building foreign exchange.

E. INFRASTRUCTURE

The infrastructure of The Gambia is uneven and, at best, tends to be intermittent. As one goes inland from Banjul, infrastructure becomes less available with the exception of some recently completed highways. The majority of the current and planned investment activity is in the Banjul area thus the infrastructure there has the greatest impact on investment. Most Gambian businessmen have learned to accept or adjust to the present status of the infrastructure. However, inadequate infrastructure negatively affects the investment climate as viewed by foreign investors. The cost and inconvenience associated with overcoming infrastructure shortcomings can be enough to swing the balance against potential investment.

The existing infrastructure around the Banjul area and its condition include:

Roads: Many roads are unpaved, with rough surfaces and large pot holes which take a severe toll on cars, trucks and passengers. Most of the paved roads are not constructed to handle heavy truck traffic and rapidly deteriorate.

Telephone: New system installed in the past year is limited in service area but otherwise dependable and of good quality. Direct calling abroad is reliable, especially to Europe and the U.S.

Port: The available facilities are adequate, but the facilities must be expanded to properly serve the growing needs of importers/exporters and the fishing industry. The physical features of the port location are conducive to expansion.

Airport: Excellent runways (to be used by NASA as a space shuttle back-up landing site), which were without operating landing lights as recently as June 1988. This situation disrupted international service. In addition, the ground facilities are becoming inadequate for the expanding passenger and cargo traffic.

Utilities: Day and night power outages are common throughout the city. Businesses that depend upon electricity must have stand-by generators. These are used regularly and add to the cost of doing business.

Water: The supply of water is also undependable. The more expensive private homes have back-up water supplies for use when water service is not available. Hotels usually have their own water systems and treatment facilities. Businesses requiring water in their operations must provide their own back-up source of water.

Sewer: A new sewer system was recently installed in downtown Banjul (partially accounting for the unpaved roads downtown), but open sewers and poor sanitation still exist in the downtown as well as outlying areas.

The Government, in most cases, is aware of these and other infrastructure short-falls, but fails to perceive the effect that the present state of the infrastructure has on the decisions of potential foreign investors considering The Gambia. Considerable support from outside agencies to improve infrastructure, such as power generating capacity and the water supply, is currently being received by The Gambia. However, major improvements still are needed in their transportation system.

F. PARASTATAL ORGANIZATIONS

The Government is committed to privatization of the state-owned companies and to selling its ownership interests in other enterprises. Several operations already have been turned over to the private sector. Investment opportunities have been created that have been exploited primarily by foreign entrepreneurs. In addition, the Government seeks to sell its company shares to Gambians who have the financial resources to purchase them, as well as to employees of the enterprises. Gambians with limited financial resources have found and will continue to find it difficult to participate in the opportunities created by these divestitures.

The Government has taken steps to divest its ownership interest in The Standard Charter Bank (Gambia) Ltd.; the wholesale and retail food chain CFAO (Gambian) Ltd.; and the National Trading Corporation as well as a number of small business enterprises including two ice plants, a charcoal briquette plant, a soap factory and a sawmill. The creation of new State Owned Enterprises has been banned.

The parastatal organizations that remain include:

- Gambia Ports Authority
- Gambia Utilities Corporation
- Gambia Public Transport Corporation
- The Gambia Commercial and Development Bank
- The Gambia Produce Marketing Board
- Gambia Telecommunication Company, Ltd.
- Central Bank of The Gambia
- Social Security and Housing Finance Corporation
- Gambia National Insurance Corporation
- Livestock Marketing Board
- The Gambia Cooperative Union

Of these, the NIB is studying the feasibility of privatizing The Gambia National Insurance Company, The Livestock Marketing Board, and The Gambia River Transport Company. A study of the Privatization of The Gambia Produce Marketing Board is in draft form. The Gambian Cooperative Union is currently under study as is The Gambia Commercial and Development Bank. Investigations of alleged mismanagement and corruption are underway in several of these State Owned Enterprises as well as the Customs and Excise Department. Several SOE's, for example, the GPMB, the GUC and the GPA, are currently operating under permanent performance agreements.

4. GOVERNMENT POLICY AND REGULATORY ENVIRONMENT

A. GOVERNMENT

The Gambia gained its independence from British rule in 1965. A republican constitution was adopted in 1970 and the Republic of The Gambia was formed with executive, legislative and judicial branches. The President is elected for a 5-year term and appoints a Cabinet of 13 Ministers. The Legislature consists of 50 members. The governing party is the Progressive People's Party which has won every election since independence, the most recent in 1987. The principal opposition parties are the National Convention Party and The Gambia Peoples Party.

B. POLITICAL ENVIRONMENT

The Gambia has enjoyed a history of political stability under its President, Sir Dawda Kairaba Jawara, since independence. An attempt to overthrow President Jawara in a 1981 coup was put down by troops from neighboring Senegal. This led to the signing of a Confederation of Senegambia. The Confederation has allied the security forces of both countries (The Gambia and Senegal) and laid the groundwork for an eventual economic union. The Gambia has established an army with British training, but little has been accomplished toward forming an economic union.

The 1988 political environment in The Gambia appears to be stable and supportive of the country's economic development. Recent unrest in Senegal could be troubling to The Gambia, as any serious unrest there would greatly impact The Gambia. Little outward concern was expressed on the developments in Senegal by the participants in this study.

C. DEVELOPMENT POLICIES AND INCENTIVES

The Government of The Gambia originally passed a Development Act in 1973. It recently enacted the revised Development Act of 1988. The purpose of both Acts was to encourage investment by granting eligible new businesses a period of exemption from corporate income tax and import duties for plant construction and equipment, raw materials, and operating supplies. Exemptions under the old law were for up to ten years. Under the new law, the time period varies. To be eligible under the 1988 Act, a new business must engage in:

- o Manufacturing;
- o agriculture, fishing, livestock or forestry;
- o mining or quarrying; and/or
- o tourism.

An eligible business is also expected to make a significant contribution to economic diversification and promote economic growth in The Gambia with its specific exemption determined by how much it contributes to:

- o Net foreign exchange earnings or savings;
- o domestic value added;
- o local employment and adequate training; and
- o utilization of local resources and services.

The new Development Act is noticeably deficient in that the basis for calculating the exemption from custom duties and the corporate tax, both in terms of the amount of exemption and the period of time granted, is subject to regulations yet to be issued or, worse yet, subject to the discretion of the Ministry of Economic Planning and Industrial Development (MEPID). Unless these aspects are clarified, the new Act is unlikely to provide the intended incentives for new foreign or domestic investors.

The review of applications under the 1973 Act was cumbersome and apparently discretionary. The new Act fails to address this problem. The review process still requires a cumbersome application (see Appendix 5), which must be forwarded to the Industrial Development Unit (IDU) in MEPID for a technical appraisal of the project. This often involves requests for additional information. When the application is finally approved, it is forwarded to the Permanent Secretary in MEPID and to the Minister for their respective approvals. The application is then reviewed by the Ministry of Finance and Trade. If approved, it goes back to MEPID where a formal proposal is prepared for submission to the Cabinet. Approval by the Cabinet is required for the applicant to qualify for a Development Certificate.

This process takes at least a year and can take up to two years, after all documentation is complete and cleared by IDU. The applicant does not know until the end of the process whether the Certificate will be granted or what incentives will be approved. This uncertainty and time delay has caused many prospective investors to decide against starting the process or to withdraw the application in the middle of it. There is little indication that the new Act has streamlined these procedures or made them less

arbitrary. This will remain a major roadblock to attracting new investment unless prospective investors can be assured in advance that they will qualify and will receive specified incentives if they endure the administrative process.

D. TRADE POLICIES

Trade is the life blood of The Gambian economy, encouraged by a generally liberal trade policy. Custom duties are a major component of the Government's revenue with taxes on international trade expected to amount to D266 million (D255 million from imports), approximately 70% of the D378 million in total revenues expected by the Government in fiscal year 1987/83.

Tariff rates traditionally have been kept low compared to neighboring West African countries (see Table 5), and have recently been reduced for many items to encourage value added and foreign exchange generation via re-export. The average tariff was about 25% based on an ad-valorem system. Duty collection by Customs has been uneven -- avoidance and unfair treatment have been, and apparently still are, widespread. The Government currently is undertaking a major revamping of its Customs service with technical assistance from the British. In addition, a law recently was passed establishing a National Sales Tax of 10% that will effectively replace all other import duties. The result will be an across-the-board custom duty of just 10%, to be implemented with an effective ad valorem and collection system. Introduction of the new national sales tax is to be phased in over the next two years, with British technical assistance.

Export duty on fish exports has been removed to encourage exports and the generation of foreign exchange. Some specific import duties have been increased to discourage the import of petroleum products and rice.

TABLE 5

DUTIES ON SELECTED COMMODITIES
ENTERING THE GAMBIA
(JANUARY 1988)

Bicycles	10%
China Green Tea	15%
Cigarettes	115%
Cement	20%
Corrugated Metal	15%
Flour	17.5%
Matches	38%
Medicine	12.5%
Dairy Products	10%
Sugar	31%
Textiles	22-35%
Television sets	25%
Vehicle spare parts	15%

Source: The Republic of The Gambia Budget for 1987/88.

