THE GAMBIA

From Entrepôt to Exporter and Eco-tourism

Diagnostic Trade Integration Study
for the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries

July, 2007
# Action Matrix

<table>
<thead>
<tr>
<th>Objective</th>
<th>Action to be undertaken</th>
<th>Party responsible</th>
<th>Timing</th>
<th>Performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revive the Senegalo-Gambian Secretariat DOSFEA</td>
<td>0-1 year</td>
<td>Budget and Executive Director in place</td>
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</tr>
<tr>
<td>Promote regional integration</td>
<td>0-2 years</td>
<td>Work through ECOWAS to improve the implementation of the ETLS among all members</td>
<td></td>
<td>Primary and certified manufactured goods traded without problems</td>
</tr>
<tr>
<td>Manage trade relations with the EU</td>
<td>0-1 year</td>
<td>Focus negotiations on accelerating regional reforms in a few key areas, ensure adequate financial compensation for lost revenues, and assistance on supply-side constraints</td>
<td></td>
<td>Key reforms identified and implemented; EC commits to providing additional funding</td>
</tr>
<tr>
<td>Develop a clear trade and export development strategy in consultation with stakeholders</td>
<td>0-1 year</td>
<td>Strategy developed and approved by Cabinet</td>
<td></td>
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<tr>
<td>Establish process of rolling 6-month work plans in DOSTIE</td>
<td>0-1 year</td>
<td>Process in place</td>
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</tr>
<tr>
<td>Hire senior trade economist to head up trade division; establish IF secretariat</td>
<td>0-1 year</td>
<td>New qualified staff in place</td>
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</tr>
<tr>
<td>Expand consultations with private sector through regular high-level fora and more frequent meetings of technical committees</td>
<td>0-3 years</td>
<td>Regular meetings designed jointly with private sector and with active participation of exporters</td>
<td></td>
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<tr>
<td>Improve internal coordination across government</td>
<td>0-1 year</td>
<td>High-level trade committee with specialized sub-committees established and functioning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve trade policy process</td>
<td>0-2 years</td>
<td>Improve quality and timeliness of trade data base with help of ASYCUDA, Eurotrace, and direct monitoring of exporters</td>
<td></td>
<td>Accurate export data released on a regular and timely basis</td>
</tr>
<tr>
<td>Improve trade-related investment promotion</td>
<td>0-2 years</td>
<td>Focus investment promotion on priority sectors with customized promotional material</td>
<td></td>
<td>Priority sectors identified and activities refocused</td>
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Special effort placed on attracting knitwear producers
GIPFZA 0-2 years 2 knitwear investors established in Free Zone
Review investment incentive system GIPFZA, DOSFEA
0-1 year Review completed and recommendations implemented
Extend hours of operation of port GPA 0-1 year Longer hours of operation
Increase use of risk management techniques for more selective inspections
GRA 0-1 year Fewer shipments inspected with no loss of revenues
Upgrade to ASYCUDA ++ GRA 0-1 year ASYCUDA++ up and running
Improve customs clearance
Implement recommendations of review of customs procedures
GRA 0-1 year Recommendations implemented
Conduct institutional and human resource capacity assessment of SCPB and provide TA and training
DOSTIE 0-2 year Study completed; TA and training provided
Improve metrology equipment
SCPB 0-2 years Equipment in good working order
Support implementation of SPS measures in Food Act through TA and training
NNA 0-2 years SPS measures effectively implemented
Launch campaigns to improve quality in groundnuts, fish products, and sesame
DOSTIE, DOSA, NADA, DOF 0-2 years Quality of exports improving
Promote quality and strengthen standards compliance
Seek out opportunities for regional cooperation on standards testing
DOSTIE 0-3 years MOUs signed with institutions in neighboring countries
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CURRENCY EQUIVALENTS
(Exchange rate as of May 31, 2007)

Currency unit = Gambian Dalasi (GMD)
US$1.00 = 27.5 GMD

ABBREVIATIONS AND ACRONYMS

Administrative Divisions
CRD Central River Division
LRD Lower River Division
NBD North Bank Division
URD Upper River Division
WD Western Division

