

Biomass 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 biomass 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

Electricity demand set to grow by 3.6% annually from 2016-2025³

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. GIEPA Investment Guide 2012

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

The Gambia's Biomass Processing Potential

- The Gambia's population growth¹ and expansions in infrastructure and business have triggered a rapid growth in electricity demand² – significantly exceeding current capacity²
- The country's agricultural, municipal, and industrial residues are unused and present an opportunity for biomass energy
- At present, the groundnut processing facilities offer a centralized accumulation of groundnut shells
- Recent feasibility assessment suggests that the use of groundnut shells in the Banjul-Kanifing area alone can produce an electricity supply of 600kW³

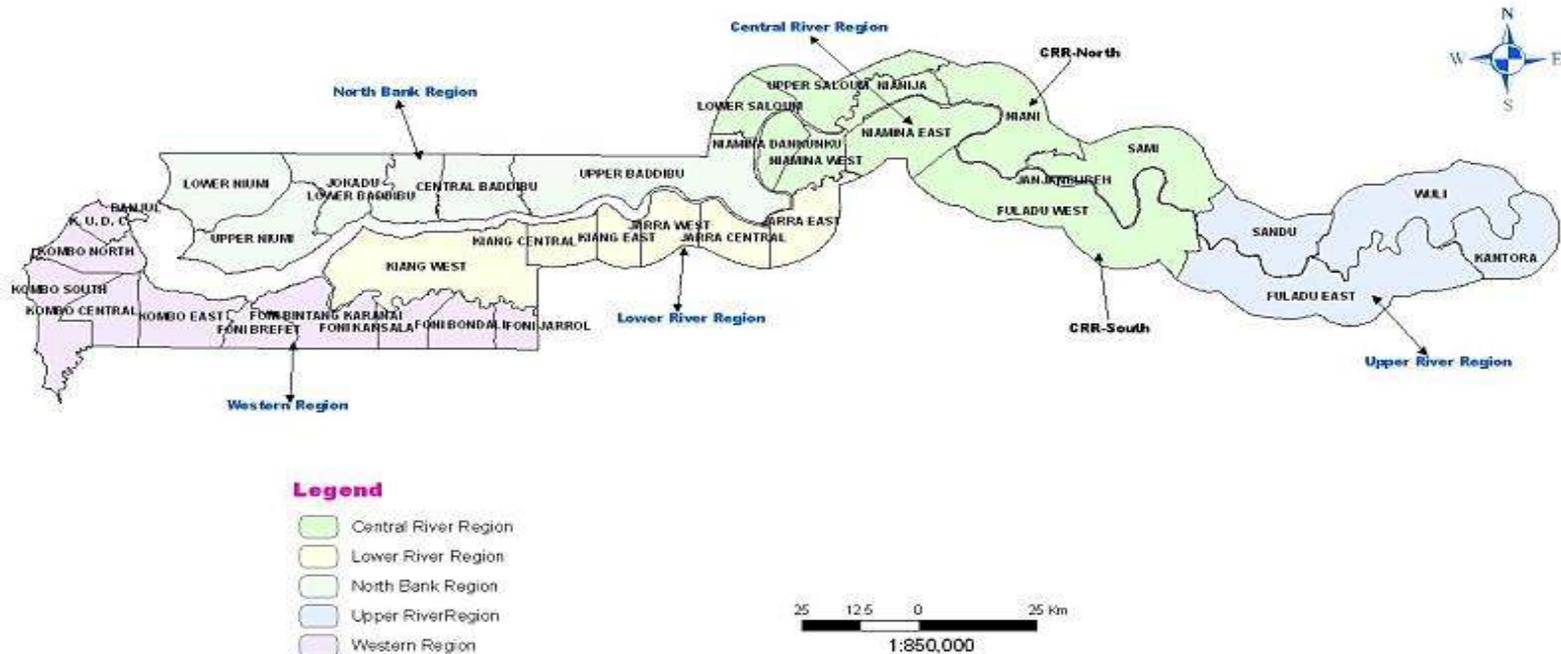
KEY FACTS:

- Predicted annual growth rates for electricity demand:⁴
 - 4% - 2010-2015
 - 3.6% - 2016-2025
- Import values of mineral fuels and oils:⁵
 - 2010 – US\$58.34m
 - 2011 – US\$75.69m
- 558,000 hectares of arable land, of which of which nearly 60% is cultivated annually⁶
- Agriculture employs 78.6% of the labour force and accounts for 30% of GDP⁷

1. The Gambia's population growth rate in 2011 was 2.7%, according to The World Bank's online data resource. Accessed: 19/3/13
2. There's currently a 60-70Mw capacity gap, according to the Ministry of Trade Industry, Regional Integration and Economy. Interviewed: 19/11/12
3. Resources Assessment, Supply Options, Demand-Supply Balance, Economic Study and Investment Plan. Referenced in GIEPA's Investment Guide 2012
4. GIEPA Investment Guide 2012
5. International Trade Centre data. Accessed: 19/3/13
6. GNAIP Agriculture Investment Plan 2011-2015
7. GIEPA Agriculture Investment Brochure 2012

Locations

- Current biomass processing is concentrated the Western Region, although operations are feasible in several locations throughout The Gambia
- 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 ¹
- Banjul Airport has undergone a US\$21 million modernisation ² and the Government is continuing to upgrade the infrastructure ³
- 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 biomass and energy community

- The Gambia is already home to a developed community of stakeholders either involved in or able to support biomass processing. The community consists of businesses, industry associations and representative groups. A few examples of these organisations are displayed below
- The presence of these groups demonstrates The Gambia's attractiveness and potential as a prime location in West Africa for biomass processing

EXAMPLES OF ORGANISATIONS:

| | | |
|--|---|--|
| National water and Electricity Company (NAWEC) | GreenTech Gambia Company Ltd. | National Cashew Growers and Traders Corp |
| Gambia Groundnut Corporation | Association of Wood Re-exporters and Forest Users | Cashew Gam Company Ltd. |

“The main purpose why I started pressing groundnut shells was to find an alternative fuel...And of course also for financial gains. I started the company because I was spending so much money on firewood and charcoal and gas before.”

*Anthony Tabbal
Managing Director, GreenTech*

Export agreements

- Various Gambian products, including biomass, 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 agriculture and biomass processing sectors, provided certain criteria relating to investment value and job creation are met¹. 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 sector
- Key inputs into biomass processing (e.g. unused Groundnut shells) are currently being provided free to businesses operating in this area²

INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2-4 a day³
- Energy: 10.40 GMD / kWh: (industrial tariff)⁴
- Water: 31.39 GMD / cubic metre (industrial tariff)⁴
- Key taxes:⁴ - Corporate: 32% (exemption possible)
 - Income: up to 30%
 - VAT: 15%

1. World Economic Forum Global Competitiveness Report 2012-13

2. GreenTech Gambia Company Ltd. obtains waste groundnut shells for its briquette development free of charge, as reported by Managing Director Anthony Tabbal in an interview with Ismaila Senghore from The Household Energy Network. Interview dated 17/8/12. Accessed: 20/3/13

3. Program for Accelerated Growth and Employment 2012-15

4. GIEPA Investment Guide 2012

Government policy position

- The Gambian Government recognizes the importance of private sector participation in the economy, both as an engine of growth and as a source of knowledge transfer
- 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 model¹
- As part of the Government's efforts to promote industrial development, it is currently implementing a UNIDO Country Programme focusing, among others on:
 - Industrial competitiveness (composite units and assistance in the formulation of an industrial policy);
 - Alternative energy for productive activities (Mini-grids, etc).

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

HIGH DEMAND AND STRONG PRODUCTION POTENTIAL:

- Electricity demand set to grow by 3.6% annually from 2016-2025
- Energy demand exceeds supply (60-70Mw capacity gap)
- Agricultural, municipal, and industrial residues are unused and a great opportunity for biomass energy

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 biomass processing
- Competitive costs
- Strong political support for biomass processing
- Comprehensive guidance and support from GIEPA



For further information, contact:

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