

THE GAMBIA

Stable DEMOCRACY



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THE GAMBIA



The English-speaking gateway to West Africa provides a model of stability for the region

LOCATED ON THE West Coast of Africa, The Gambia is geographically the continent's smallest mainland country, stretching less than 30 miles across at its widest point.

However, its position along the River Gambia from which it takes its name has always given the country a strategic and trading advantage, and since gaining independence from the UK in 1965 the country has developed into a multi-ethnic society with a high level of racial and religious tolerance.

Though 90% of its population of 1.7 million people are Muslim, the country has not come close to suffering the unrest which has recently afflicted many of its neighbours to the north. In many ways, The Gambia has been a model of stability for the region. Since 1965 it has been ruled democratically, save for a largely bloodless coup in 1994 that instituted a brief period of military rule. A presidential election was held in 1996, giving Yahya Jammeh a democratic mandate as the country's leader.

The Gambia has made progress in economic management since the economic crises of previous decades. However, despite the gains made, per capita income has barely increased during this period (largely as a result of rapid demographic growth), and The Gambia still lagged behind high and middle-income countries in terms of social indices. Against this backdrop Vision 2020 was launched in 1996, and in 2000 The Gambia adopted the UN Millennium Declaration.

President Yahya Jammeh is committed to transforming The Gambia into a trading, export-oriented agricultural and manufacturing nation, thriving on free-market policies and a vibrant private sector, sustained by a well-educated, skilled, healthy, self-reliant and enterprising population.

To date, The Gambia is on track to providing universal access to primary education and basic sanitation to the public, in addition to supplying the private sector with the benefits of the new technologies.

STRONG BANKING

Amadou Colley, Governor of the Central Bank of The Gambia (CBG), recently announced resounding performances in the banking sector, which he said remains fundamentally solid, with key financial soundness indicators showing the average capital adequacy ratio at 49 per cent in March 2011, compared with 46.3 per cent in December last year, well over and above the minimum requirement of 8 per cent. "All the banks have met the requirement," he said.



"We want to transform The Gambia into a trading, export-oriented agricultural and manufacturing nation, thriving on free-market policies and a vibrant private sector."

YAHYA JAMMEH,
President of The Gambia

The banking sector continued to expand as a whole, driven mainly by foreign direct investments (FDI) and intensified competition among banks, as new institutions enter the industry. Despite fully liberalised capital-account transactions, the banking

sector was relatively isolated from the direct impact of the financial crisis, largely because there was no stock market and the banks were highly capitalised.

The Gambia has run substantial trade and current-account deficits financed large-

ly by official grants and public outstanding debts. One of the challenges facing the government is to contain unpaid sums to a sustainable level. In particular, managing the high-cost domestic public debts, amounting to 24.4 per cent of GDP in 2009, will be crucial to the economy's sustainability.

However, with growth in the past three years averaging 6.3 per cent, The Gambia ranks among the high-growth economies in Western Africa. The government has maintained macroeconomic stability amidst the global financial crisis with an expansionary tax policy, a flexible monetary policy, and financial and technical support from development partners. Prices have stabilised to a low level since the second half of 2008 having undergone relatively high inflation.

The country has benefited from public sector reforms that include the institution of the Integrated Financial Management Information System (IFMIS) for improving the transparency of public finance, and the Gambia Revenue Authority (GRA), aimed at enhancing the tax-collection system. The compliance rate of tax payers has increased since the introduction of the GRA. This improved effectiveness of tax collection led to a substantial increase in domestic and international trade tax revenue.

BACK TO THE LAND

CBG governor Colley also announced overall growth of 5 per cent last year, largely due to the strength of the agricultural sector. Buoyed by the President's "Back to Agriculture" call, farming development has become a priority in the policy agenda. Given high poverty rates and the prevalence of undernourishment in rural areas, increasing agricultural productivity is an urgent issue to be addressed. As agriculture requires relatively small initial investments compared with services and manufacturing, increasing productivity seems feasible, assuming infrastructural improvements are provided by the government and private donors. In fact, introduction of new-variety seeds and new methods of cultivation contributed to increased production of high-value rice in 2009. The application of these agricultural innovations on a wider scale is expected to help the country achieve food self-sufficiency in the years to come.