Organisations:
ADB African Development Bank
AFET Association of Farmers Entrepreneurs & Traders
ASPA Agri-business Service Plan Association
ASRE Agricultural Statistics and Resources Economics Unit
ASSET Association of Small-Scale Enterprises in Tourism
BOAD Banque Ouest-Africaine de Développement (West African Development Bank)
CIF Cost, Insurance & Freight
CRODT Centre de Recherches Océanographiques de Dakar – Thiaroye (Oceanographic Research Institute)
CRS Catholic Relief Services
CSD Central Statistics Department
CSRP Commission Sous-Régional des Pêches (Sub-Regional Fisheries Commission)
DFID Department for International Development (U.K.)
DG SANCO Directorate General for Sanitary Control, EC
DLS Department for Livestock Services
DOF Department of Fisheries
DOSA Department of State for Agriculture
DOSFEA Department of State for Finance and Economic Affairs
DOSTIE Department of State for Trade, Industry and Employment
DOSWCI Department of State for Works, Construction and Infrastructure Development
DTIS Diagnostic Trade Integration Survey
EC/EU European Commission/ European Union
ECOWAS Economic Community of West Africa States
EEZ Extended Economic Zone
FAO Food and Agriculture Organisation
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<tbody>
<tr>
<td>Conduct a traffic study to gain better understanding of demand and adjust 2002 port Master Plan and investments accordingly</td>
<td>DoSWCI / GPA</td>
<td>0-1 years</td>
<td>Port Master Plan revised</td>
</tr>
<tr>
<td>Make a preliminary survey of workforce productivity, especially for privately operated stevedores, and recommend improvements</td>
<td>GPA</td>
<td>0-1 year</td>
<td>Recommendations being enforced</td>
</tr>
<tr>
<td>Complete initial dredging (and conduct maintenance dredging every 5 years)</td>
<td>GPA, MARAD</td>
<td>0-1 year</td>
<td>Vessels with 9m draught pass freely</td>
</tr>
<tr>
<td>Improve port performance</td>
<td>GPA</td>
<td>0-3 years</td>
<td>GPA annual plans being implemented</td>
</tr>
<tr>
<td>Carry out the port development program according to GPA yearly plans: a better organization of the rehabilitated stevedoring sheds and of container storage areas, etc</td>
<td>GPA</td>
<td>0-3 years</td>
<td>GPA annual plans being implemented</td>
</tr>
<tr>
<td>Make the ferries a self-supporting separate entity</td>
<td>Government, DoSWCI</td>
<td>0-2 years</td>
<td>Ferry service separated from GPA</td>
</tr>
<tr>
<td>Organize a better management of containers</td>
<td>GPA</td>
<td>0-2 years</td>
<td>Study completed and decision taken</td>
</tr>
<tr>
<td>Study the option of creating a container depot in Barra with barge service from the port on a public-private partnership basis</td>
<td>GPA, Private partner(s)</td>
<td>0-2 years</td>
<td>Study completed and decision taken</td>
</tr>
<tr>
<td>Promote coastal shipping</td>
<td>GPA, DoSWCI, Private partner(s)</td>
<td>1-3 years</td>
<td>Study completed and private partners contacted</td>
</tr>
<tr>
<td>Investigate the present tramping practices in the region; identify the traffic flows; compare costs of coastal shipping and trucking; contact potential private partners</td>
<td>GPA</td>
<td>1-3 years</td>
<td>Study completed and private partners contacted</td>
</tr>
<tr>
<td>Develop the regional road network</td>
<td>DoSWCI, Senegal, OMVG</td>
<td>3 years</td>
<td>Roads rehabilitated</td>
</tr>
</tbody>
</table>
PREFACE

This Diagnostic Trade Integration Study (DTIS) has been prepared under the Integrated Framework (IF) for Trade Related Technical Assistance to Least Developed Countries in response to a request from the Government of The Gambia. The ultimate objective of the study is to build the foundation for accelerated growth by enhancing the integration of its economy into regional and global markets.

A preliminary mission was held in July 2006 to discuss the objectives and priorities of the study and to ensure proper ownership of the process by the authorities. Terms of reference were then prepared and transmitted to the Government for approval. The main mission, consisting of national and international consultants, visited The Gambia in October 2006. A technical workshop was held in April 2007 to review the draft report. The study was reviewed internally within the World Bank, and among the IF agencies and selected donors, and appropriate changes made. The report and its Action Matrix were then discussed and validated during a workshop in The Gambia, on July 3, 2007. A final set of revisions was made as a result of comments received during that workshop and the report was approved by the Government in August.

