

Fruit and Horticulture Processing in The Gambia

Project Profile

April 2013



Why The Gambia?

- Situated on the Atlantic coast and with a navigable river that flows more than 1,100km inland, The Gambia is the ideal entry and exit point for West Africa and the Economic Community Of West African States (ECOWAS)

- This document outlines:
 1. **The market opportunity for investment in fruit and horticulture processing**
 2. **The favourable conditions available to investors**
 3. **The support investors can expect to receive**

The most competitive country in West Africa¹

Average Crop Production one of the highest in West Africa²

Home to the only West African river easily accessible to ocean-going shipping³

The best agricultural policy framework in West Africa¹



1. World Economic Forum Global Competitiveness Report 2012-13
 2. World Bank, Online Data Resource. Period measured: 2008-10. Accessed: 8/2/13
 3. Encyclopaedia Britannica. Accessed: 2/3/13

Economic indicators

- **GDP:** US\$752mn in 2011 – predicted rise to \$941mn by 2015 ¹
- **GDP growth:** 3.3% in 2011 – predicted annual growth average of 5.9% between 2012-2015 ¹
- **Country risk:** Lower risk level (yellow) than all neighbouring countries and in the same category as Sierra Leone, Ghana, Togo and Benin ²
- **CPI Inflation (2011):** 4.4% ³
- **Exports / Imports value (2011) :** - Exports: \$94.7mn ⁴
- Imports: \$343.69mn
- **Labour force (2008) :** 400,000 ³
- **FDI stock and inflows (2011):** \$703mn stock / \$36mn inflows ⁵
- **Currency exchange rates 2012 – highs (H) and lows (L):** ⁶
 - GMD/USD: 0.033 (H) / 0.029 (L) GMD/GBP: 0.021 (H) / 0.018 (L)
 - GMD/EUR: 0.028 (H) / 0.022 (L)



1. IMF World Economic Outlook. Real GDP (constant prices). Accessed: 8/2/13
 2. Maplecroft Political Risk 2012. Accessed: 8/2/13
 3. Access Gambia. Accessed: 8/2/13

4. UN Comtrade. Accessed: 11/2/13
 5. UNCTAD Stat. Accessed: 11/2/13
 6. Oanda.com. Accessed: 9/4/13

Fruit and Horticultural Produce in The Gambia

- The Gambia offers the ideal environment for a variety of processing facilities in terms of market demand, production levels and potential, know-how and supportive government policy
- A wealth of fruit and other horticultural products are grown in The Gambia, yet the country's processing and export potential remains untapped
- A lack of juicing, canning, chilling, freezing, and other processing facilities mean that many products are either consumed locally during their short shelf life, exported raw, or even left to rot on the country's streets
- The expanding tourism sector is also a source of growing demand for processed locally-produced fruit and other horticultural products

KEY FACTS:

- Orange juice imports (2010-2011):
 - US\$128,000 ¹
- Potato imports (2010-2011):
 - US\$1.3 million ¹
- Produce demand set to be spurred by predicted tourism growth rate: 3.7% until 2018 ²
- Agriculture employs 78.6% of the labour force and accounts for 30% of GDP ³
- Recent IFAD grant of US\$ 20.28 million ⁴ to boost vegetable and rice productivity

1. UN Commodity Trade Statistics Database. Accessed: 11/2/13

2. GIEPA Tourism Investment Brochure 2012

3. GIEPA Agriculture Investment Brochure 2012

4. International Fund for Agricultural Development (IFAD) announcement, 20/12/12

Examples of Gambian Products

- The following provides a selection of Gambian fruit and other horticultural products that offer investment opportunities for processing activities:

Mangoes

Oranges

Tomatoes

Maize

Onions

Rice

Sesame

Groundnuts

Lemons

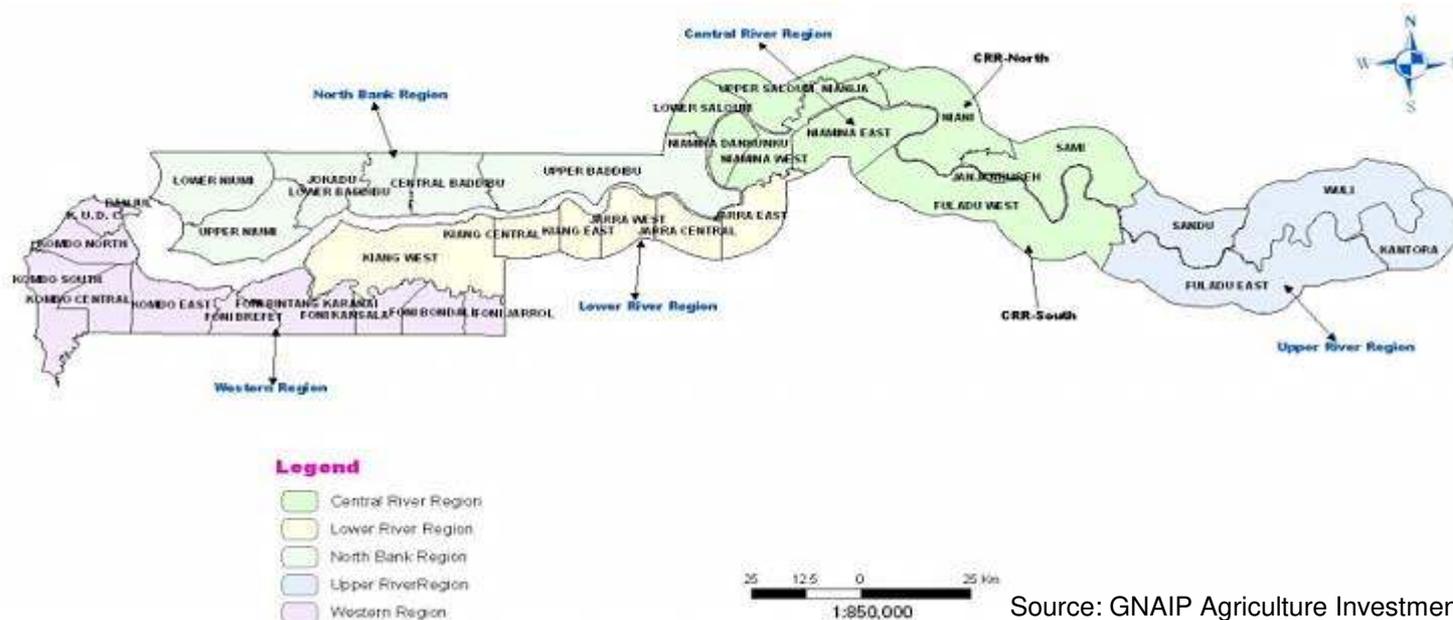
Cashews

Watermelons

Honey

Locations

- The Gambia's few agri-processing facilities are currently found in the Western Region
- Other parts of The Gambia can also offer suitable processing locations, given agricultural production takes place throughout the country
- The west coast offers easy access to Banjul's port and international airport, while the north and south roads and navigable river ensure easy access from the rest of the country



Infrastructure

- Banjul port has a handling capacity of:
 - 48 metric tonnes of bulk cargo per hour
 - 17 container moves (discharging and loading) per hour
- Banjul Airport has undergone a US\$21 million modernisation² and the Government is continuing to upgrade the infrastructure³
- Other new infrastructure / upgrades in development:
 - The Trans-Gambia bridge (completion due 2017)
 - Improved cross-border trunk roads with Senegal
 - Ports Expansion Programme underway – Gambia Ports Authority planning to build a second port on the Atlantic coast
 - Gambia Ports Authority is assessing the potential establishment of an inland port to facilitate shipping to inland locations across the region



1. Gambia Ports Authority. Interviewed: 20/11/12
2. GIEPA Investment Guide 2011
3. The Gambia Trade Policy 2011

The Gambia's agricultural and agri-processing community

- The Gambia is home to a community of relevant stakeholders for potential processing operations and a few examples of these organisations are displayed below. These groups include:
 - Producers that can provide inputs into processing operations
 - Businesses involved in (or planning) food and drink processing (highlighted in light green)
 - Supporting organisations (industry associations and representative groups)

- The presence of these groups demonstrate The Gambia's attractiveness and potential as a prime location in West Africa for the processing of fruit and other horticultural products

EXAMPLES OF ORGANISATIONS:

National Cashew Growers and Traders Corp	National Agricultural Research Institute	Gambia Farmers Platform	MAK Farm Foods	Gambia is Good (GiG)
Cashew Gam Company Ltd.	Ghatson Company Gambia Ltd.	Gambia Horticulture Enterprise	Gambia Groundnut Corporation	Julbrew

Investor testimonials

“I think we entered the [Gambian] market at a very exciting time, when government is trying to prioritise cum mechanise and make the agricultural sector more attractive.”