E. TAXATION

The corporate tax rate is 50% on net profits. There is also a turnover tax of 3% of gross revenues, that is considered easier to enforce than the corporation profit tax. A corporation must pay one or the other of these taxes (whichever is greater), but not both. There is also a 15% tax on capital gains. Corporate taxes apparently are widely evaded comprising only D20 million or about 5% of the Government budget.

The personal income tax rate was greatly reduced by a 1988 amendment to the Income Tax Act. The tax bands are reduced from 12 to 5 and the maximum marginal rate drops from 75% to 35%. This measure was designed to increase personal income tax compliance. Personal taxes under the old law only generated revenues of D11.5 million or about 3% of total revenues. One measure in the 1988 income tax amendment designed to increase compliance empowers the Controller of Customs to hold any goods imported or to be exported pending receipt of an income tax clearance certificate issued to the party involved.

F. GOVERNMENT/BUSINESS COOPERATION

The Government of The Gambia continues to make progress in cooperating with the business community to foster economic growth and increased business investment. Floating the dalasi, privatizing some government businesses, revising the Development Act, instituting a flat national sales tax, and eliminating duty inequities, all are actions taken indicating that the Government is seriously seeking to improve the environment for business operations. Efforts also are being made to foster a higher level of professionalism and performance by government and the business community.

Difficulties, however, persist which need to be addressed. There is a strong distrust of government on the part of business, and a reluctance to allow government officials to have access to company records. This leads to keeping a second or third set of books. In addition, many business people feel that the Government Ministries lack even-handedness in dealing with businessmen's problems. This is partially due to the presence of a large bureaucracy in a small country and to an aversion on the part of many mid-level civil servants to doing paperwork. (This may be due to the difficulty many mid-level civil servants have in reading and writing English.) The result is inordinate delays for even routine matters. Favoritism may underlie who receives what within a reasonable timeframe in some cases.

The Government, in turn, is frustrated by the high degree of secrecy in business matters, together with the disappointing performance of companies and investors who have been granted significant tax concessions.

G. REGULATORY ENVIRONMENT

There are relatively few regulations affecting doing business in The Gambia. Licenses are required for most businesses from street vendors to commercial fishing operations but are not especially cumbersome.

A proposed new business in The Gambia must register with the Company Registration Committee composed of representatives of various Ministries, before seeking a Development Certificate. The Committee is responsible for judging whether the business and its owners/managers are suitable for the country. The process can take up to a year (largely because of its infrequent meetings), but is not felt to be an objectionable hurdle. It has been suggested that the private sector be represented on

the Committee by the Chamber of Commerce and Industry. Through its contacts with other Chamber organizations in West Africa, it could make a positive contribution in the screening process, especially by alerting local authorities to anyone applying who has a bad business reputation/record in other African countries.

5. ASSESSMENT

A. POSITIVE FACTORS

1. **Geography:** The Gambia is in a location on the coast of West Africa conducive for economic growth. It has an ideal harbour with adequate port facilities and unlimited potential for physical expansion. The Gambia River is navigable for about two-thirds of its length, offering an undeveloped potential for trade (international as well as domestic) and tourism. The land and water resources are available for the further development of aquaculture and irrigated agriculture.

The climate provides ideal vacationing weather for at least six months of the year while its coastal beaches offer an environment essential for tourism development and related construction projects.
2. **Economy:** The economy of The Gambia is presently being well managed and shows the potential for a period of sustained growth, barring external shocks. By floating the dalasi, making foreign exchange freely available, reducing inflation, and increasing its GDP, The Gambia has created an upward momentum that has increased the attractiveness of the country to prospective investors as well as domestic savers.
3. **Government Cooperation:** The Government of The Gambia has made great strides in keeping the economy of the country free and open. Its import duties and restrictions are more favorable than those of its neighbors (supporting the large re-export trade), and current plans include further reductions in duties within the next two years to a flat 10% tax. The Government has recently reduced personal income taxes significantly and has made efforts at simplifying and standardizing the collection of all taxes, duties and fees. The Government has recently passed a new Development Act (1988) which is intended to further facilitate the processing and approval of applications for tax and other concessions on new investments. The NIB is assisting investors with its "one stop shop" program. No restrictions exist relative to the importation of capital goods production inputs or expatriate employees.
4. **Privatization:** The Government is committed to a policy of divesting as much of its interest in parastatals as it can prudently do in the next few years. This clearly sends a signal to local Gambians as well as to potentially interested foreign parties, that The Gambia wants private business to play an increasingly larger role in the economy.
5. **Labor:** There is a large under-employed labor force available at reasonable wage rates. The fact that English, the formal language of the country, is generally understood by much of the available urban labor force is a definite advantage.

B. CONSTRAINTS

1. **Small Market:** The Gambia is a small, relatively poor country. Its total population is only about 760,000, 80% of whom live in rural areas (mostly up-river) away from the urban areas. The average per capita income is less than \$300 a year, with the average in the Banjul area about four times that amount. This translates to the presence of minimal buying power.
2. **Infrastructure:** The infrastructure in The Gambia leaves a lot to be desired, especially outside the greater Banjul area. Even within Banjul, it is not up to the standards necessary to attract potential foreign investors. The sporadic nature of the local electricity and water service make back-up systems mandatory for businesses requiring such services. The condition of the roads is poor, fuel costs are high (although not as high as those in neighboring countries), and the airport and port facilities will require improvement as growth occurs. Recent improvements in the telephone service and promised improvements in the roads, electricity, water and sewer service over the next few years, if implemented, could contribute significantly to raising the private investment prospects of the country.
3. **Bureaucracy:** The Government of The Gambia, in spite of recent reductions in the civil service is still sizeable for a small country. It has 13 Ministries that employed approximately 10,300 in fiscal year 1986/87, of which about 1,100 worked with the Ministry offices. Large numbers of people, especially in Government Ministries, tend to create bureaucratic delays that multiply in a geometric fashion as individuals review items crossing their desks. This frustrates many potential business investors, indigenous as well as foreign, in seeking approvals, and clearances from Ministries.
4. **Shortage of Capital:** The commercial banking system in The Gambia at the present time has virtually no development capital (term loan capital of from 3 to 10 years) available to lend to local or foreign investors. While foreigners can usually borrow abroad at more attractive interest rates, Gambian investors are limited to local resources. This shortage of development funds and short-term interest rates of 25-28%, is a problem that is being approached by the Government with the assistance of the World Bank. However, until local development funds can be made available to prospective investors at rates which are realistic in terms of the expected return on a proposed investment, the economy cannot be expected to receive any major domestic private investments thus will be slow to expand.
5. **Lack of Resources:** The Gambia, except for its land, groundwater, river, ocean coastline, and the weather, lacks natural resources for development. The Government has recently agreed to allow some limited exploration for oil which, if found, might benefit the country in the future. The lack of timber and mineral resources limits the prospects for manufacturing in The Gambia.
6. **Absence of a Trained Labor Force:** There is a shortage of trained business, technical and skilled labor in The Gambia. Gambians who have gone abroad for advanced training have not always returned. Meanwhile, the lack of middle management and skilled labor training capacity leaves a shortage that dictates the use of foreign supervisory personnel, significantly raising the cost of planned investments. The education and training of an indigenous supply of labor trained in business and technical skills must remain high on the Government agenda if investment promotion is to succeed on any significant scale.

PART II

PRIVATE SECTOR PROFILE

1. INTRODUCTION

Two-thirds of The Gambia's working population (220,000) are employed in agriculture -- primarily in the production of groundnuts, coarse grains, rice, vegetables and tropical fruits as well as in the raising of livestock (cattle, sheep, goats and poultry). The agricultural sector accounts for approximately 30% of the national income by farming some 180,000 hectares (about 1/3 of the arable land) and through livestock grazing activities.

Manufacturing is limited in The Gambia, with only one or two companies represented in each of the manufactured product categories -- all that the domestic purchasing power can support. The Government controls about two-thirds of the value of manufacturing output, largely generated through groundnut processing. Private sector business is composed of indigenous businesses in fields such as fish processing, construction materials and soap manufacturing, with joint ventures with foreign interests in hotels, brewing and soft drinks, food retailing, off-shore fishing and shrimp farming.

Small-scale manufacturing, including hand-made crafts play an important role in the economy. Employing 15,000+ in peak production periods, (more than the larger businesses employ) they work with raw materials available in The Gambia (including wood, cotton, shells, and leather) to produce an estimated output worth D58 million with a high value added component. Continued development of this small-scale manufacturing sector is important to the economy. Its potential can be enhanced through improved organization, training, equipment and marketing.

The private sector predominates in the fishing industry which is showing significant development, the tourism industry -- currently the fastest growing sector in the economy with promising prospects -- and the construction industry which is expanding as the economy expands.

The transportation industry is growing, supported by a strong and active trade sector. Trade is currently the major economic activity in the economy, and includes a large, unofficial trans-shipment trade in imported food, consumer goods and industrial products. Re-exports amount to as much as 60% of The Gambia's imports and are a valuable source of income to local merchants and the Government. The high returns in trading may be negatively impacting the country's economy as traders divert needed financial and managerial talent away from manufacturing and other productive investments, thus slowing economic diversification and overall economic growth.