The members of the main mission, and their areas of responsibility, were as follows: Philip English (World Bank, task team leader), Hoon Soh (World Bank, trade policy and institutions), and the following consultants: Prof. Stephen Golub, (lead consultant, re-exports, macro and trade policy), Robert Cleverdon and Abdoulie Mam Njie (tourism), Jean-Pierre Diehl (transport), Gabriel Gomez (agriculture), Peter Jaeger (non-traditional agriculture), Aly Mbaye and Matarr Touray (re-exports), Jean-Jacques Pesquet (groundnuts and cotton), Andrew Singer (private sector development and trade institutions), Gert van Santen (fisheries), and Abdoulie Touray and Abdou Njie (investment climate).

The study team wishes to thank the Government of The Gambia and notably the current and previous Permanent Secretaries of the Department of State for Trade, Industry and Employment, Yusupha Ka and Sulayman Samba, for their support to the DTIS process. We also thank A.O. Camara (DOSWCI), Lamin Dampha (DOSTIE), and Matarr Bah (DOF) for their contributions during the main mission, and all the members of the national steering committee who enriched the study through their active participation in various meetings and workshops. Finally, we owe a special word of thanks to Josette Percival and Yassin Njie for their dedication and professional administrative support throughout the entire process.

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1The IF is a multi-agency, multi-donor program established to promote the integration of the least developed countries into the global economy. The participating agencies are the IMF, the ITC, UNCTAD, UNDP, the World Bank and the WTO. For additional details see http://www.integratedframework.org/.
EXECUTIVE SUMMARY

CROSS-CUTTING ISSUES

Overview

1. Reflecting the accidents of colonial history, The Gambia is a very small English-speaking country completely surrounded by francophone Senegal except for a 60 km border on the Atlantic Ocean. The Gambia’s economy is undiversified and limited by a tiny internal market, and poverty is pervasive.

2. For decades, The Gambia has served as a regional entrepôt, using the river as a transportation link to the hinterland. Relatively low import taxes, well-functioning port and customs services, and limited administrative barriers reinforced The Gambia’s position as a trading center. About 80 percent of Gambian merchandise exports consist of re-exports to the sub-region - goods imported into The Gambia and transported unofficially into Senegal and beyond. The Gambian economy and especially its public finances are highly dependent on this trade because imported goods destined for re-export pay the normal import duties. Recently, however, re-exports have declined due to a combination of tensions with Senegal, harmonization of import and sales taxes in the region, and improved port and customs operations in Senegal and other neighboring countries. The current re-export trade is unlikely to be sustainable, calling for a strategy to build growth on a more secure foundation.

3. Groundnuts are the other traditional pillar of the economy, but the sector now confronts severe domestic and international challenges, and exports have dropped sharply in recent decades, aggravated by the failed privatization of the mid-1990s. Fishing, horticulture, sesame and cashew nuts are promising areas of export diversification but so far progress has been limited, or even negative. Tourism has been the one bright spot and has become easily the country’s most significant foreign exchange earner.

4. The Gambia’s unusual geographic location makes cooperation with Senegal imperative, for trade and a variety of other economic issues. Although divided by colonial imperative, the two countries have much in common in terms of culture, economic structures and even language. Yet relations with its larger neighbor have not always been smooth.

5. This study focuses on the following priority issues:

   a. **The Gambia as gateway.** The report identifies directions for establishing a more sustainable foundation for the country’s position as a gateway to the region by improving the transport system and reinforcing its efficient trade facilitation services, while recognizing the limited potential for growth.

   b. **Boosting competitiveness.** The study makes detailed recommendations on strengthening and diversifying domestic production of goods and services in the areas of tourism, groundnuts, other agriculture, and fishing, by improving the business climate as well as implementing sector-specific reforms.

   c. **Relations with Senegal.** The study proposes a “grand bargain” between the two countries in areas such as transport, transit trade, fishing rights, groundnut pricing, cotton ginning and seed production.
Macroeconomic Policies

6. The Gambia has taken some important steps towards macroeconomic stability since 2003, with progress in controlling the fiscal deficit, curtailing money growth and inflation, and improving transparency of fiscal and monetary accounts. Nevertheless, the authorities have yet to definitely break with the “stop and go” policies of the past decade, and the economic situation remains fragile.