Governor Colley said strong performances in agriculture and telecoms are expected to offset the continued weakness in tourism, while exports in groundnuts are projected to be strong, boosted by good harvests, and higher prices.

PROJECT TEAM

Carlota Pico & Christophe Laurent
(Photography by Carlota Pico)



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Strong signals for mobile phones

Tough competition and improving infrastructure suggest a bright future for mobile communications in The Gambia

MOBILE COMMUNICATIONS is one of the fastest-growing industries in The Gambia, where four GSM mobile operators – Gamcel, Africell, Comium and QCell – battle it out for market share.

Gamcel is owned by Gamtel, the state telecommunications operator which is the sole provider of fixed-line services, also providing internet access. However, in terms of mobile services, Africell is now the market leader by far, with two in every three mobile users, and claims to have been the first brand name in The Gambia.

Comium offers mobile, fixed-line and mobile internet services and is second in market share behind Africell, with arguably the widest coverage and the best quality network in the country. QCell joined the market in 2009 and until recently offered the only 3G network in The Gambia.

The communications regulator – Public Utilities Regulatory Authority (PURA) – has managed to reduce calling costs both for fixed lines and mobiles. It has forced operators to work together and change the previous situation whereby it was prohibitively expensive for mobile users to call people on other networks. In June, the laying of a new international submarine cable between South Africa and France was announced. The cable will pass through The Gambia, and should bring down the cost of internet access from The Gambia. According to Gamtel, it is expected to be operational as of 2012. The Gambia has

a relatively well-developed national backbone network, but fixed-line penetration has remained low at around 3 per cent, which in turn has hindered internet usage.

The introduction of wireless systems is beginning to accelerate developments in both of these market sectors. The arrival of alternative submarine fibre-optic cable systems in the West African region in 2008/09 dramatically improved the cost of international bandwidth. The recent signing of the construction and maintenance agreement of the Africa Coast to Europe (ACE) with Gamtel is also a welcome development which will further enhance the company's reputation.

The ACE project, which is expected to be completed in July 2012, aims to increase the country's international bandwidth and improve broadband connectivity, using highly advanced technology which includes the most sophisticated submarine cable available.

Jamal Miknas, managing director of Gamtel, explains in more detail why The Gambia was chosen for this project.

"The Gambia is very lucky because it is not landlocked, and ACE looked at countries that are very stable and tried to put



Gambia's communications regulator - Public Utilities Regulatory Authority (PURA) - has managed to reduce calling costs, and encourage competition

erators and one fixed network, so the market is really saturated. In a population of 1.7 million, taking the overall GDP, you find out that telecommunications, electricity and water all mean purchasing power, which is then added to the GDP and income per capita. Now the operators have to really beat their competitors in order to get more subscribers coming to their networks. They are really fighting hard to maintain their original customers."

Despite the toughness of this competition, senior manager public and international affairs Alex Da Costa is confident the business is viable.

"If you look at the pattern of behaviour in Africa, as opposed to many other countries, and certainly in The Gambia, people love to talk on the phone. People spend money, so therefore these companies must be making money. Otherwise they would not be here."

Meanwhile PURA's former acting general director, Maleh Saine, explains the regulator's role. "We have multiple op-



INVEST... EXPLORE... PRODUCE AND PROSPER

The Gambia lies within the petroliferous sedimentary basin (the MSGBC Basin), with huge petroleum potentials. Petroleum exploration activities in the past have indicated good petroleum systems in both offshore and onshore areas that are worth exploiting. The Ministry of Petroleum of The Gambia has indicated the availability of 4 offshore blocks and a large onshore block for direct negotiation with any oil company.

The Gambia has very clearly-defined and transparent petroleum legislation, a flexible negotiation process and competitive incentives for investment in the petroleum sector. The Ministry of Petroleum and the Gambia National Petroleum Company serves as a one-stop-shop for investors in entering the petroleum sector. International oil companies, whatever size they are, are welcome to contact the Ministry of Petroleum for petroleum investment in The Gambia.