2. COMPOSITION

A. AGRICULTURE AND LIVESTOCK SECTORS

The Gambia has two primary types of agricultural regions. One is the area beyond the mangroves bordering The Gambia River. This area becomes a fresh water swamp during the rainy season, suitable for growing rice and horticultural crops. The other area lies behind the swamps on the higher plateaus and stretches to the country's borders. Groundnuts and coarse grains are grown here. Some of this arable land has exploited groundwater available for irrigating vegetable and fruit crops. Promising prospects for supplying European markets with winter vegetables could lead to an expansion of irrigated production. Yields of the major crops tend to be low together with farmer literacy rates, rural nutritional standards and health care.

Groundnuts, introduced to The Gambia centuries ago, is still its major agricultural crop. Planted before the rainy season and harvested after it ends, the nuts are dried and stored in The Gambia Produce Marketing Board's warehouses. They are later shelled and the majority of the crop processed into groundnut oil and cattle feed. The Government sets the price to be paid to farmers for their groundnuts and has a monopoly on the collection, storage, processing and marketing of each year's production. Domestic production responds to increased farm prices set by the Government and to increased rainfall. Production, in recent years, has been adversely affected by drought and generally declining world prices. International prices have come under pressure from increased production and competition from other edible oils. With The Gambia only supplying about 1% of worldwide demand, it is a "price taker" on the international market. As world prices drift lower, the farmers' price must also be lowered as the GPMB strives to operate within its performance agreement budget. The lower farm prices for groundnuts may encourage farmers to diversify into the production of other crops or livestock enterprises -- a positive development for lowering risk.

The production of coarse and swamp-grown rice, primarily for domestic markets, has increased in recent years. These crops generally provide farmers with a higher return. Continued increases in grain production will move The Gambia toward self-sufficiency and reduce the need to import food grains. Improved varieties, production practices, technology, processing and marketing will be needed to sustain and/or increase the output of these commodities. The private sector can now become involved in some of these activities as the Government has rescinded its monopoly in rice trading and removed the import duty. Retail prices for rice have also been decontrolled and government subsidies eliminated.

A recent effort by the USAID Mission and the Catholic Relief Services has successfully promoted the growing and processing of sesame. The seeds are being processed into oil, a valuable nutrition component of the local diet. Sesame is drought resistant, easy to cultivate, and is planted in a favorable cycle relative to alternative products. Further expansion in sesame production will require developing a continuing market for sesame seed and oil. With an identified market, the potential for increased production is excellent.

There is growing interest in diversifying into the production of fruits and vegetables. A wide variety of vegetables can be grown including carrots, eggplant, lettuce, cabbage, peppers, beans, onions, potatoes and tomatoes. Fruits that grow very well in The Gambia include mangos, papaya, bananas, avocados, pineapple and various citrus fruits. Most of the production by private entrepreneurs is on a small scale. There are, however, several large producers and Citro Products, a SOE owned organization, that show promise for supplying local and export markets. Developing a production system designed for supplying the demand being generated by the tourist hotels has great economic potential.

Poultry production is being attempted on a limited scale and shows promise. It is still a risky undertaking because of disease, an inadequate supply of baby chicks and the limited availability of high quality feed and feed supplements. However, there is a large local market for poultry and eggs for the tourist industry that provides a ready demand for successful production.

Livestock production is not fully commercially developed in The Gambia. Some farmers may keep cattle, sheep and goats for financial security and for personal needs. There is some organized cattle production using the Ndama breed which provides excellent meat and is resistant to trypanosomiasis, a major problem in West African countries. The calf yield is low, apparently because of neglect and the breed's low milk yield. Nevertheless, there is a significant market potential for beef in The Gambia to serve the tourist market as well as for export. There is also a large potential market for cow's milk which must be imported to meet the demand generated by the urban population. The availability of feed by-products from groundnut, rice, coarse grain, citrus and other food processing activities should encourage the development of livestock fattening enterprises.

The principal livestock processing facility is the government-owned Livestock Marketing Board, established in 1975 to promote meat and hide products for local and exports markets. Its activities have been hampered by inadequate financial resources and the lack of efficient facilities. There is a need for private sector involvement in livestock marketing and processing to provide facilities capable of meeting the high standards of sanitation/quality control necessary for servicing the tourist industry and for the export market. Private sector efforts can also contribute to improving the grazing potential, feed lots, and veterinary services to increase the health and nutrition of breeding animals, thus, calving rates, while simultaneously decreasing the currently high calf mortality rate. Better management of sheep and goats as well as improved pasture and grazing management, could significantly improve off-take rate, thus the profitability of these enterprises.

B. MANUFACTURING SECTOR

The Gambia has a limited but growing number of private sector manufacturing enterprises. These include a variety of businesses in diverse fields such as consumer products (soap, plastic extruding, and candy making), as well as building materials (tiles, brick cement block, aluminum frame construction, and metal corrugating). The manufacturing sector, including government-owned enterprises, contributed about 7% to GDP in 1986. The private sector contributed less than half of this value.

Small-scale manufacturing is done by the informal sector by small-scale enterprises (SSE) with up to 5 employees. Activities include batik making, tailoring, wood carving, furniture construction, blacksmithing, bee-keeping, weaving, grain milling and fish smoking. It is difficult to judge the number of such enterprises in The Gambia, but a government study in 1986 concluded that there were about 9,500, 80% in rural areas, and employing up to 15,000 during peak periods. It is estimated that the value-added from these enterprises was D30 million or about 50% of their total output. This is a very active sector in The Gambian economy. Its growth potential might be enhanced by access to capital, an improved combination of resources for increased efficiency, adequate equipment and tools, improved business/technical training, and an adequate understanding of marketing.

C. FISHERIES SECTOR

The Gambia has abundant ocean and river fishery and shrimp resources. Fishing is done the length of The Gambia River, but most commercial river fishing is limited to the 150 km closest to the Ocean. This is because of the perishable nature of the fish in the hot climate and the relatively poor transportation.

The commercial ocean fishing is increasingly being done by ocean-going trawlers, some owned by local and joint venture interests, with the balance done by foreign ships licensed to fish Gambian waters. The Gambia has established an Exclusive Economic Zone (EEZ) for fishing which extends 200 nautical miles off shore along its coastline. The Gambia had great difficulty enforcing its ocean fishing boundaries until the British offered patrol craft and manpower to assist with enforcement.

Simultaneously, the Government signed a Fishing Agreement with the EEC which allows their vessels to fish Gambian waters based on a compensation package of about D28 million over a three-year period plus vessel license fees.

Most of the river fishing is done by Gambian fishermen who lease or own canoes, some of which are motorized. A considerable amount of the off-shore ocean fishing is done by natives of Senegal and Ghana. More recently, Chinese and Korean fishermen have become active on their own and in joint-ventures with Gambian companies. There are now eight fish processing factories in The Gambia and 15 Gambian registered ocean fishing vessels. This is an increase of 11 vessels in the past two years. Gambian registered fishermen in 1987 totaled just over 3,600 including 1,500 foreigners.

The fish processing sector's largest companies are Seagull Fisheries (government controlled), National Partnership Enterprises (Gambian owned) and Gambia Marine Producers (Gambian-Scandinavian joint-venture). They process an estimated 80% of the landed catch. There are a number of smaller processing companies, such as Lyefish, which processes river shrimp from local fishermen. Lyefish also operates two ocean trawlers in a joint-venture with the Chinese. Artisan caught fish are processed up-river by drying, smoking, and salting.

A large export demand exists for Gambian shrimp. Native river shrimp are harvested by the canoe fishermen, processed in Banjul and quick frozen for overseas delivery. The foreign demand is so strong that there is some risk of depleting the natural shrimp supply. An alternative may exist as a joint-venture shrimp farm (Scan Gambia) has been initiated by the Norwegians to hatch and raise quality shrimp in a controlled environment for export. The project had its first successful harvest in June 1988, some two years after startup. Its potential appears to be excellent if it has truly solved its hatchery problems and can find ways to control the salinity of the water in its ponds. Appropriate land and water resources for aquaculture development exist along The Gambia River at least as far as 100 kilometers upriver from Banjul.

D. TOURISM SECTOR

Tourism is a rapidly growing sector in The Gambia. During fiscal year 1986/87, there were 86,000 tourist arrivals, an increase of more than 10% over the previous year. The tourist hotels (approximately 20 with an average capacity of 250 beds) all enjoyed high occupancy rates during the tourist season (November through April) and the tourists were estimated to have made out-of-pocket expenditures of D25.2 million.

Local Gambians as well as foreign private interests are investing in tourist hotels and related facilities contributing to the bright outlook for the sector. The Government estimates that 2,000 workers were employed by the hotel industry in 1986/87 in addition to 1,500 in tourist related services (restaurants, excursion, transportation) and 3,900 more in activities indirectly tied to tourism.

Tourism is estimated to have contributed D80 million in annual gross earnings in 1986. Although the direct contribution of the sector to GDP is officially a low 2-3%, the multiplier is probably 2-3 times greater. The reason the official contribution is low that most of the tourists come with European tour operators and pay the majority of their expenses abroad. On top of that, at least 50% of the hotel receipts are estimated to go toward imported goods such as furniture and dinnerware/cooking utensils as well as to large amounts of imported food.

The industry shows promise for the future, taking advantage of the ideal sunny, temperate weather from November to April as well as lovely beaches. Most visitors have traditionally come from Britain and Sweden but increasing numbers are coming from France and Germany. As the market grows, the airline service (scheduled and charter) is expected to increase and to use larger aircraft. There is also an increase in off-season arrivals which help even out occupancy rates and staffing levels throughout the year. There is a need to develop tourist infrastructure to capture more tourist dollars. Upgrading the local service potential for food, flowers and crafts as well as a greater variety of tour services, restaurants and nightclubs/casinos would accomplish this end.