7. Large budget deficits in the 1990s and more recently monetary sterilization of capital inflows led to an upward trend in domestic debt, reaching 36 percent of GDP in 2005. Although smaller than the foreign debt (at 138 percent of GDP in 2005), the domestic debt buildup is more significant because of a much higher servicing burden, and its ineligibility for debt relief. While foreign borrowing is on highly concessional terms, domestic debt carries very high interest rates, with a number of adverse consequences. i) The rising stock of Treasury bills pushes up interest rates, in turn raising the deficit, creating a vicious circle that is difficult to escape. ii) Private sector borrowers are crowded out as banks can earn good returns simply by holding Treasury bills. iii) The high debt servicing requirements impose a fiscal squeeze on public finances, forcing the government to reduce development spending and/or raise taxes, adversely affecting the private sector.

8. The government has made considerable progress in fiscal policy, running a primary (non-interest) surplus of 8-9 percent of GDP since 2004. Extra-budgetary expenditures have been curtailed, notwithstanding slippages in 2006 associated with the African Union summit held in Banjul and the Presidential elections. The government has also taken important steps towards strengthening transparency and monitoring of government and central bank accounts. After a burst of double-digit inflation in 2001-2003, tight monetary policies brought inflation down below 2 percent in 2006. Given the background of high public debt and previous monetary mismanagement, the recent efforts to consolidate macroeconomic stability must be maintained.

9. The Gambia has a narrow tax base with an unusually high dependence on taxes on international trade (customs duties and sales taxes on imports), accounting for 43 percent of all revenues, 49 percent of domestic revenues, and 56 percent of tax revenues in 2003-2005.

Trade Policies

10. Customs duties and other trade taxes in African countries typically have a dual function of promoting economic development while providing government revenues. In the case of The Gambia, these two functions have been shaped by the importance of the re-export trade. With very little domestic industry and limited potential to promote such industry through import barriers, the Gambian authorities have sought to maintain trade taxes below those of neighboring countries to support the role of The Gambia as an entrepôt. At the same time, this entrepôt role contributes substantially to the high dependence of government revenues on trade taxes, because imported goods destined for re-export generally pay full duties when entering the country.

11. As of the late 1990s, The Gambia’s trade regime was more liberal than those of its neighbors, but still involved considerable complexity and tariff peaks. The implementation in 1998-2000 of the Common External Tariff in the francophone West African Economic and Monetary Union (WAEMU) entailed significant declines in trade taxes in Senegal and Guinea Bissau, posing a new challenge to the role of The Gambia as a re-export hub. In 2000-01, The Gambia followed suit and simplified its customs duties to 4 bands, with a top rate of 18 percent.
12. In 2006, The Gambia aligned its external tariffs to the ECOWAS customs union structure. The Gambia experienced a slight rise in its average import taxes as a result of the top rate increasing from 18 to 20 percent and the sales tax on imports going up from 10 to 15 percent, eroding the country’s competitive advantage as an entrepôt. Nevertheless, The Gambia’s trade taxes remain low by African standards. Overall, the effect of import duties on resource allocation is minor in The Gambia, given the relatively low level and dispersion of customs duties. Any adverse effects of import protection on exports are swamped by the supply-side constraints on export sectors discussed below.

13. The negotiations with the EU to replace its non-reciprocal preferential agreements with Economic Partnership Agreements (EPAs) could require significant tariff reductions by The Gambia on goods imported from the EU. There is increasing concern that EPAs could involve significant costs to African countries in the form of forgone tariff revenue, greater EU imports at the expense of intra-regional trade, and increased pressure on local industry, that could outweigh any benefits of greater access to the EU market. The disadvantages of an EPA for The Gambia could be particularly severe given its unusually high dependence on import taxes—about half of imports come from Europe—and the potential negative effects on the re-export trade. At the same time, the benefits to The Gambia are likely to be small, at least in the short run. The EPAs will provide no additional access not already available under the Everything But Arms agreement, unless they are accompanied by relaxation of the EU’s restrictive rules of origin. For groundnuts, fish and horticulture, the main barriers to the EU market are on the supply side, including capacity to meet stringent European quality standards. Reciprocal liberalization with the EU therefore appears to carry significant risks for The Gambia. However, it will be phased in gradually, there will be some room for exemptions, and it may be accompanied by greater financial assistance to offset lost revenues and boost Gambian export diversification. If the EPA is seen as an opportunity to lock-in new reforms, and strengthen implementation of ECOWAS agreements, it could serve as a useful mechanism to reduce dependence on the re-export trade.