Ministry of Petroleum
www.mop.gov.gm



Gambia National Petroleum Company

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Public Utilities Regulatory Authority
PURA Equity in development
www.pura.gm pura@pura.gm

Bringing power to the people

Ensuring dependable supplies of electricity and water will fuel the nation's development

ONE OF THE fundamental determinants affecting a country's socio-economic growth is the availability of a reliable, uninterrupted energy supply. In The Gambia, fuelwood (firewood and charcoal) is the dominant energy resource, particularly in the domestic sector and rural areas, accounting for more than 80 per cent of the total energy consumed, followed by petroleum products, which account for around 17 per cent of the country's total primary energy needs, and electricity. However, the government is keen to widen access to the national grid, explore potential offshore oil and gas reserves, and encourage greater use of alternative and renewable sources of energy, such as solar and wind power.

As The Gambia is not currently an oil-producing country, it is heavily dependent on oil and gas imports to meet its energy needs, particularly petrol, kerosene, diesel oil (gasoil), liquefied petroleum gas (LPG) and jet fuel. Such dependence makes the country vulnerable to external fluctuations in oil prices and availability; a factor that adds further impetus to the government's push to unearth a homegrown petroleum supply.

Geologists have estimated a 25 per cent chance of discovering oil off Gambian coastlines and Deputy Minister of Petroleum Teneng Jaiteh says the drilling of the country's first exploratory well is slated to begin by the end of next year.

"There has been a surge in the upstream market of the petroleum sector over the past three to four years. There have been more than 10 overseas investors interested and looking at our petroleum data," says Mrs Jaiteh. "We have six offshore oil blocks, two of which are licensed. There is a lot of interest in the other four remaining blocks and also in the onshore blocks.

"A very favourable investment climate; proximity to Europe; peace and stability; an English-speaking, well-trained workforce; and access to the ECOWAS market all make The Gambia an attractive choice for the UK investor."

Downstream, the Gambia National Petroleum Company (GNPC) is the business arm of the government's activities in the sector. Mrs Jaiteh says, "We decided to go downstream because upstream is more long term in nature; with downstream there can be immediate returns on investment. GNPC has also realised that most of the oil companies

sewerage services has become a priority for the government. "We have many investment opportunities in this country, especially in the energy sector, which is growing but still requires further expansion," says Momodou B. Jallow, former managing director of the National Water and Electricity Company, Nawec. "Around 30 per cent of the country has an electricity supply, which means we are just beginning. We need to ensure the entire country has access to electricity by the year 2020."

Nawec plans to develop one of the best electricity distribution networks in the African sub-region. Its two recently constructed plants are on track to add 22MW of additional capacity by the end of this year, and Nawec aims to acquire another 20MW next year. The company is hitting its targets square on with invaluable help and experience from the private sector.

"In the past, Nawec was the sole provider of electricity; it had a complete monopoly. Now we have private independent power producers (IPPs). As long as it is a win-win situation, IPPs are very welcome to participate, and the government will protect their investment as it helps the country's development," says Mr Jallow.



are concentrated in the urban areas; thus we decided to go up country."

The Gambia is home to the sub-region's largest oil and gas storage facility. The £31.2-million Gam-Petroleum Storage Facility opened in 2008 and serves as a refuelling stop and bunkering hub for vessels en route to South Africa and South America. "The increase in storage capacity is of immense benefit to us. We know that it has brought more security of supply to the market and also some price stability," says Mrs Jaiteh.

Ensuring the safe, effective and efficient provision of affordable electricity, water and



CREATING A WORLD WITHOUT BORDERS

Our main goal is to anticipate and meet the expectation of our customers by

- Providing quality telecommunications products and services
- Making telecommunications services available to the entire Gambian nation
- Keeping pace with technological development
- Providing our share holders with a reasonable return on their investment.
- Offering a user-friendly GSM service of international standards
- Improving network coverage beyond cities into rural areas
- Introducing roaming services to allow customers the convenience of using their Gamcel mobiles while abroad



GAMBIA TELECOMMUNICATIONS COMPANY LTD.
Gamtel House 3, Nelson Mandela Street, Banjul, The Gambia



Sowing the seeds of future growth

Two projects costing \$24 million aim to increase agricultural productivity

75 PER CENT of the population of The Gambia are involved in agriculture, mostly in subsistence farming of crops such as rice. The sector provides about 40 per cent of the country's export earning, largely through its traditional cash crop, groundnuts. As such, its sustainability is vital to the growth of the The Gambia, and the country is working together to fight against climate change and land degradation. Minister of Forestry and Environment Jatto Silah stresses, "Any investment made in the environment is an investment made in the world. We cannot hope to profit when the land is destroyed."

