

Wood Lot Development 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 wood lot development**
 2. **The favourable conditions available to investors**
 3. **The support investors can expect to receive**

The most competitive country in West Africa¹

10% of the country's land area is woodland²

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. Access Gambia. Accessed: 24/3/13

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

The Gambia's Wood and Forestry Sector

- The Gambia's forestry sector is a cornerstone of the country's economy – wood is by far the largest source of household fuel, while the country's forests offer important potential revenue sources through eco-tourism, forest-based enterprise development including wood products, and habitats for wildlife and fish
- The Gambia's population growth¹ and expansions in infrastructure and business have also triggered a rapid growth in electricity demand – significantly exceeding current capacity²
- Recognising the importance of the forestry sector to various parts of the country's economy, the Government has made afforestation a key priority area

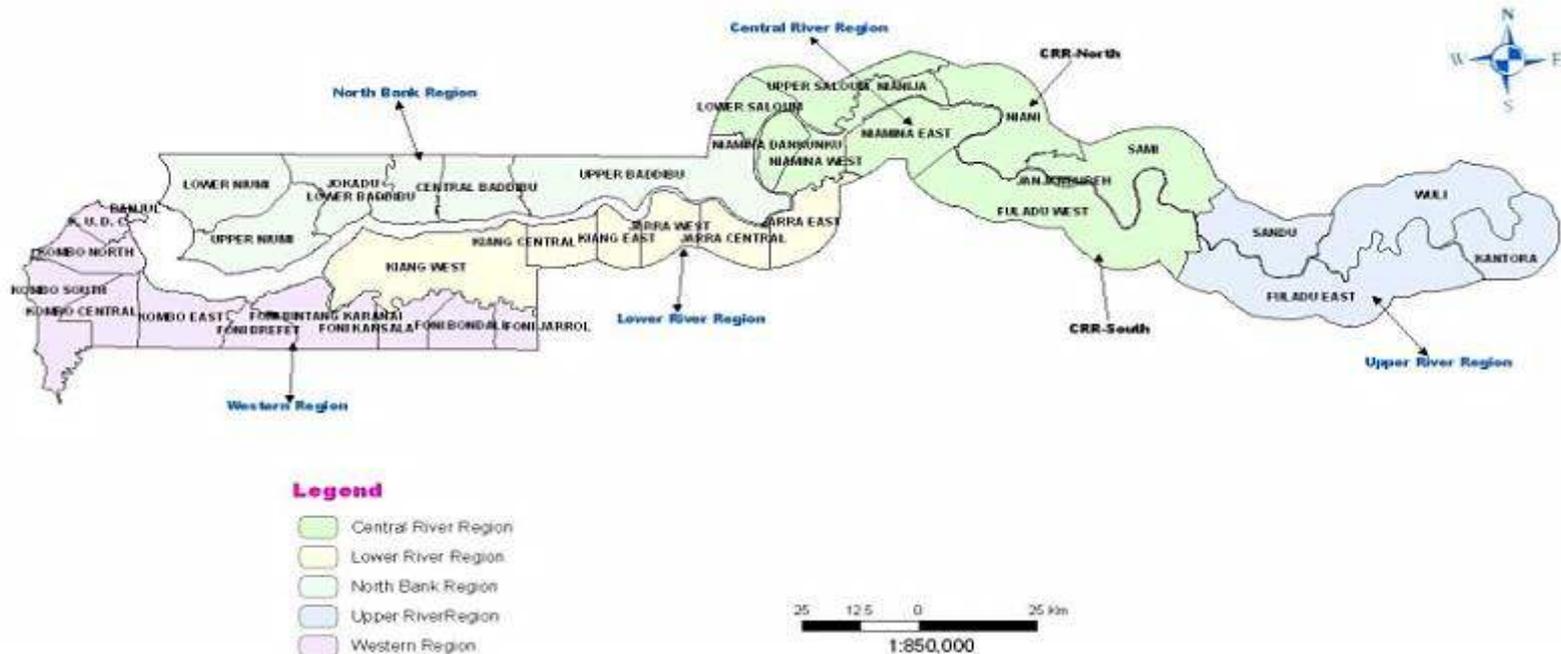
KEY FACTS:

- Fuel wood provides nearly 90% of all household energy needs³
- Import values of wood:⁴
 - 2010 – US\$1.65m
 - 2011 – US\$2.67m
- Export values of wood:⁴
 - 2010 – US\$15,027
 - 2011 – US\$2.05m
- Forest resources including mangroves cover from 350,000 ha to about 505,300 ha⁵
- Forestry accounts for 2% of GDP⁶

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. Gambia National Agricultural Investment Plan (GNAIP) 2011-2015
 4. UN Comtrade Data. Accessed: 19/3/13
 5. GNAIP Agriculture Investment Plan 2011-2015
 6. Gambia Bureau of Statistics (GBOS) 2009. Referenced in the GNAIP 2011-2015

Locations

- Wood lot development activities take place and are feasible in several locations throughout The Gambia, and especially in the Central River Region and Upper River Region
- 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 capacity¹ 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 wood and forestry community

- The Gambia is already home to a developed community of stakeholders either involved in or able to support wood lot development. The community consists of businesses and industry associations. 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 wood lot development

EXAMPLES OF ORGANISATIONS:

Association of Wood Re-exporters and Forest Users	Afriwood Timber & Furniture Gambia Co. Ltd.	Allied Business Timbers
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Export agreements

- Various Gambian products, including wood, 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 forestry production and transformation (including wood, timber or logs) 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

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

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
- 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

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
- Programme 2 of the Gambia National Agricultural Investment Plan (GNAIP) aims to improve sustainable management practices of the country's natural resources, including forests ¹
- The Forestry Department in the Ministry of Forestry and Environment is the main agency overseeing forest management
- The current forest policy envisages that 30% of the total land area should be covered by forests, and that 75% of this should be sustainably managed by communities ¹

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:

- Fuel wood provides nearly 90% of all household energy needs
- Imports of wood increased by 62% between 2010-11; exports increased more than a hundredfold
- Energy demand exceeds supply (60-70Mw capacity gap)

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

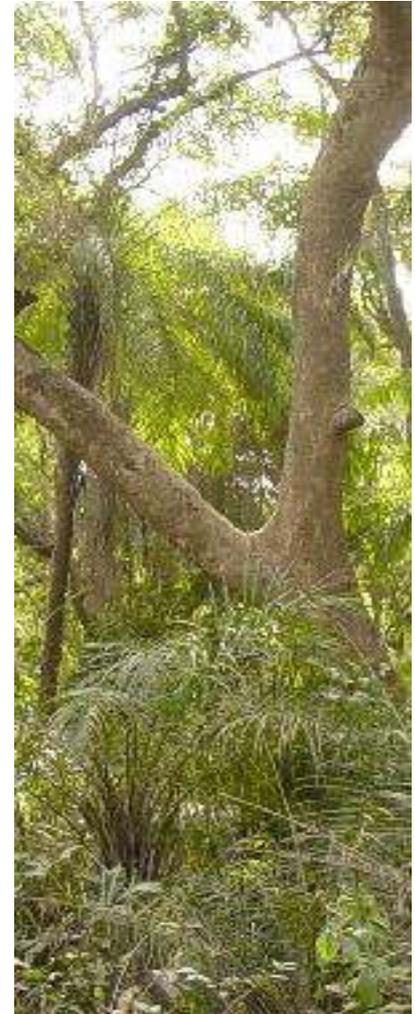
STRONG AND IMPROVING INFRASTRUCTURE:

- 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 wood lot development
- Competitive costs
- Strong political support: 30% of land should be covered by forests
- Comprehensive guidance and support from GIEPA



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