E. TRADING SECTOR

Trade plays an important role in The Gambian economy. It is largely carried on by small, Gambian-owned private sector firms, that have tended to operate in the shadows to avoid paying taxes and duties. There are, however, a few large trading companies such as the foreign controlled CFAO and the newly privatized Gambian National Trading Company (NTC). This latter firm had 1986 revenues of D24 million and net assets of D14 million. These large companies are major wholesale/retail distributors in The Gambia and operate in full compliance with local laws.

Trading involves a variety of goods but tends to be concentrated in food (i.e., sugar, tea, flour and tomato sauce), consumer hard goods (i.e., appliances and hardware), cigarettes and textiles. A substantial portion (about 60%) of the goods imported into The Gambia are re-exported to neighboring West African countries. The trade contribution to value-added was D107 million in 1986/87, significantly above D93.6 million the year before. It is estimated that the wholesale/retailer trade activities contributed 20% of the GDP in 1986 and consisted of about 500 small and medium-sized private firms employing approximately 2,000.

F. TRANSPORTATION SECTOR

River Transport, as well as some other transportation sector activities, currently are in the public domain. The private segment of the sector is devoted primarily to trucking, about which little information is known.

Truck traffic is increasing in The Gambia in support of the trade and growing construction sectors. The large trailer trucks used in inter-country trade are mostly foreign-owned. Some trucks of medium size (single body) are used by Gambian companies for up-river transportation, but the majority of the trucking business is more locally-oriented. Trucks are used by traders to move goods from dockside in Banjul to warehouses and by local construction companies to carry building materials throughout the greater Banjul area.

G. CONSTRUCTION SECTOR

Construction activity has increased sharply in recent years. Real value added (1976/77 base) in 1986/87 increased 23% over the previous year to D17 million, accentuated by growing home and business construction. Private sector construction includes public works projects as well as building construction (hotels, warehouses, offices and homes). However, public works projects are usually contracted to experienced foreign firms. Most local firms are small and lack the management, equipment and skilled labor required to handle large projects. Projects undertaken by local firms consist of building construction such as houses, warehouses, small hotels and miscellaneous items

including roadside billboards. Private sector employment, generated by an estimated 40+ firms, was about 1,230 in 1986 comprising 17% of the total formal private sector employment. This was an increase from 640 in 1983.

An opportunity may exist for joint venturing between the large, international construction firms, (with capital, equipment and expertise) and the smaller, local firms, (with access to surplus labor and local contracts). These new entities might find it easier to access public works contracts than is currently the case for either set of partners. This approach should be encouraged and assisted by the Government in light of the potential contribution the new joint venture firms could have on increased productivity and value added in local construction.

3. SUPPORT ACTIVITIES

The Government of The Gambia has established two institutions to promote private sector development.

One, the National Investment Board (NIB), is an autonomous organization that reports directly to the Office of the President. It is the key Gambian institution for promoting and assisting local and foreign investment projects. The other, the Indigenous Business Advisory Service (IBAS), operates within the Ministry of Economic Planning and Industrial Development (MEPID) to assist the development of small-scale business in the informal sector in The Gambia.

A. NATIONAL INVESTMENT BOARD

The NIB was established under The Gambia National Investment Board Act of 1977. It was to serve as the instrument by which the Government's economic investment policy would be carried out. It was also to encourage/assist in the establishment of new commercial and industrial ventures. This responsibility did not receive much emphasis until 1983 when the NIB established an Investment Promotion section.

One of the main functions of the NIB since its establishment has been the supervision and monitoring of the parastatal organizations. Their representatives attended board meetings and regularly report on parastatal operations to the appropriate Ministries as well as to the Office of the President. However, NIB had no responsibility or authority to take any action regarding the parastatals.

Recently, in cooperation with the World Bank, some public enterprises have agreed to operate under performance contracts which commit them to achieve specified levels of performance within budgeted amounts of government support. Performance contracts currently apply to The Gambia Produce Marketing Board (GPMB), The Gambia Utilities Corporation (GUC) and The Gambia Ports Authority (GPA). The NIB has been given the responsibility of monitoring these contracts and making recommendations to the President's Office on actions to be taken to reward better-than-planned performance or to remedy sub-standard performance.

Investment Promotion has received increased emphasis in recent years supported by the ERP objectives. The NIB's activities in this area include:

- o Publication of an Investor's Guide (currently being revised).
- o Guidance to investors on project proposals.
- o Strengthening cooperation between Gambian parties interested in investment promotion.
- o Efforts to define joint venture businesses suitable for foreign partners.

The NIB sought to extend its responsibility in investment promotion with a report entitled Investment Promotion: One Stop Service. The report suggested that while the administrative requirements and the demands made on potential investors in The Gambia were not excessive, investors needed to know if the required infrastructure for their investment would be available, e.g., land, access roads, water, electricity service, etc. The report suggested that better coordination of these arrangements was necessary and that a more effective procedure was needed for initially screening the financial credentials and integrity of prospective investors.

The NIB report proposed offering potential investors a "one-stop" service to include:

- o Dissemination of orientation information to potential investors in The Gambia.
- o Evaluation of the credibility of potential investors.
- o Advice on the choice of projects, preparation of feasibility studies and analysis of the export potential if applicable.
- o Assistance in completing the application for a Development Certificate.
- o Serving as a link between investors and agencies in the Government to facilitate the decision-making process.
- o Assistance in identifying local joint venture partners and negotiating the terms of agreement.
- o Advice and follow-up after project initiation.

The report was submitted to the Government and the "one-stop" service concept for the NIB was approved.

Other activities of the NIB in recent years have included initiation of feasibility studies, work on developing an export promotion campaign, and a groundnut producer price study. Most recently, in preparation for the divestiture of the Government share holdings, NIB has analyzed the business and financial data of Seagull Cold Stores, Novotel Hotel, Standard Charter Bank, National Trucking Company and others, to establish their fair market value.

B. INDIGENOUS BUSINESS ADVISORY SERVICE

Small-scale businesses in The Gambia have traditionally played an important role in the economy. It is estimated that there are 10,000 small-scale businesses in The Gambia. They employ over 15,000, more than twice the number employed by Gambian medium-scale businesses. Their output exceeds D60 million. These businesses provide an outlet for the strong entrepreneurial drive inherent in Gambians. There are, however, major obstacles that would-be entrepreneurs face in establishing a small business. These are of particular concern since most of the potential entrepreneurs have a low level of literacy, lack accounting and basic business skills and frequently have no sense of the market they plan to serve.

IBAS was established by the Government to encourage and train Gambians interested in starting a small business. IBAS is headquartered in Banjul, and has field offices in Barra and upriver in Farafenni, Bansang and Basse. It provides a business advisory service and has a small revolving loan fund for qualified recipients. Its services include initial advice on the feasibility (market potential and profit potential) of the planned enterprise (see Appendix 6 for application requirements) for the potential entrepreneur. If the feasibility review is positive and the entrepreneur possesses adequate experience and seed money, IBAS will assist him or her in establishing the business and may recommend a small amount of financing. After the business is established, an IBAS staff member will periodically visit the business to provide advice on business problems and to make sure that adequate records are being kept.

IBAS runs formal training programs, usually lasting one week, for established entrepreneurs on topics such as accounting, marketing, sales promotion and business costs to be considered in measuring profitability. An important function of IBAS has been its link to the revolving loan fund made available by a \$375,000 grant from United Nations Capital Development Fund (UNCDF) and \$125,000 from the Government in 1985. A loan from the Fund requires a 20% equity participation by the borrower as well as collateral. Loan approval, management and repayment are handled by The Gambia Commercial and Development Bank (GCDB). IBAS assists in the screening of applicants, the preparation of their applications, and checks to see that payments are kept current by visits to entrepreneurs with outstanding loans. The risk on these loans is shared 75% by the UNCDF and the Government and 25% by the bank. An earlier fund of this nature failed in 1981 because of an inadequate understanding of the repayment responsibility by the borrowers, political interference, and an unclear division of responsibility between the bank and the IBAS on loan monitoring and collection. These problems appear to have been addressed in administering the new fund.

C. TRAINING INSTITUTIONS

The Gambia has limited business and vocational training facilities to support the private sector. The Management Development Institute (MDI) was formed in 1984 with assistance from UNDP, the World Bank and USAID. It has a fine facility outside Banjul (in Kanifing) and has a small but trained and dedicated staff. It teaches various middle and senior management related courses, usually in 1-2 week seminars. It offers a one full-year course in accounting. The major drawback affecting the private sector is that training is almost entirely directed to public sector management needs. MDI appears, however, to offer the best potential in The Gambia for expansion of its management training program to serve private sector curriculum needs.

Other effective entrepreneurial related courses are provided by The Gambia Technical Training Institute (GTTI), The National Vocational Training Center (NVTC) and a Hotel Training School. In addition, there are various vocational high schools and rural vocational training centers around the country. These vocational schools provide a very important technical training function, especially in support of the small business environment. They provide training in basic engineering, electricity carpentry, plumbing, metalwork and rudimentary accounting. However, they lack adequate facilities, quality training aids and are unable to provide rudimentary business skills that are needed to put their training to more effective use. The GTTI offers the most advanced technical training in the country and the best opportunity for developing a curriculum.

