

Fish Farming in The Gambia



WHY THE GAMBIA?

Situated on the Atlantic coast and with a navigable river and tributaries that flow 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 short document outlines:

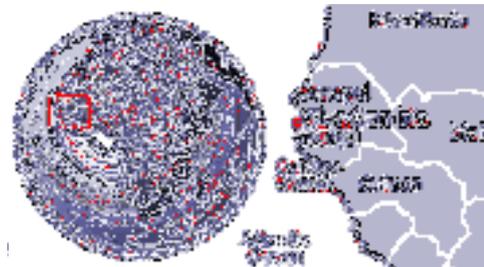
- 1. The market opportunity for investment in fish farming**
- 2. The favourable conditions available to investors**
- 3. The support investors can expect to receive**
- 4. The project risk and sustainability factors to be considered**

The best Institutions
quality in West Africa¹

80 kilometres of
coastline²

3rd Sub-Saharan
country for ease of
trade across border³

West Africa's most
efficient labour
market¹



Source: British Foreign & Commonwealth Office website

¹ World Economic Forum- Global Competitiveness ranking, 2014

² GIEPA Fisheries Investment Brochure 2014

³ Doing Business 2015.

ECONOMIC INDICATORS

GDP ⁴	US\$807mn in 2014
GDP growth ⁴	1.5% in 2014
Country risk	2 nd lower risk score among West African countries after Ghana
CPI Inflation (2014)	5.4%
Exports / Imports value (2013) ⁴	Exports: \$106mn Imports: \$350mn
Labour force (2013) ⁵	774,000
FDI stock and inflows (2013) ⁴	\$754mn stock / \$25mn inflows
Currency exchange Rates 2015	GMD/USD: 0.0239 (B) / 0.0257 (S)
Buy (B) and Sell (S) ⁴	GMD/GBP: 0.0162 (B) / 0.0107 (S) GMD/EUR: 0.0214 (B) / 0.0230 (S)



COMPETITIVE OPERATIONAL COSTS

The Gambia has by far the most efficient labour market in West Africa⁶ and average daily wages are competitive when compared to other major African competitors.

Labour cost unit in fisheries (US\$ per year), including social security								
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Senegal	Nigeria
Unskilled	1,165	2,138	2,432	3,453	5,071	4,987	1,617	5,200
Semi-skilled	1,747	6,632	7,056	8,192	12,377	16,006	4,248	10,400
Skilled	3,106	12,824	13,488	15,575	25,408	31,680	9,716	26,000
Highly skilled	15,530	63,720	67,020	49,927	94,291	87,246	46,637	93,668

Gambia Bureau of Statistics (GBOS)

⁶ World Economic Forum Global Competitiveness Report 2014-15

Social security rate	
South Africa	1%
Kenya	5%
Nigeria	7.50%
The Gambia	10%
Morocco	20.10%
Egypt	26%
Tunisia	26.57%

The Gambia's social security rate is situated in the average.

Utility costs in the Gambia are higher compared to costs applied in the more developed economies. However, Gambia's utility costs are inferior to other non-oil producer low income economies (Senegal and Kenya), with the exception of electricity.

Utility cost (US\$)							
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Nigeria
Electricity per kWh	0.27	0.04	0.06	0.09	0.15	0.22	0.10
Telecoms per min	0.07	0.96	0.06	0.68	0.44	0.15	0.09
Water per m ³	0.63	0.07	1.26	0.30	0.75	1.08	0.24
Industrial gas per m ³	0.71	0.09	1.90	0.01	0.36	0.47	0.22

FISH FARMING IN THE GAMBIA

- The Gambia's inland waters – the river, estuaries, and tributaries – provide extensive mangroves and favourable conditions for fish farming.
- The Gambia's aquaculture industry is currently dominated by artisanal activity and commercial fish farming is still a largely untapped area of opportunity.
- UNCTAD describes the Gambian aquaculture sector as embryonic but deemed to have huge growth potential.¹⁰
- Additionally, with further population growth, increasing urbanisation and high cost of other animal proteins, domestic demand for fish is set to rise.⁷

¹¹ www.pura.gm

⁷ FAO Gambia Fishery Country Profile, December 2007.