*Momodou S Samateh
Director of Administration
New Nut Company*

“We are very optimistic about the growth of the country, and we expect to develop more projects. Really, I am impressed [...]The government is very helpful in terms of promoting investment and providing the environment conducive for business. It is one of the better countries in this regard.”

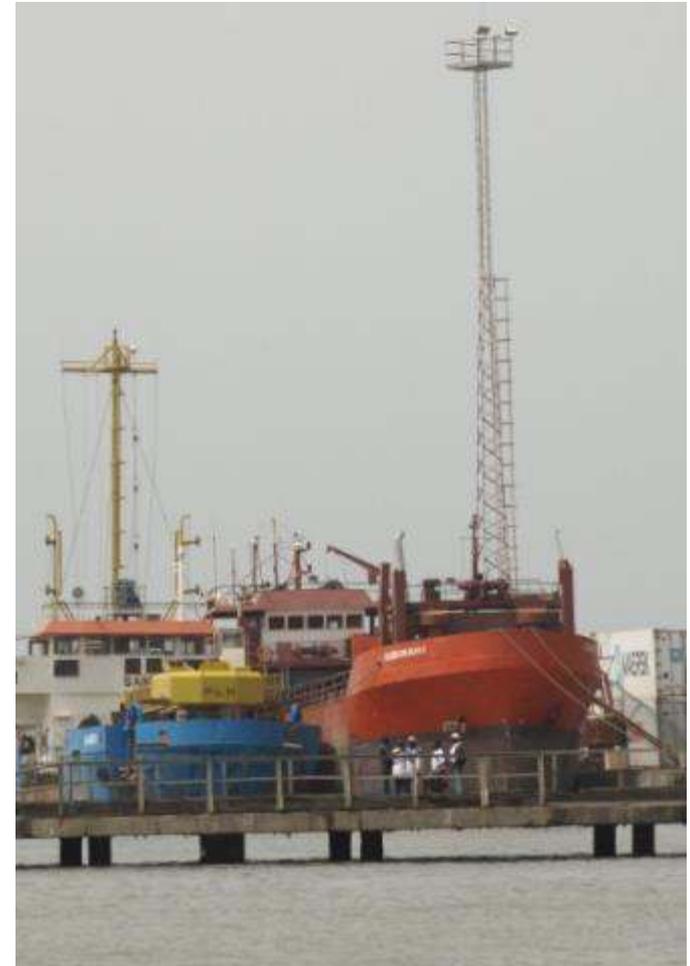
*Mohamed Nagaty
Area Manager, West Africa
M.A. Kharafi & Sons*

“Cashew production costs are relatively low and the high quality of the raw nut from this area has been well documented and acknowledged among cashew industry stakeholders.... Cashew processing has the potential to be a viable business.”

*IRD
Cashew Business Basics Booklet
2011*

Export agreements

- Nearly all Gambian products can be exported at preferential duty rates and quota free to:
 - ECOWAS markets under the ECOWAS Trade Liberalization Scheme (ETLS)
 - EU market under the Everything But Arms (EBA) Initiative offered by the European Union
 - US market under the African Growth and Opportunity Act (AGOA)
 - India, Brazil and South Korea under preferential duty rates for products from Least-Developed Countries (LDCs)



Availability of incentives

- A host of incentives are available to investors in the agri-processing sector, provided certain criteria relating to investment value and job creation are met.¹ These incentives include:
 - **Tax Holiday:** tax breaks on corporate and turnover tax, withholding tax on dividends and for a period of 5-8 years, depending on the project's location
 - **Import Tax Incentives:** Exemption from payment of import tax on direct inputs for the project (e.g. agricultural machinery)
 - **Export Incentives:** Exemptions / reductions on corporate and turnover tax, exemption from Excise Duty and Sales Tax on goods produced or imported within the Export Processing Zone (EPZ) for processing and export – depending on proportion of goods exported
 - **No export tax on agricultural products**

1. To access incentives, a new investment must be worth at least US\$250,000 and lead to the creation of at least five jobs in the agriculture sector. Source: GIEPA Regulations 2012. More information on criteria available from GIEPA.