The USAID-sponsored automotive repair facility near Banjul, under the Ministry of Public Works, offers another excellent vocational training facility that is currently underutilized. Its facilities offer excellent training potential. The Ministry has indicated plans to hire a consultant to study the facility for the purpose of recommending how it could be used more effectively. Training private

sector machinists and mechanics for a fee and undertaking commercial auto, truck and heavy equipment repair would not only increase the use of the facilities but improve training opportunities and cash flow for obtaining spares.

D. DONOR ACTIVITIES

The Gambia receives a large amount of support from donor nations and international aid organizations, some of which is directed toward private sector training and technical assistance for small entrepreneurs, farmers and fisherman. Most of the projects are small-scale pilot endeavors but they provide a useful service. The organizations include USAID, Peace Corps (working with IBAS), Catholic Relief Services (sesame seed program), Freedom from Hunger Campaign (blacksmith training) and many others. The activities of these groups are loosely coordinated by the Government and by the UNDP. Their valuable contributions might better serve the needs of the Gambian economy in the future if their efforts were directed into projects that could be institutionalized into larger business ventures.

The UNDP initiated a review of the needs of the private sector during the course of this study with a two-day seminar designed to examine the needs and problems faced by the private sector in The Gambia. There are three more seminars planned in the coming months designed to identify problems and develop recommendations for the Government on steps to improve the private sector development climate in The Gambia. One problem that surfaced in the first UNDP seminar was that the interests and needs of the small entrepreneurs in attendance were very different than those faced by the attending managers of medium-size businesses. These two groups are both very important to the economic growth of the country and their concerns might be better addressed in separate forums.

E. PRIVATE SECTOR ACTIVITIES

The Chamber of Commerce and Industry is an under-developed and under-utilized private sector resource in The Gambia. Its resources for assisting in the attraction and qualification of potential business investors are not being utilized. It has the broadest membership of private companies in the country yet it does not effectively use its potential to educate its membership on developments in government that affect them, nor does it effectively represent the views of its members to the government.

4. FINANCIAL INSTITUTIONS

The commercial banking system in The Gambia consists of three institutions:

- o Standard Chartered Bank of Gambia Ltd. (SCBG).
- o International Bank for Commerce and Industry (BICI).
- o The Gambia Commercial and Development Bank (GCDB).

These commercial banks are regulated by the Central Bank of The Gambia (CBG). The CBG establishes credit ceilings (currently in consultation with the IMF) on overall loans and on loans to Government interests. The Central Bank also sets the minimum interest rates to be paid on savings and establishes the reserve requirements on demand deposits (24%) and on savings and time deposits (8%).

Commercial bank deposits as of September 1987 are shown in Table 6 together with the value of treasury bills outstanding, by public and private sectors. Commercial bank loans and advances by economic sector, as of September 1987, are shown in Table 7.

TABLE 6

**BANK DEPOSITS
SEPTEMBER 1987
(D000'S)**

DEMAND	
Private Sector	83,518
Public Sector	9,423
Total	92,941

SAVINGS	
Private Sector	67,542
Public Sector	---

TIME	
Private Sector	37,483
Public Sector	40,878
Total	78,361

TREASURY BILLS OUTSTANDING

Private Sector	50,578
Public Sector	19,422

Source: The Central Bank of The Gambia

TABLE 7

COMMERCIAL BANKS LOAN/ADVANCES BY ECONOMIC SECTOR
SEPTEMBER 1987 (D'000s)

		<u>Total</u>
1.	AGRICULTURE	32,173
	Production	10,314
	Processing	2,907
	Marketing	18,952
2.	FISHING	17,236
3.	MINING & QUARRYING	724
4.	BUILDING & CONSTRUCTION	26,727
	Companies & Corporations	19,625
	Individuals & Partnerships	7,102
5.	DISTRIBUTIVE TRADES	53,281
	Companies & Corporations	15,781
	Individuals & Partnerships	37,500
6.	TRANSPORTATION	12,404
	Companies & Corporations	9,553
	Individuals & Partnerships	2,851
7.	TOURISM	16,765
	Premises	13,501
	Capital Equipment	553
	Working Capital	2,771
8.	PERSONAL LOANS	29,089
9.	OTHERS	<u>25,523</u>
GRAND TOTAL		<u>213,922</u>
A.	PUBLIC SECTOR	35,336
B.	PRIVATE SECTOR	178,586

A. STANDARD CHARTERED BANK OF THE GAMBIA LIMITED (SCBG)

SCBG has conducted commercial banking in The Gambia since 1906 when The Gambia was a British Colony. It is part of the Standard Chartered Bank Group headquartered in London. Its main office is in Banjul and it has a small branch in Basse. SCBG accounts for about 30% of the commercial banking assets in The Gambia.

Its previous manager, Mr. Michael Inman, has just retired and is being replaced by Mr. E.G. Bell. The bank currently makes no development loans and only makes term loans backed by mortgages. It otherwise restricts its loan activities to short-term, well-secured working capital loans and to letters of credit for trade transactions.

Short-term loan demand has not been strong in recent years because of the high interest rates (25-28% P.A.). As a result, SCBG has over D15 million of excess liquidity invested in Gambian Treasury Bills. It has a significant number of non-performing term loans (30%) that go back to a previous bank administration, made apparently for political reasons. Generally, the Bank indicated having no interest in making medium or high risk loans since it makes a high return on low risk loans. It is one of the most profitable Standard Charter branches.

B. INTERNATIONAL BANK OF COMMERCE AND INDUSTRY (BICI)

BICI opened in Banjul in 1968 as a branch operation of BICI in Dakar, Senegal. Its parent is the National Bank of Paris. It operates two sub-branches in Serrakunda and Bakau. It accounts for about 12% of the local banking assets.

The bank has been managed for five years by Mr. David Able-Thomas. All major loans must be referred to the Dakar Office for approval, creating delays and making the bank seem less responsive to the needs of the Gambian economy. In fact it is, as the Dakar office has disapproved secured loans designated for re-export financing as inappropriate for the bank's interest.

BICI makes short-term loans to finance trade transactions and generally limits its term loans to home and building loans for periods up to 10 years at prevailing interest rates (25-28%). It also makes commercial loans to French companies operating in The Gambia (i.e., CFAO, Novatel, Maurel & Prom), mostly for working capital but occasionally it does approve a medium term loan (3-5 years). It supplies letters of credit and does a variety of fully-secured, short-term, personal and trade loans. BICI, like SCBG, appears to be risk adverse in its current banking practices.

C. GAMBIA COMMERCIAL AND DEVELOPMENT BANK (GCDB)

GCDB, the largest commercial bank in The Gambia, is 100% government owned. It was created by an Act of Parliament in 1972 and operates 2 branches outside Banjul in Farafenni and Basse. It accounts for about 58% of the commercial banking assets.

A major portion of GCDB's current loan activity is in secured lines of credit for merchandise, usually limited to a 12 months term and a maximum of D30,000. The GCDB does not have excess liquidity because it has limited savings/deposit accounts to meet its heavy loan demand.

GCDB stopped making development loans three years ago after experiencing a large number of defaults. The bank continues to be active in making short term, secured commercial loans to the hotel/tourism sector, agriculture, fishing, transportation and distribution firms. The GCDB has operated at a loss since 1982. In cooperation with the World Bank, a consulting

organization working with Citibank NA is conducting a study of the bank's management structure and operations. When their study recommendations have been reviewed, the World Bank is anticipating that the Government will agree to a new credit program. World Bank funding would again make development capital available to small and medium-sized businesses in The Gambia, administered by reorganized GCDB. The loan agreement is currently under consideration by the Gambian Government.

PART III
PRIVATE SECTOR STRATEGIES FOR USAID MISSION

1. PRESENT USAID MISSION PROGRAMS AND ACTIVITIES

USAID/Banjul is concentrating its resources and activities in The Gambia on agriculture and natural resources development to assist in attaining sustainable, market-oriented economic growth.

The Mission participates in a dialogue with the Government to improve the economic and institutional environment for agricultural development. It provides policy studies and technical assistance in support of a freer economy that will help to stimulate agricultural growth. Limited USAID resources are also devoted to broad private sector development activities, including privatization, investment promotion and training.

The Mission's program consists of two major components:

- o Direct project assistance to the agricultural sector through The Gambia Agricultural Research and Development Project (GARD), the Soil and Water Management Project (S&WM) and the Oilseeds (sesame) Promotion-PVO Project.
- o Policy reform to stimulate the economy is administered through three projects.
 - Economic and Financial Policy Analyses (EFPA)
 - The Gambian African Economic Policy Reform Program (AEPRP)
 - PL480 Title II Section 206 to promote policy reform in agricultural marketing

The first major component of the Mission's assistance devoted to agriculture is the GARD project which provided agricultural technology assistance and institutional development. In its first two years GARD (planned as a 15 to 20-year effort) has tested and demonstrated methods to increase groundnut yields has begun to reestablish cowpeas as a profitable cash crop and has performed valuable research in the area of horticulture. GARD is also funding an Operational Program Grant to promote private sector rice seed production. The major aim of GARD and its greatest potential is in finding and promoting crop and livestock alternatives for Gambian farmers that will be better suited to the Gambian environment and that will yield higher levels of income to farmers.