KEY FACTS:

- Recorded yearly average trade volumes of fish, crustaceans, molluscs⁸:
 - Exports 2012-2014: 1.3 thousand tonnes
 - Exports 2009-2011: 2.2 thousand tonnes
- Recorded yearly average production/captures⁹:
 - Production 2011-2013: 40.4 thousand tonnes
 - Production 2008-2010: 45.1 thousand tonnes
- Around 30,000 Gambians are employed in the aquaculture and fisheries sector¹⁰
- Fisheries Department estimates that the sector contributed about 5% of GDP in 2014¹⁰
- Artisanal activity accounted for 90% of all aquaculture and fisheries outputs in 2013-2014¹⁰

LOCATIONS

- There are plenty of opportunities for fish farming along the mangrove-rich tributaries of the River Gambia as well as along the Atlantic coast. Sanyang and Lamin (both in the Western Region) are just two of The Gambia's centres for fish farming and other forms of aquaculture, as are numerous locations in the Central River Region.¹¹
- A lack of industrial activity on the River Gambia has ensured an ideal environment for fish farming. There's no pollution from up-river, reducing the need for antibiotics in fish farming.¹²
- Banjul Port is conveniently located at the mouth of the River Gambia, making it easily accessible to trawlers and other boats navigating the coast as well as the river and its tributaries.

⁸ FAO , Food balance sheet statistics.

⁹ Gambian Bureau of Statistics.

¹⁰ UNCTAD - The fisheries sector in the Gambia: trade, value addition and social inclusiveness, with a focus on women 2014

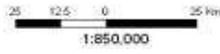
¹¹ www.accessgambia.gm

¹² Department of Fisheries. Interviewed:



Legend

- Central River Region
- Lower River Region
- North Bank Region
- Upper River Region
- Western Region



INFRASTRUCTURE

- A dedicated fisheries facility commenced operation at the port in December 2012¹³
- Inauguration of the new Banjul fisheries Jetty in July 2013 (US\$14mn project)¹⁴
- Banjul port's handling capacity¹³ :
 - 48 metric tonnes of bulk cargo per hour
 - 17 container moves (discharging and loading) per hour

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
- Ongoing infrastructure upgrades at Banjul International Airport



THE GAMBIA'S AQUACULTURE COMMUNITY

The Gambia is already home to a developed community of stakeholders in the fish farming and broader aquaculture industry (including businesses, industry associations, representative groups and supporting international bodies) – 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 fish farming and aquaculture.

¹³ Gambia Ports Authority. Interviewed:

¹⁴ State house webpage: http://www.statehouse.gm/inaug-banjul-fisheries-jetty_31072013.html

EXAMPLES OF ORGANISATIONS:

Lamin Fish Farm	Fish Farmers Association for Sustainable Aquaculture	Food and Agricultural Organization (FAO)
West African Aquaculture	International Fish Company Gambia Ltd.	Gambia Artisanal Fisheries Development Association (GAMFIDA)

EXPORT AGREEMENTS

Seafood and other 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
- 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 aquaculture sector, provided certain criteria relating to investment value and job creation are met¹⁵. 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
- For licenced operations in **Export Processing Zones**, tax holidays are for 10 years
- **Import Tax Incentives:** Exemption from payment of import sales tax on direct inputs for the project, or customs duty and import sales tax if the investment is located in a zone

GAMBIA OPERATING COSTS

The detailed table of sector's specific costs reveals the low level of all key operational costs, at the exception of internet and electricity.

INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2.5-US\$4 a day¹⁶
 - Unskilled processor¹⁷: 100 GMD / day
 - Controller / Supervisor¹⁷ : 4,500 GMD / month
 - Manager¹⁷: 10,000 GMD / month
- Electricity: 9.70 GMD / kWh (commercial tariff).
- Water: 22.48 GMD / cubic metre (commercial tariff).
- Ice: 10 GMD / Kg (average market price)¹⁸
- Fuel¹¹:
 - Petrol: US\$1.46 per litre
 - Diesel: US\$1.41 per litre

¹⁵ 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 aquaculture sector. Source: GIEPA Regulations 2012. More information on criteria available from GIEPA.

¹⁶ Program for Accelerated Growth and Employment 2012-15

¹⁷ Private investor interviews, average salaries,

¹⁸ Landing site, Interview with Ministry of Fisheries Representative.