**Institutional Structure for Trade**

14. The successful formulation and implementation of trade policy and export development poses a major institutional challenge for government. It requires effective coordination across government as well as with the private sector and civil society. Normally, this requires a clear strategy with broad ownership, political leadership at a high level, effective coordinating committees, and a secretariat to keep the process moving. None of these elements are in place at present. The Vision 2020 document emphasizes the importance of trade and growth, but the new PRSP does not provide a detailed strategy for export development. The Department of State for Trade, Industry and Employment (DOSTIE) is aware of the problem and plans to use the present study to meet this need. However, it will need to be strengthened, supported by other key ministries and senior political leaders, and in regular consultation with the private sector, if the strategy is to be properly implemented.

15. In response to the negotiating challenges posed by the EPA and ECOWAS, DOSTIE has established a committee system to involve other government departments and private sector representatives. More systematic prioritization and more regularized consultation with the private sector are needed, however. Thus DOSTIE should familiarize itself with exporters’ concerns and act as their advocate. DOSTIE would also benefit from additional staffing, improved data collection on trade flows, and prioritization of its work program.

16. The Gambia Investment Promotion and Free Zones Agency (GIPFZA) is responsible for promotion of Foreign Direct Investment (FDI). FDI has grown rapidly in recent years, for which
GIPFZA can perhaps take some of the credit, despite the relative slow implementation of the free zone and some delays in granting of duty waivers. The incentive packages offered to investors are highly discretionary, often decided by the Office of the President, and should be replaced by a simpler, more transparent system based on a published negative list of restricted sectors.

17. Investment promotion should focus on priority sectors. One interesting option is clothing. Two small clothing factories producing for export to the EU market have begun operations in the last two years. GIPFZA could usefully focus on promoting more such firms, putting together a package of supporting measures tailored to their needs.

18. Customs clearance procedures work well by African standards. Like low tariffs, a relatively efficient customs service is a crucial ingredient in the Gambia’s re-export trade, but the country cannot rest on its laurels if it wants to maintain a competitive advantage. The planned upgrade to Asycuda ++ would enable more selective inspection, through the introduction of risk management techniques, as well as facilitate adoption of WTO-compliant valuation methods.

19. Quality improvement and conformity to standards are increasingly important in world trade and are already posing problems in The Gambia. Top priority must be placed on raising awareness among farmers and fishermen, and providing the advice and infrastructure necessary to raise quality. Government capacity at the standards bureau needs to be improved, beginning with the most basic functions of metrology. The services of the private sector and of institutions in other countries should be tapped wherever possible.

**Business Climate**

20. The Gambia is in the middle of the rankings vis-à-vis other African countries in widely-used indicators of the business climate and economic competitiveness. In the 2007 World Bank Doing Business indicators, The Gambia is ranked 113th out of 175 countries, better than West African neighbors, notably Senegal, but below some of the better-performing countries in Africa, such as Ghana, Kenya, Uganda and Nigeria. The Gambia is ranked favorably in the areas of labor regulation and international trade, but poorly on investor protection, and tax rates and procedures. Large inflows of FDI in recent years are encouraging, but improvements are still necessary.

21. The country has made considerable progress in restoring its image of peace and stability following the 1994 coup, but concerns about governance remain. The Gambia’s recent suspension from the United States Millennium Challenge Account (MCA) on account of alleged human rights abuses, political repression, and worsening corruption, sends a negative signal to investors. Some recent tourist guidebooks also warn about the increasing political repression. The Gambia’s score on Transparency International’s Corruption Perception Index has fallen over the last three years to a low 2.5 out of 10 in 2006, and a ranking of 121st out of 163 countries. The frequent reshuffling of high-level officials in government departments is likely to hamper the effectiveness of economic policy implementation and may shake investor confidence.

22. In the 2006 World Bank Investment Climate Assessment for The Gambia, formal sector firms rank electricity as the most serious obstacle by far, followed by credit, land access and taxation. Customs administration, transport and labor laws are seen as relatively minor problems.