The Mission has also approved a three-year extension of its natural resource management project (S&WM) that has shown encouraging results in land reclamation and conservation. The three-year extension is intended to institutionalize the conservation and reclamation work of the project. In the process, the project will be expanded to cover the whole country.

The Mission's second major program component covers economic policy reform projects including the following:

- o The EFPA works within the Gambia's Ministry of Finance and Trade to assist in the analysis and formulation of national economic and financial policies. It contributes to the Government's ability to sustain its program of economic reforms and to work constructively with the IMF and the World Bank on structural adjustment programs. It is also designed to contribute to institutional reform and human resource development as well as the continuation of economic reforms.

- o The AEPRP, started in September 1987, is a \$6 million project to encourage reforms in agricultural marketing and credits. The Government has received \$2.0 million to date by ending subsidized credit practices.
- o The three-year PL-480, Title II, Section 206 program, which began 1986 and ends later this year, has enabled the Government to expand agricultural marketing to the private sector while putting the operation of the key parastatal agricultural marketing enterprises on a profitable basis. The program's rice imports have helped close The Gambia's food gap while reducing the budget deficit. Under the program, the Government has withdrawn from the commercial fertilizer business, decontrolled rice prices and opened the commercial rice trade to the private sector.

The Mission has been supporting privatization efforts for several years. Its future plans include increased use of training funds to assist the development of private sector skills. The Mission also plans to continue its efforts to develop linkages between Gambian firms, foreign firms and selected private sector support agencies.

The Mission correctly recognizes that further development of the private sector is an urgent priority for the continued growth of The Gambian economy. The purpose of the present study has been to provide the Mission with a recommended private sector strategy that can have a positive impact on the economy, recognizing that the Mission has only limited resources available to support the strategy.

2. RECOMMENDED STRATEGY OPTIONS

Five strategy options for private sector enterprise development are identified below for consideration by The Gambia USAID Mission.

The Mission will have to determine how far its resources will go in implementing the activities implicit in the recommended strategies. Priorities will no doubt have to be established and a general philosophy adopted relative to providing some modest assistance for all of the strategies presented or for the selection of certain activities felt to be more important or attainable.

A. STRATEGY OPTION ONE

Support the simultaneous, integrated development of primary and subsidiary industries in private sector agribusiness.

Enterprises processing primary products produce by-products that provide inputs for secondary production process enterprises which must be simultaneously developed. By-products from secondary processes may also provide opportunities for tertiary enterprise development. For example, mangos grown in The Gambia are sorted, graded, packed and exported to European markets. In this process, the imperfect fruit are removed to guarantee the highest possible quality of export product. These imperfect fruit provide a basic input for canning and juicing operations. In turn, these operations produce a by-product that can be used as a forage input for livestock feeding. Depending upon the specie of livestock fed, meat, milk, eggs, hides, skins, etc., are forthcoming. These products may be sold for direct consumption or provide inputs into cheese making, bakery products, tanneries, etc.

This type of production system not only provides maximum returns for each individual enterprise, but simultaneously provides entrepreneurial opportunities for the productive use of different levels of capital, management and technical skills. The creation of employment is maximized and economic growth occurs, further stimulating the economic system.

One of the keys to the success of individual enterprises is the selection of the most efficient technology for the quantities of inputs available to produce the anticipated output. In The Gambia, this will mean small scale technology in most cases. This is a definite plus as domestic development capital and experienced management is scarce. Efficient small scale technology may also encourage private sector development in The Gambia's more remote areas with low levels of effective demand and permit a wider range of small businesses to develop.

B. STRATEGY OPTION TWO

Facilitate Private Sector Development With Qualified Assistance.

The multiplicity of private sector opportunities in The Gambia; the complex nature of identifying viable enterprises and associated technologies; the difficulty of isolating domestic and/or export markets and dependable buyers; the timely matching of interested venture capitalists/domestic investors with appropriate investment opportunities; the simultaneous development of complementary activities such as the development of tourism from the United States to provide air cargo space for perishable tropical product export to United States markets, etc.; provides a challenge incapable of being adequately met with the resources available to the USAID Mission in The Gambia. Thus a strategy of retaining the services of an internationally experienced management/venture capital firm to provide the leadership in carrying out these complex tasks is recommended. This firm's efforts would be supported with technical and financial backup from USAID's private sector development programs, full support of OPIC and Trade and Development's programs, and expertise solicited from IESC, CORE and other management and marketing groups as needed. Within The Gambia, close contact and liaison would be established with the NIB, appropriate Ministries, the finance community, the Chamber of Commerce and Industry, The Gambia Association of Entrepreneurs, The Gambia Women's Bank and others who could provide support in the implementation of private sector development strategy.

C. STRATEGY OPTION THREE

Support Training of Skills For The Private Sector.

It is recognized that the wide range of technical and entrepreneurial skills required to accomplish this strategy is not currently available in The Gambia. Thus a parallel effort must be supported to teach these skills to qualified Gambians in the private sector. Maximum support should be given to those existing training programs of the NIB, MDI, IBAS, GTTI, COTU and others that have proven to be effective. As the private sector develops, specific technical, managerial, financial management and accounting needs will surface. A vehicle for generating an immediate response should be in place for providing the needed training. This will ensure that the development momentum is not slowed.

While the mission may not have the resources to undertake major, long term efforts, they may find it feasible to sponsor advanced business management, accounting, and marketing training through The Gambian Chamber of Commerce and Industry, the Association of Gambian Entrepreneurs, The

Gambia Women's Development Bank or similar institutions. Expatriate expertise may be necessary in the initial stages to provide the training, but it would be expected that trained Gambians would eventually take over.

D. STRATEGY OPTION FOUR

Support the Creation of a Source of Development Financing for Gambian Entrepreneurs.

The virtual absence of medium to long-term financing for development of the private sector is a major stumbling block. A source of development financing available at internationally competitive interest rates for funding those projects backed by competent management and demonstrating an expected cash flow sufficient to repay the loan, must be created. The required inputs, source of management and technical skills, and output markets must be identified in the project proposal. Loans for financing unsound projects will not be granted in order to maintain the credibility of the lending system and the integrity of the lending institution. An effective informational, educational and promotional program aimed at venture capitalists and other relevant groups in the United States extolling the private sector opportunities in The Gambia might encourage their entry. The creation of a private sector development bank involving U.S. as well as Gambian financial interests, and partially funded with USAID private sector development funds, would be ideal. The simultaneous development of tourism in The Gambia and the opening of U.S. markets to tropical fruits, vegetable, fish, shrimp and handicrafts, would be stimulated by the presence of an American financial institution.

Assisting the NIB's current effort to update its Investor's Guide to The Gambia would appear to be a worthy project. This effort could be further enhanced by the preparation of a "slick cover" color brochure depicting the many attractive aspects of The Gambia unknown to those who have never visited the country. Highlighting the general openness of the economy, the traditional tolerance of the population, the recent explicit actions of the Government supporting its expressed philosophy of encouraging private sector development, and the many attractive investment opportunities that are present, would alert venture capitalists and other interested entrepreneurs to The Gambia's potential.

E. STRATEGY OPTION FIVE

Supporting the Ongoing Privatization Process.

The divestiture of State Owned Enterprises is essential for private sector development to succeed. It is impossible for private enterprises to compete effectively with subsidized, State Owned Enterprises with, essentially, monopolistic power. Such firms usually are not required to cover their costs and can "change the rules of the game" at will. USAID must continue to use its influence to encourage the GOTG to divest its interests in its remaining parastatals. The fuller utilization of the Central Workshop, now under the jurisdiction of the Ministry of Works and Communications, is of particular interest since it was constructed and equipped with USAID funds. Access by the private sector to the training and the repair and maintenance equipment and facilities should be encouraged.

This process of divestiture might be facilitated by formalizing the identification, registration and transfer of shares in firms operating in The Gambia. This is now being done by the NIB but these functions should be shifted into the private sector. Further, the NIB is in need of specialized help in valuing, packaging and marketing the shares of the companies being privatized. Providing the needed technical expertise might shorten the time frame for accomplishing divestiture and thus contribute to the successful implementation of the private sector development strategy.

3. SELECTED PRIVATE SECTOR OPPORTUNITIES

Several specific opportunities for private enterprise development appear to be deserving of further consideration. Feasibility analyses may determine that the potential of some are much greater than others. Technical considerations may surface upon further study that make some impractical or give them a comparative advantage. These include:

The production of vegetables and tropical fruits for supplying The Gambia's growing tourist trade and for export, especially to European markets. Irrigation would probably be required together with technical production expertise, fertilizers, pesticides and farming tools, equipment and machinery.

The development of businesses to service the increased production indicated above. Supplying farm inputs such as seeds, fertilizer, pesticides and fuel, as well as irrigation pumps and equipment, small and large tillers and tractors, hand tools, etc., and repair and maintenance services, will provide the opportunity for large and small enterprises. Financing this production provides another opportunity.

The development of firms to provide custom farming services and/or for the leasing of machinery and equipment for farming, transportation, construction, etc. The absence of access to development capital by most "would be" private sector entrepreneurs creates this opportunity.