Operating costs

- The Gambia has by far the most efficient labour market in West Africa¹ and offers competitive costs in key areas such as agri-processing labour
- Preferential rates for key utilities such as energy and water are offered to operators in the agricultural and agri-processing sectors
- The cost of container shipments from Banjul to key European ports are broadly in line with other ports in West Africa
- Competitive licence fees

INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2-4 a day²
- Energy: 9.10 GMD / kWh: (agriculture tariff)³
- Water: 10.37 GMD / cubic metre (agriculture tariff)³
- Container shipments to Europe: c.1,050 EUR⁴
- Key licence fees:³
 - Juice Presser: 525 GMD
 - Drink Wholesale Shop: 20,000 GMD
- Key taxes:³
 - Corporate: 32% (exemption possible)
 - Income: up to 30%
 - VAT: 15%

1. World Economic Forum Global Competitiveness Report 2012-13

2. Program for Accelerated Growth and Employment 2012-15

3. GIEPA Investment Guide 2012

4. Based on a quote from Maersk Gambia for a shipment of a 20ft container from Banjul to Felixstowe (UK), covering freight and local charges at each port. Quote provided on: 13/2/13

Government policy position

- The Gambia National Agricultural Investment Programme (GNAIP) 2011-2015 is the national strategic framework for accelerated growth, poverty reduction as well as food, nutrition and income security
- A key objective of GNAIP is to transform agriculture from the traditional subsistence form to a commercial and modern Gambian model with well-integrated food chains and a viable agro-processing private sector ¹
- The Government's fisheries policy aims to improve handling and processing of fish and fishery products to conform to international standards ²
- The Government also plans to:
 - Increase the number of accredited laboratories – supported by the EU-funded West African Quality Programme
 - Establish the Gambia Food Safety and Quality Agency (GFSQA), following the passing of the GFSQA Act in 2011



1. Ministry of Trade, Industry, Regional Integration and Employment: Summary of the Agriculture and Natural Resources Policy 2010 – 2015
2. Ministry of Trade, Industry, Regional Integration and Employment: Summary of Trade Policy in The Gambia

A helping hand – every step of the way

- The Gambia Investment and Export Promotion Agency (GIEPA) is the Government Agency mandated to support companies with their investment, business and export development as well as support to MSMEs
- From the initial provision of information right through to supporting the establishment, growth and development of an investment project, GIEPA is your supporting partner for doing business in The Gambia – every step of the way
- Here are just a few of the ways in which GIEPA can support your business:

Provide all business-related information to current and potential investors

Serve as the link between investors and authorities

Help to identify joint venture partners

Help to obtain licences, land, clearances etc.

Provide advisory services and training to exporters

Support companies planning to expand / diversify

Provide ongoing assistance to companies once they've started operations

Administer and advise on incentives



Four Good Reasons to Choose The Gambia

1

STRONG PRODUCTION LEVELS AND POTENTIAL:

- Growing domestic and tourist demand for processed products
- Untapped potential to process and export fruit & horticultural products
- One of West Africa's leaders in the Crop Production Index (World Bank)

2

COMPETITIVE INVESTMENT ENVIRONMENT:

- Best agricultural policy framework and the most competitive economy in West Africa (WEF 2012)
- West Africa's most efficient labour market (WEF 2012)
- Lower political risk than neighbouring countries (Maplecroft)

3

STRONG AND IMPROVING INFRASTRUCTURE:

- River Gambia - easily accessible to ocean-going shipping
- Efficient port with competitive costs (fixed unit tariff system)
- New and upgrade projects underway, improving transport links with ECOWAS markets

4

ATTRACTIVE INCENTIVES, COMPETITIVE COSTS

- Generous incentives for food and drink processing
- Competitive costs
- Strong political support for food and drink processing
- Comprehensive guidance and support from GIEPA



For further information, contact:

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