- Telecoms.
 - Landline: from 0.73 GMD / min
 - Mobile: from 2.47 GMD / min
 - Internet: from 2,000 GMD / month (128kbps)
- Key taxes
 - Corporate: 31% (exemption possible)
 - Income: up to 35%
 - VAT: 15%

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.
- In January 2012, the UN Food and Agricultural Organization (FAO) and the Gambian Government announced they would invest US\$480,000 for 10 pilot phase fish ponds in the country.
- The Government's fisheries policy is guided by the Fisheries Regulation (2008), the focus of which is the management of the fish resources at the level of the artisanal, industrial and aquaculture sub-sectors. The main policy objectives are to:
 - Attract investment in the sector
 - Improve handling and processing of fish and fishery products to conform to international standards

The Government also plans to:

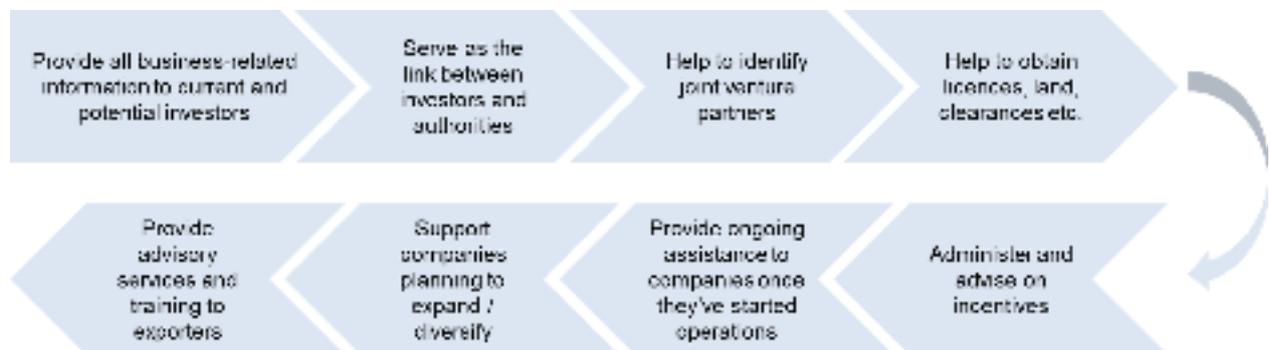
- Increase the number of accredited laboratories – supported by the EU-funded West African Quality Programme

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:



FOUR GOOD REASONS TO CHOOSE THE GAMBIA

1

STRONG DEMAND AND FISH FARMING POTENTIAL:

- The already high demand for fish is set to rise (FAO)
- The River Gambia is underused, unpolluted and offers the ideal environment for aquaculture

2

COMPETITIVE INVESTMENT ENVIRONMENT:

- The best Institutions quality in West Africa (WEF 2014)
- West Africa's most efficient labour market (WEF 2014)
- 5th lowest political risk level in the sub-Saharan Africa (AON)

3

STRONG AND IMPROVING INFRASTRUCTURE:

- Efficient port with dedicated fishing piers and competitive costs
- New and upgrade projects underway, including new Atlantic port, Banjul International Airport upgrades and improved transport links with ECOWAS markets

4

ATTRACTIVE INCENTIVES, COMPETITIVE COSTS:

- Generous incentives for fish farming
- Competitive costs and fees
- Strong political support for investment in aquaculture
- Comprehensive guidance and support from GIEPA

PROJECT RISK AND SUSTAINABILITY FACTORS

Issues		Impact rating	Description
Socio-political	Red tape and tax burden	medium	Ease of paying taxes is improving but the investor will still face high tax burden and red tape.
	Political instability	low	Even considered as a relatively stable country in the west African region, the risk of political instability remains.
Macro-economics	Utility Costs	high	Utility costs are generally high and businesses are affected by recurrent electricity shortage. The frequent use of fuel generator is highly reducing the profitability. Investment in solar panel has partly helped some companies to overcome the problem.
	Access to bank loans	medium	Bank loans in The Gambia are hard to obtain and interest rates are often too high to be a feasible option for businesses
	Increasing wages	low	The Gambia is currently in a position to use low labour costs as a major pull in attracting foreign investment. However, Increasing success will inevitably push up these costs and businesses need to be certain that increasing costs can be covered.
Infrastructure	Poor road infrastructure	low	Many of the country's roads are in poor condition making travel throughout the country difficult and even impossible at times.
	Poor landing sites facilities	low	Landing sites lack modern facilities (cold storage rooms, ice plants...) and access to them are often difficult. However works are ongoing to improve the situation.
Environment	Water pollution	medium	Aquaculture: there is significant potential for a product differentiation strategy for shrimps (antibiotics-free shrimp), with a focus on high-value niche markets (e.g. gourmet restaurants in Europe, USA). Consequently, the siting of operations is highly important, which must be chosen with due care to take potential environmental pollution into account.
	Natural environment protection	low	Pressure from environmentalists on fish farming activities might become a risk, especially if the activity is carried out in a sensitive zone: potential future animal reserve, natural park, touristic zone



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