The provision of marketing services and facilities such as transportation, assembly, cooling, grading, packaging and selling local produce to the domestic tourist hotels as well as the same functions together with others for supplying export markets, can generate numerous niches for successful private enterprises. Providing the marketing services for contract farming and women's collectives may offer a particular opportunity. Expanding the services to the provision of seeds and seedlings, would permit control of the species, varieties, quantities produced and the timing of the market supplies. Supplying the appropriate fertilizers, as determined by soil testing, necessary pesticides as well as financing boreholes, pumps and irrigation equipment would reduce the risk on the supply side and enhance product quality and availability. A modest program of variety and fertilizer testing might also pay large dividends.

The creation of a central wholesale fruit and vegetable market with cooling facilities where hotel buyers could obtain their needed supplies on a daily basis and where farmers with good quality produce would be guaranteed a chance to sell their production, would greatly enhance the chance of success of the farming operations.

The processing of local fruits into juice, soft drinks, jams, jellies, preserves, candies, etc. Targeting these for sale through specialty outlets such as "natural food" stores in the European and U.S. markets would enhance their profitability.

The manufacture of packaging materials, boxes, containers, bottles, etc., for marketing and shipping the commodities produced above. At the present time, all such items must be imported at a relatively high cost and may not be ideally suited to meet domestic needs.

The participation of private sector traders in the marketing and processing of rice and other coarse grains including sesame. With the removal of the Government monopoly in some of these areas, opportunities for private sector involvement have opened up.

The identification and exploitation of markets for specialty sesame seed and oil. The rapid expansion in production has provided a supply that could be used to satisfy markets for such products. The production of milk, eggs and broilers for the domestic market, especially the tourist hotels. These operations should be carefully studied for their technical and financial feasibility utilizing the by-

products of groundnut processing, cotton ginning, milling, food processing and other by-product feedstuffs. The domestic demand is currently being supplied via imports.

The improvement of animal agriculture including cattle, sheep and goats. Initiating animal health and nutrition services, improved breeding and grazing practices and modern marketing and processing facilities offers investment opportunities for the resultant increase in offtake. There appears to be unsatisfied domestic and export demand for meat.

The manufacture of a pelleted shrimp feed, poultry feed, dairy feed, etc., utilizing the by-products from fish and shrimp processing, livestock slaughter, as well as groundnut and coarse grain processing. Pelleted shrimp feed currently is being imported.

The development of aquacultural enterprises including the production of shrimp, various types of fish, and aquatic food plants. There is an abundance of suitable land and water resources in The Garabia river estuary from the ocean upriver for at least 100 kilometers. The European market for Gambian shrimp has so far proven to be insatiable. As overfishing reduces the native ocean and river shrimp supply, aquaculture will become more attractive as a way of supplying markets that are already developed.

The involvement of the private sector in the expansion of docking facilities for ocean trawlers and other vessels as well as onshore fish processing. These facilities would support the expansion of the domestic trawler fleet and would lead to the generation of additional foreign exchange.

The development of tourism services other than hotels. Much of the value added and foreign exchange potential associated with The Gambia's tourist industry is being siphoned off by European travel service firms. The opportunity to initiate packaged tours, charter flights, and other tourist services is not being exploited domestically in The Gambia. Further, businesses designed to provide materials and services needed by the tourist hotels are largely nonexistent. Opportunities to introduce high quality restaurants, entertainment centers showcasing traditional music and dance, sponsored tours, casinos, discos, handicraft shops, ocean sports fishing, etc., outside of the tourist hotel complexes, have not been developed.

The manufacture of bottled water desired by many tourists and locals alike. The volume demanded should make this a viable enterprise. Supplies are currently imported.

The provision of business and financial management services, legal services, and bookkeeping and accounting services for the private sector. As the private sector develops, the demand for these services will rapidly expand.

The development of a tannery to utilize the hides and skins presently being exported in the raw form. This enterprise would not only create value added for an existing commodity but would also provide the input for a leather manufacturing industry. Shoes, gloves, handbags, equestrian equipment, belts, billfolds, etc., could be produced by local artisans.

The support of miscellaneous manufacturing and assemble activities including textiles, candles, matches, electronic gear, bicycles, toys, tools, etc.

It is recognized that many of these suggested activities will face competition from "the outside". However, The Gambia still has a relatively low cost, surplus labor supply. It must also be recognized that as new private sector enterprises are initiated, additional economic activity and purchasing power is generated. This will eventually lead to a sufficient volume of activity to create the "critical mass" required for other business enterprises. As the training strategy proceeds, the quantity and quality of management, supervisory, technical and skilled labor available will also increase, permitting the initiation of activities previously precluded for lack of personnel with the proper qualifications. The key is to "get the ball rolling" initially. The private sector enterprise development strategy recommended will accomplish this end.

LIST OF FIRMS AND INDIVIDUALS INTERVIEWED DURING THE STUDY

NATIONAL INVESTMENT BOARD

Abdou Janha, Chief Executive
A.M. Touray, Deputy Chief Executive Financial Controller
Alhaji A. Njie, Development Manager
M.C.M. Shibly, Export Marketing Advisor

PRESIDENT'S OFFICE

Ronald Jones, Advisor

MINISTRY LOCAL GOVERNMENT AND LANDS

B. Aliau Jack, Permanent Secretary

MINISTRY ECONOMIC PLANNING AND INDUSTRIAL DEVELOPMENT

Aldou R. Cole, Economist

INDIGENOUS BUSINESS ADVISORY SERVICE

John Z. Silva, Manager

MINISTRY OF WORKS AND COMMUNICATIONS

Department of Technical Services
S.A. Barrow, Director Central Workshops

MINISTRY OF FINANCE AND TRADE

Malcolm F. McPherson, Economist

STANDARD CHARTER BANK GAMBIA, LTD.

M. Inman, Managing Director
B.C. Bell, Managing Director-Designate

BANK INTERNATIONAL OF COMMERCE AND INDUSTRY

David Able-Thomas, Manager

GAMBIA COMMERCIAL AND DEVELOPMENT BANK

Budou Fye, Development Manager

UNITED NATIONS DEVELOPMENT PROGRAM

F. Tamdajang, Private Sector Program Officer

THE WORLD BANK

Philip Adotay

GAMBIA CHAMBER OF COMMERCE AND INDUSTRY

Pierre Njie, Chief Executive

ASSOCIATION OF GAMBIAN ENTREPRENEURS
Amira G. Jagne, President

MANAGEMENT DEVELOPMENT INSTITUTE
Dr. James Nti, Chief Technical Advisor
Ebrima M. Mbowe, Financial Management Trainer

PANNELL KERR FORSTER CPA
Peter Smith, President Partner

AMDALAYE TRADING ENTERPRISES, LTD.
Alaji M. H. Kebbeh, Managing Director

NATIONAL TRADING COMPANY - GAMBIA
Aliou Mboge, Managing Director

NATIONAL PARTNERSHIP ENTERPRISES, LTD.
O.B. Conatech, Managing Director

GAMBIA MARINE PRODUCERS, LTD.
Fansu Nyassy, Economic Manager
Baboucar M. Njie, Chief Accountant

SCAN-GAMBIA SHRIMP LTD.
Manik Santiapillai, General Manager

LYEFISH COMPANY, LTD.
A.M. Njie, Managing Director
Chairman Lu-lye Fishing Co., Ltd. (Joint-Venture)

INDUSTRIAL LAND TRADING CO.
Alhaji A.M. Wadda, Managing Director

ALHAJI SANKUNG SILLAH & SONS ENTERPRISES
Alhaji Sankung Sillah, Managing Director
Geegi Pattery, Soap Plant Manager

