

# Maize 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 maize processing**
  2. **The favourable conditions available to investors**
  3. **The support investors can expect to receive**

**The most competitive country in West Africa<sup>1</sup>**

**Average Crop Production one of the highest in West Africa<sup>2</sup>**

**Home to the only West African river easily accessible to ocean-going shipping<sup>3</sup>**

**The best agricultural policy framework in West Africa<sup>1</sup>**



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 <sup>1</sup>
- **GDP growth:** 3.3% in 2011 – predicted annual growth average of 5.9% between 2012-2015 <sup>1</sup>
- **Country risk:** Lower risk level (yellow) than all neighbouring countries and in the same category as Sierra Leone, Ghana, Togo and Benin <sup>2</sup>
- **CPI Inflation (2011):** 4.4% <sup>3</sup>
- **Exports / Imports value (2011) :** - Exports: \$94.7mn <sup>4</sup>  
- Imports: \$343.69mn
- **Labour force (2008) :** 400,000 <sup>3</sup>
- **FDI stock and inflows (2011):** \$703mn stock / \$36mn inflows <sup>5</sup>
- **Currency exchange rates 2012 – highs (H) and lows (L):** <sup>6</sup>
  - 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

## Maize in The Gambia

- With a government target to nearly double maize yield per hectare between 2009-15<sup>1</sup> and a growing demand for poultry meat and eggs,<sup>2</sup> The Gambia offers strong investment environment for the processing of maize
- The Gambia currently only produces around 50% of its domestic cereals requirement<sup>1</sup> and is heavily reliant on expensive imports
- The Gambia the potential to produce more maize – less than 60% of the country's arable land resources is used<sup>1</sup>

1. GNAIP Agriculture Investment Plan 2011-2015

2. Egg import values rose from US\$658,144 in 2010 to \$932,120 in 2011. Poultry meat imports rose from \$1,424,646 in 2010 to 1,805,919 in 2011. Source: UN Comtrade. Accessed: 07/03/13

3. UN Comtrade. Accessed: 11/2/13

4. GIEPA Agriculture Investment Brochure 2012

### KEY FACTS:

- Maize yield (metric tonnes)<sup>1</sup> :
  - 2009: 0.871 per hectare
  - 2015 target: 1.6 per hectare (80,000 in total)
- Import values (2011)<sup>3</sup>:
  - Maize: US\$ 21,469
  - Maize flour: US\$ 153,560
- 558,000 hectares of arable land, of which nearly 60% is cultivated annually<sup>1</sup>
- 50,000 hectares used for maize<sup>1</sup>
- Agriculture employs 78.6% of the labour force and accounts for 30% of GDP<sup>4</sup>

# Maize products

- Maize can form the basis of a wide range of value-added products that could be exported at a premium, as well as consumed within The Gambia by locals and the growing tourism industry. A small selection of these products is provided below:

**Flour**

**Poultry Feed**

**Maize Oil**

**Maize Starch**

**Polenta**

**Popcorn**

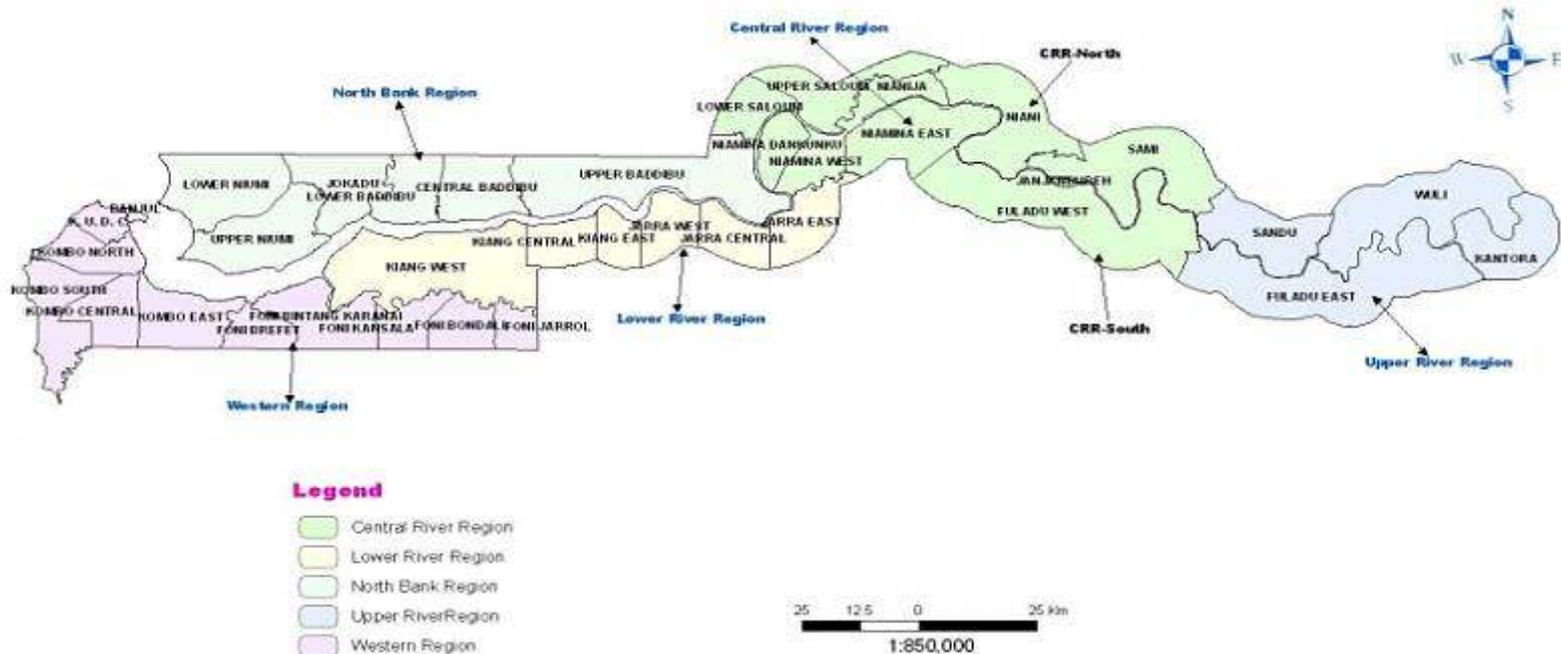
**Corn Syrup**

**Cornmeal**



# Locations

- Current production of maize is concentrated in the north bank region (Kerewan) although it can be grown 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
- Banjul Airport has undergone a US\$21 million modernisation<sup>2</sup> and the Government is continuing to upgrade the infrastructure<sup>3</sup>
- 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 cereals community

- The Gambia is already home to a developed community of stakeholders in the cereals sector, including maize. 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 the production and small-scale processing of maize

### EXAMPLES OF ORGANISATIONS:

Agribusiness Services & Producers' Association (ASPA)	Empass Farm Ltd.	ComAfrique Ltd.	MAK Farm Foods (M.A. Kharafi & Sons Co. Ltd).
National Agricultural Research Institute (NARI)	Gambia Farmers Platform	National Women Farmers Association (NAWFA)	Njawara Agricultural Training Centre (NATC)

**“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*

## Export agreements

- Maize and other Gambian agricultural 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 maize production and processing sectors, provided certain criteria relating to investment value and job creation are met<sup>1</sup>. 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 Africa<sup>1</sup> and offers competitive costs in key areas such as agri-processing labour
- Competitive rates for key utilities such as energy and water are offered to operators in the agri-processing sector

## INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2-4 a day<sup>2</sup>
- Energy: 10.40 GMD / kWh (industrial tariff)<sup>3</sup>
- Water: 31.39 GMD / cubic metre (industrial tariff)<sup>3</sup>
- Key taxes: - Corporate: 32% (exemption possible)  
- Income: up to 30%  
- VAT: 15%