23. **Electricity.** Power outages are frequent and the price of electricity is high, due to lack of investment and inadequate maintenance of the aging infrastructure of the state-owned National Water and Electricity Company (NAWEC). The 2004 Electricity Act liberalizes the sub-sector and opens it up for private sector investment, but for the moment only private management has
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<th>Party responsible</th>
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<th>Performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collect and study existing fisheries agreements</td>
<td></td>
<td></td>
<td>0-1 year Negotiating team in place, study tours conducted, minimum requirements identified, negotiating strategy outlined</td>
</tr>
<tr>
<td>Conduct study tour to Morocco, Namibia and/or Mauritius on negotiating strategy</td>
<td></td>
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<td></td>
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<tr>
<td>Train negotiating team</td>
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<tr>
<td>Seek political support from neighboring countries and donors</td>
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<tr>
<td>Define requirements for research program</td>
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<tr>
<td>Define responsibilities of proposed Joint Management Committee</td>
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<tr>
<td>Define procedures for joint preparation of annual management plans and monitoring, control and surveillance</td>
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<tr>
<td>Negotiate the new agreement</td>
<td>DoF, DoSFEA, Office of the President</td>
<td>1-2 years</td>
<td>New bilateral agreement signed, JMC appointed.</td>
</tr>
<tr>
<td>Reach agreement with CSRP and CRODT on implementation arrangements</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Negotiate a new bilateral fisheries agreement with Senegal</td>
<td></td>
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<tr>
<td>Appoint JMC members and ensure financial support for operations</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Identify priority actions for an effective MCS system covering industrial and artisanal fisheries.</td>
<td>DoF, Dept. of Defense</td>
<td></td>
<td>Report on priority actions prepared</td>
</tr>
<tr>
<td>Allocate larger share of revenues from fines and licenses to cover MCS expenses, and increase budget allocations</td>
<td>DOSFEA</td>
<td>Available financing increased</td>
<td></td>
</tr>
<tr>
<td>Strengthen monitoring, control and surveillance</td>
<td>DOSFEA, DoF, Defense, GRA</td>
<td></td>
<td>Coordination arrangements in place</td>
</tr>
<tr>
<td>Adjust vessel licensing policy</td>
<td>DoF, DoSFEA</td>
<td>0-1 year</td>
<td>5-10 shrimp trawlers and &lt; 20 cephalopod trawlers licensed</td>
</tr>
</tbody>
</table>

24. **Finance.** Long term financing for productive investment is largely unavailable in The Gambia, especially for small and medium enterprises. Currently, commercial bank lending to the private sector is mostly short term and largely related to the re-export trade. Loan interest rates are very high, while deposit rates are quite low. Several factors contribute to this situation: bank inefficiency and a large portion of bad loans; the large domestic public debt; the short-term nature of bank liabilities; lack of information about credit risk; a cumbersome judicial and legal framework, particularly the Mortgage Act of 1992; and lack of technical and management expertise.

25. **Taxes, the judiciary and access to land.** The Gambia has a very narrow tax base and is highly dependent on import taxes. The proliferation of local and sectoral taxes is oppressive to business, and tax rules are not well disseminated. The overall legal framework for business in The Gambia is largely consistent with international practices but the court system functions poorly. The land tenure system does not in itself pose any major obstacles for industrial use of land. The problem is the slow approval process for acquiring and leasing of land for commercial purposes, which could be remedied through delegation of the land approval process to a commission.

**The Gambia as Gateway**

**Transport**

26. **The Port of Banjul.** The focal point of the transport system is the port, operated by the public entity Gambia Port Authority (GPA). Although the port is small and suffers from a serious problem of silting which requires regular dredging, it is among the most efficient in Africa in terms of speed of handling of merchandise, usually just a few days, in contrast to 10-15 days in alternative ports. Banjul is at least as efficient as Dakar for ship-to-shore handling, and much more efficient for on-shore handling. Banjul’s competitive edge has narrowed somewhat, however, as efficiency improvements have stalled while other regional ports have sought to improve. Moreover, Banjul has at best only slightly lower terminal handling charges, which are more than offset by lower freight rates from Europe to Dakar or Abidjan.

27. Despite the upward trend in port traffic since the early 1990s, there is still adequate capacity for additional growth, although some organizational improvements are needed due to increasing crowding. Further improvements are necessary for Banjul to remain competitive with Dakar and Conakry. The future of the port will depend not just on its own efficiency but also on that of the transport links from the port to its hinterland in The Gambia and beyond. This in turn will influence the size of the hinterland that Banjul port can realistically serve.