BANJUL BREWERIES LTD.
Knud Henrik Tange, General Manager

NANNING - BENJIE MANUFACTURING INDUSTRY, LTD.
Ismail Oussou Njie, Chairman

AFRO HONGKONG INDUSTRIAL CO. (GAMBIA) LTD.
Cheng Wing Chor, General Manager

SHYBEN A. MADI & SONS, LTD.
George S. Madi, Chairman, Managing Director

S. MADI (GAMBIA) LTD.
Hon. A.B. Dandeh-Njie M.P., Managing Director

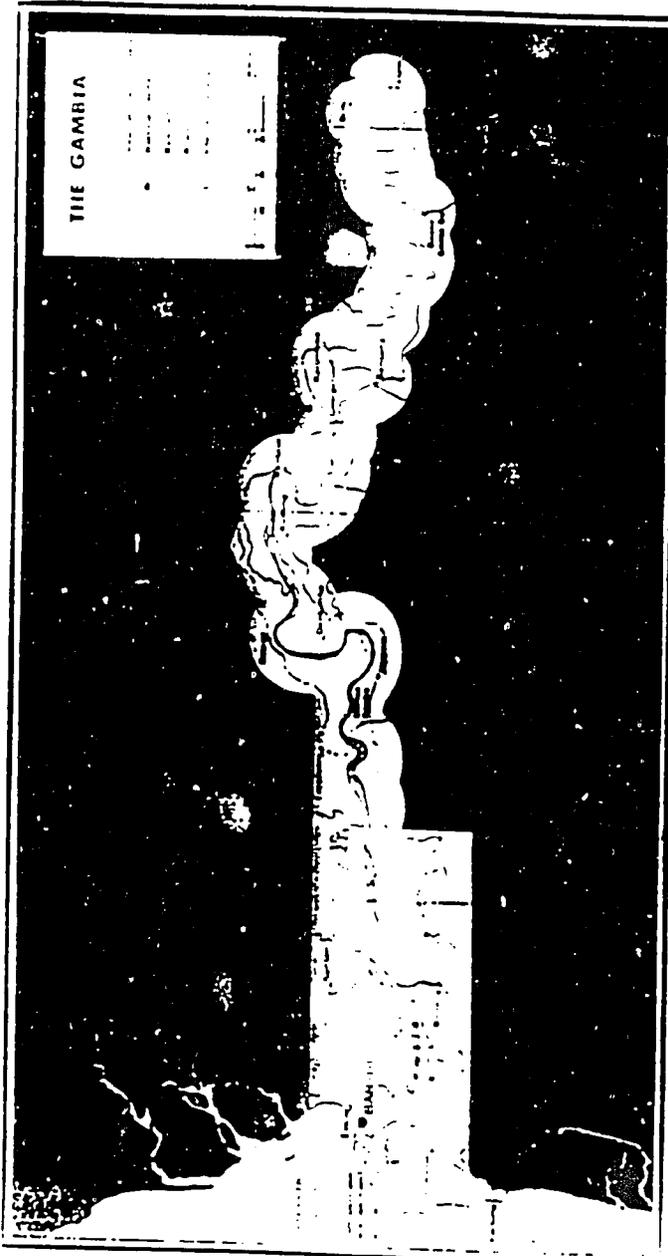
NACHIF CONFECTIONERY CO., LTD.
NEW TYPE PRESS
Sayed Moukhtara, Managing Director

SMADI LTD.
A.B. Dawdelt Njie, Managing Director

ABBREVIATIONS

AE	Artisanal Enterprises
BICI	International Bank of Commerce and Industry
CBG	Central Bank of the Gambia
EEC	European Economic Community
ERP	Economic Recovery Program
GCDB	Gambia Commercial and Development Bank
GDP	Gross Domestic Product
GPMB	Gambia Produce Marketing Board
GTTI	Gambia Technical Training Institute
IBAS	Indigenous Business Advisory Service
IMF	International Monetary Fund
MDI	Management Development Institute
MEPID	Ministry of Economic Planning and Industrial Development
NIB	National Investment Board
SCBG	Standard Chartered Bank Gambia, Ltd.
SME	Small and Medium Scale Enterprises
SSE	Small Scale Enterprises
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
USAID	United States Agency for International Development

MAP OF THE GAMBIA



Source: U.S. Department of State
The Gambian Source Book 1984

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GAMBIAN IMPORTS AND EXPORTS

July 1986 - June 1987
VALUES IN D'000

IMPORTS

FOOD AND
LIVE ANIMALS

Meat products	9232
Milk products	20987
Rice	83407
Flour	18383
Tomato juice & paste	17800
Refined sugar	63262
Tea	16615
Other	<u>24332</u>

SUB-TOTAL 254018

BEVERAGES AND
TOBACCO

Non-alcoholic beverages (soft drinks, etc.)	3008
Wine	2586
Alcoholic beverages	1663
Unmanufactured tobacco	7556
Cigars, cigarettes and other	5612
Other	<u>799</u>

SUB-TOTAL 21224

CRUDE MATERIALS

Old clothing	4270
Kola nuts and bitter cola	3904
Other	<u>1104</u>

SUB-TOTAL 9278

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IMPORTS
(Continued)

FUELS, LUBRICANTS
AND RELATED MATERIALS

Premium motor	14757
Kerosene	22421
Gas oil	34386
Lubricating oil, etc.	6528
Other	<u>1199</u>
SUB-TOTAL	79291

ANIMALS AND
VEGETABLE OIL AND FATS

SUB-TOTAL	13756
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CHEMICALS

Acids	3778
Chemical elements	3119
Paints	5177
Medical & pharmaceutical	9442
Washing blue	2127
Toilet soap and body creams	6031
Super phosphate and other fertilizers	11488
Insect., fungicides & other insect poisons	31161
Other	<u>16813</u>
SUB-TOTAL	89136

MANUFACTURED GOODS

Tires	7173
Paper products	8442
Cotton woven fabrics	52239
Man made fiber fabrics	9721
Bags, jute sacks & textiles	7765
Blankets, towels & linens	9592
Cement	14065
Other construction materials	19082
Metal corrugated sheets	10447
Other	<u>50216</u>
SUB-TOTAL	188742

IMPORTS
(Continued)

MACHINERY AND
TRANSPORT EQUIPMENT

Engines	3879
Tractors and parts	5342
Office machines	4749
Industrial machineries	16027
Electrical power machineries	9648
Broadcast sets	4247
Domestic appliances	4080
Cars	36690
Buses and trucks	8651
Automotive parts	19852
Other	<u>46805</u>

SUB-TOTAL 159995

MISCELLANEOUS
MANUFACTURED ARTICLES

Garments of all kinds	6742
Rubber and plastic footwear	5546
Other footwear	4185
Matches	7540
Furniture (wooden and metal)	2617
Printed matter and books	4474
Candies	3927
Others	<u>18857</u>

SUB-TOTAL 53888

OTHER NOT CLASSIFIED

Total 6110

TOTAL IMPORTS 875438

EXPORTS

JULY 1986 - JUNE 1987
VALUES IN D'000

Groundnut products	26,478
Fish and shrimps	13,814
Vegetables & fruits	532
Lime, lime juice and oil	52
Soft drinks and beer	1,273
Live cattle	458
Wet blue hides	<u>1,815</u>
TOTAL DOMESTIC FOB VALUE	44,422
RE-EXPORTS	472,795
TOTAL EXPORTS	<u>517,217</u>

Source: The Government of the Gambie.

THE DEVELOPMENT ACT 1988 QUESTIONNAIRE

1. Name and address of person making application.
2. Name and address of agent in The Gambia.
3. Name and registered address of local Company.
4. Products to be produced or activities to be carried out.
5. Capital works to be undertaken.
6. Working capital to be employed initially.
7. Employment:
 - * Management and clerical.
 - * Number of Gambians to be employed.
8. Non-Gambian employment: State description, number and country of origin of any non-Gambian staff for whom residential permits are sought:
9. Finance: Provide with bank and other references the particulars of the applicant and his associates to enable the Minister to be satisfied that the undertaking will be adequately financed.
10. Trained personnel and technical information to which applicant has access.
11. Raw materials: Nature and source of raw materials to be used:
12. Annual production capacity of the capital works listed by type of market and value.
13. Location of proposed factory and arrangements made for occupation of site and buildings.
14. Proposed "construction date".
15. Proposed "production date".
16. Tax holiday period desired.
17. Custom reliefs sought in respect of raw or semi-processed materials.
18. Any other requests or documents.

I declare that, to the best of my knowledge and belief, all the particulars entered above are correct.

INVESTMENT SCHEDULE

1. Machinery (a complete list by item with cost)
2. Other investments by item with cost
 - Installation of machinery
 - Land improvement
 - a. Buildings
 - Factory
 - Offices
 - Storage
 - Others
 - b. Other infrastructure (e.g. roads to factory site, etc.)
 - Office equipment
 - Motor vehicles (where applicable)
 - Working capital (i.e., before goods are sold and revenue earned)
 - a. Wages and salaries (one month)
 - b. Production materials (one month)
 - c. Work in progress (1/2 month)
 - d. Parts and supplies for repairs
 - e. Accounts receivable
 - f. Electricity (one month)
 - g. Water (one month)
 - Contingency (10%)

TOTAL INVESTMENT (i.e. A + B)

3. Annual opportunity expenses
 - Raw materials (quantity and price)
 - Wages and salaries (direct)
 - a. Unskilled workers
 - b. Skilled
 - c. Supervisors
 - Electricity
 - Water
 - Oil and lubricants
 - Maintenance and repair
 - Transportation
 - Insurance
 - Administration & general expenses
 - Depreciation
 - Contingency
 - Interest + capital amortization

TOTAL ANNUAL OPERATING EXPENSES

4. Estimated annual revenue
 - Products, showing units to be sold, unit price and expected revenue.
5. Capacity of plant
 - Number of units to be produced in a day (eight hours).
 - What is the estimated life of the equipment.
6. Employment
 - Type (unskilled, skilled, supervisors, managers), number, nationality and expected cost.
7. Proposed Financing Plan
 - Source of funds (i.e. Loan Bank, Own Funds, and other capital), interest, cost, and other terms and conditions.

APPLICANT REQUIREMENTS
FOR IBAS ASSISTANCE

I. INDIVIDUAL

OFFICE:

1. Name/Age
2. Place of Birth
3. Address
4. Marital Status/Children
5. Legal Documents
6. Education
7. Technical Skills
8. Present Occupation
9. Previous Activities
10. Nature of New Business
11. Reason for Starting

DATE:

ADVISER:

II. MARKET

12. Product/Service
13. Prices
14. Bargaining
15. Cost/Pricing Relationship
16. Market Study
17. Demand Assessment
18. Fluctuation in Demand
19. Customers - Sectoral, Geographical
20. Commitment of Customers
21. Market Capture Strategy
22. Location
23. Market Suitability of Location
24. Market Structure/Competition

III. FINANCE

25. Experience in record keeping
26. Banking Experience
27. Bank Acct. # _____ and present balance _____

To be completed upon information verification

IV. MORAL QUALITIES

V. OFFICER COMMENTS:

Application Approved/Rejected: _____

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