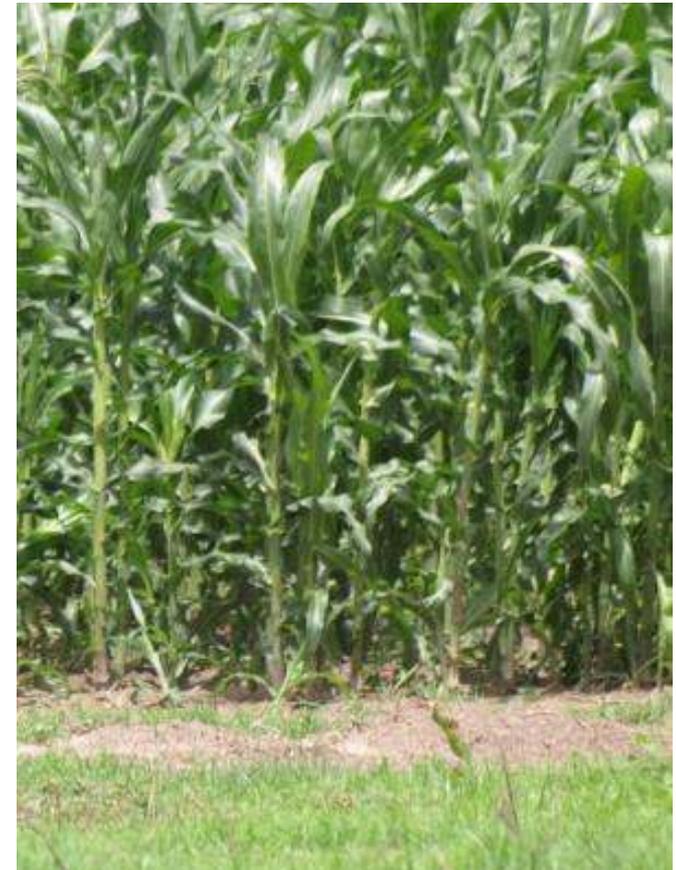
1. World Economic Forum Global Competitiveness Report 2012-13

2. Program for Accelerated Growth and Employment 2012-15

3. GIEPA Investment Guide 2012

# 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 <sup>1</sup>
- 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



## 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:**

- Only 50% of the national cereals requirement is produced domestically, with target to double yield per hectare from 2009-15
- Growing population and demand for food will drive increasing demand for key maize products (e.g. flour, poultry feed etc.)

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

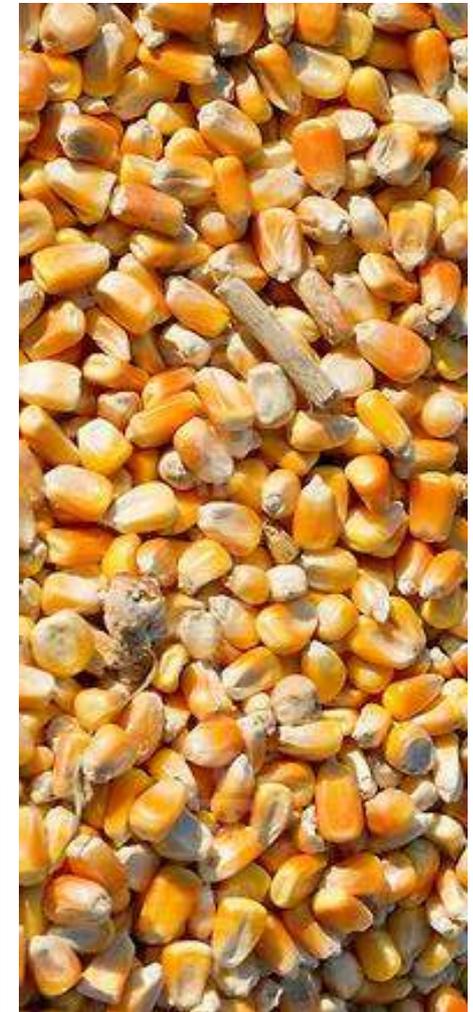
## **STRONG AND IMPROVING INFRASTRUCTURE:**

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



For further information, contact:

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