Presently, The Gambia has 558,000 hectares of very good quality arable land, though only 200,000 hectares are currently under rain fed agricultural production.

The Gambia's Ministry of Finance and Economic Affairs is taking a significant step towards creating more employment, and improving the agriculture sector generally, with the launch of two multimillion-dollar projects funded by the World Bank.

The Gambia Growth and Competitiveness Project (GGCP) is intended to promote the government's growth and job creation agenda, especially in the area of agribusiness and tourism. Meanwhile, the West Africa Agricultural Productivity Programme (WAAPP) is part of a larger commitment by the World Bank to assist countries to enhance long-term food availability, by providing support for increased agricultural productivity.

Reiterating his government's commitment to private sector-led growth, President Alhaji Yahya Jammeh emphasised the importance of the agriculture sector, indicating that it has been and will continue to be a pillar of the Gambian economy, contributing 26.2% of GDP, while providing employment for the majority of Gambians.

Speaking at the launch ceremony for the projects, the Minister of Finance and Economic Affairs, Mambury Njie, said GGCP's

high-level objective is to contribute towards sustaining the country's economy, and enhancing poverty reduction through private sector-led growth.

According to Mr Njie: "The key expected outcomes are investment climate reforms

to reduce entry barriers and operating costs, enhanced access to finance and private investment flow, improved business performance especially for firms in the tourism and hospitality sectors, and linkages between small producers and domestic and international markets."

The World Bank's senior economist for The Gambia, Carlos Cavalcanti, thanked the government and other stakeholders for the strong partnership in the country's drive for development. He stressed that they at the World Bank always emphasise that the state is their biggest partner, and as such, constitutes the focus of their development intervention, especially in the areas of its financial, social and productive sectors.

"Any investment made in the environment is an investment made in the world."

Building a business from the groundnut up

IN 2005 Anthony McNeill, a retired African-American cop from New York, left the United States to return to his roots and venture into Ghana – back in the days before the country had really hit the market as a fast-paced developing West African state.

In Ghana, he saw the opportunity to invest in the groundnut industry, a difficult territory where inflation was making the price of this agricultural product skyrocket. However, by working directly with farmers, Anthony managed to control the price, bringing Ghana back to the forefront of the international peanut business, by exporting to the US and Europe and creating one of the biggest peanut oil and groundnut paste (peanut butter) companies in West Africa.

Now, six years after establishing his company Patriot Food, Anthony is hungry for more, and has decided his next adventure will be in The Gambia. As this successful entrepreneur explains, "The problem with peanuts from The Gambia is *aflatoxin* – a fungus that grows in the shells and attacks the peanut. Nevertheless, we are going to work with people in the field to fix this problem, and within three years we will start to sell this new variety of peanuts to the American, European and Chinese markets."

Of course, all this cannot not be done single-handedly; the investment climate must be attractive, and Anthony says the govern-



Groundnuts for domestic consumption were first introduced to The Gambia in the 16th century from a Brazilian species

ment has created an accessible and welcoming environment for international players, adding that he invites any investor with expertise in farming to inquire about Patriot Food in The Gambia.

After years of hard work, Anthony has put his money on the peanut and is now harvesting the rewards, enthusiastically pointing out that, "Once we start, the Gambian market will be more aggressive than the one in Ghana."

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Airport cleared for take-off

THE AIRPORT AT The Gambia's capital Banjul is being upgraded and repositioned as a regional hub that will link the West African region with the rest of the world.

The director general of the Gambia Civil Aviation Authority, Fansu Bojang, said: "The authority has put in place various incentives to encourage the creation of a home-based airline, a key requirement for the realisation of a hub-and-spoke system. Running parallel with this, the authority is also actively pursuing other ex-

isting major carriers with the view of luring them into Banjul."

He revealed The Gambia has signed an Open Skies Agreement with the United States and Banjul Airport has been approved to serve as a last point of departure for flights into the US.

"In addition, it is hoped that major inroads will be made in convincing major carriers, such as Delta Airlines and Ethiopian Airlines, to work out of Banjul in the very near future," he added.




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