28. **Ferries.** Ferries are the only means of crossing the Gambia River. In 2001, GPA was assigned responsibility for ferry services, resulting in *a de facto* cross subsidization of ferries, and constraining investment in port activities. There are two main crossings, on the coastal highway (Banjul-Barra) and on the Trans-Gambia highway (Bamba Tenda-Yelli Tenda). Although the acquisition of some additional boats has improved the situation, trucks often have to wait for a day or more to cross on a ferry. A possible solution is the creation of a container depot on the
Initiate program to register artisanal fishing boats.

Prepare revised fishing vessel licensing policy reflecting the new bilateral agreement.

1-2 years New policy in place.

Strengthen sanitary inspections, provide regular demonstrations of improved fish handling, and strengthen operations of the DoF sanitary control laboratory.

DoF 0-1 year More frequent inspections; better facilities and services at laboratory.

Improve sanitary standards.

Develop plan to introduce basic services and infrastructure at fish landing places.

DoF 1-2 years Plan in place and being implemented.

Introduce a voluntary energy audit as part of future fish processing plant licenses.

Licensing policy adapted.

Arrange funding for energy audits of existing plants and training of local staff.

Energy audits conducted.

Request outboard engine importers to demonstrate kerosene outboard engines.

0-1 year 5 private sector demonstrations made.

Improve energy efficiency.

Expand program to introduce improved smoking kilns.

DoF 1-2 years 5 improved smoking kilns in operation.

Improve export incentives.

Reduce or eliminate current export tax on fish exports without Letter of Credit.

DoSFEA 1-2 years Export tax reduced or eliminated.

Review the results of the actions already undertaken.

Organize a stakeholder workshop to discuss results and develop an action matrix for the next 5 years.

Develop a medium-term action plan for the fisheries sector.

Present the final action plan to government for approval and implementation.

DoF, private sector 2-3 years Final action plan approved and being implemented.

29. **Roads.** Roads constitute the dominant mode of intra and inter-country regional transport. The primary network has improved considerably following substantial investments, especially on the North bank of the river. The Gambia’s capacity to serve neighboring countries beyond Senegal is constrained by the uneven quality of Senegalese roads and the Senegalese obstruction of transit trade, notably to Mali. It is recommended that The Gambia appeal to ECOWAS transit agreements to mediate disagreements with Senegal.

30. **River transport.** The River Gambia was the initial basis of The Gambia’s role as a regional hub, and the main mode of transporting groundnuts. However, river transport has shown a steady downward trend. Reviving river transport and groundnut production could go hand-in-hand. In this respect, more attention should be paid to rehabilitating the long-neglected river transport infrastructure (barges, tugboats, wharves, navigation).

31. **A bridge over the Gambia River.** The biggest incentive that the Senegalese may have for collaboration is their desire for a bridge to link its southern Casamance region to the rest of Senegal. The Organisation pour la Mise en Valeur du Fleuve Gambie (OMVG), possibly by delegation by ECOWAS, could be responsible for oversight of construction. A key issue for The Gambia is the creation of a new pole of activity to compensate for the loss of jobs, including extensive retailing, due to the end of ferry service.

32. **A Dry Port?** The establishment of an upriver dry port at the proposed bridge where containers could be off-loaded is an attractive possibility that should be studied. It could help solve many of the above-noted problems that result from the poor connection of Banjul to the regional network: congestion around Banjul and the ferries; a source of jobs and revenues to compensate for the loss of ferries in the event of a bridge; and revival of river transport.

33. **Air.** The airport is in good shape but the limited number of airlines serving The Gambia is a serious constraint to both tourism and horticulture exports, only partially alleviated by chartered flights. New airlines are entering the African market, often in partnership with innovative tour operators. The Gambia needs to actively seek out new partnerships, while seriously considering the well-established model of all-inclusive packages. Air transport safety and security are important foundations for tourism and The Gambia should strengthen its participation in related regional projects under ECOWAS.

**Re-exports**

34. Though not captured in official trade statistics, it is well recognized that there is a very large volume of unofficial re-exports from The Gambia to Senegal and other countries of the region. Indirect estimates suggest that re-exports account for about 80 percent of total exports and 20 percent of foreign-exchange earnings. The re-export trade also contributes significantly to government revenue as imported goods are subject to tariffs even if intended for re-export. The main products are basic consumer goods for the average African low- or middle-income household consisting of bulk food items such as rice, sugar, and flour; processed foods, tea, and soft drinks; various fabrics; used cars; and household items such as batteries and candles.

35. A matched product-level comparison revealed that wholesale prices in Dakar are higher than in Banjul, with the differential varying substantially, from a maximum of about 90 percent