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COUNTRY PROFILE 2016

THE GAMBIA

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Contents

Abbreviations and acronyms

CEN-SAD	Community of Sahel-Saharan States
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
GDP	Gross domestic product
IMF	International Monetary Fund
IPU	Inter-Parliamentary Union
PAGE	Programme for Accelerated Growth and Employment
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VAT	Value added tax
WHO	World Health Organization
WTO	World Trade Organization

Acknowledgements

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The country profile on the Gambia was prepared under the overall coordination and substantive guidance of Giovanie Biha, Deputy Executive Secretary for Knowledge Delivery of ECA, and the direct leadership of Dimitri Sanga, Director of the Subregional Office for West Africa. The lead author of the Gambia country profile was Simon Neumueller, Associate Economic Affairs Officer at the Subregional Office for West Africa. Technical supervision was provided by Bakary Dosso, Chief of the Subregional Data Centre.

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The Gambia at a glance

General information	
Subregion	West Africa
Official language	English
Currency	Dalasi
Capital city	Banjul
Regional Economic Community membership (s)	ECOWAS, CEN-SAD

Rankings	
Human development index (United Nations Development Programme)	175/188 (2014)
Gender inequality index (United Nations Development Programme)	143/155 (2014)
Ibrahim index of African governance (Mo Ibrahim Foundation)	35/54 (2015)
Ease of doing business index (World Bank)	145/189 (2017)
Corruption perceptions index (Transparency International)	145/176 (2016)

Economic growth

The Gambia has experienced positive, although highly volatile, growth in recent years, fluctuating from -4.3 per cent in 2011 to 5.9 per cent in 2012 and back to 0.9 per cent in 2014. The economy of the Gambia is mainly dependent on rain-fed agriculture and on services. Exogenous factors such as climate change and the recent outbreak of Ebola virus disease in West Africa are endangering stability in the country.

Fiscal policy

Although tax revenues in the Gambia have increased since the introduction of value added tax (VAT) in 2013, fiscal spending has increased substantially since then. Pressures have grown since the debt-to-GDP ratio reached more than 100 per cent in 2014. This poses a threat to monetary stability and is crowding out private investment.

Monetary policy

The Central Bank of Gambia follows a prudent monetary policy and has achieved average inflation of slightly above 5 per cent since 2010. The trend of exchange rate depreciation seemed to have stopped in 2016. High interest rates of more than 20 per cent for private investors nonetheless create a challenging environment for the economy.

Current account

As a net importer, predominantly of petroleum products and food items, the economy of the Gambia is susceptible to fluctuations in global commodity prices. Its trade balance has worsened since 2014. The Gambia has a strong tradition in re-export trade with Guinea, Mali and Senegal, of which more than 60 per cent is textiles. The Economic Community of West African States (ECOWAS) common external tariff, introduced in 2015, poses a threat to the practice of re-export trade.

Capital and financial accounts

The balance of payments shows a financial account surplus, which stems predominantly from tourism receipts, remittances and foreign direct investment (FDI). However, an unstable policy environment, which arose from a large fiscal deficit and the use of exchange rate directives, has led to decreases in FDI inflows in recent times.

Demography

The Gambia has a steady population growth rate of about 3 per cent and a total population of around 2 million inhabitants. The population of the country is young and more than 50 per cent live in urban areas.

Poverty

Poverty is a major problem in the Gambia and manifests itself in its low ranking in the 2015 human development index, where it is ranked 175 out of 188 countries. When the measure of income of below $1.25 per day was used, poverty stood at 48.4 per cent in 2010. Overall, rural areas are affected more severely by poverty. Nonetheless, the Government allocates more than 20 per cent of its resources to education and health, to make change happen in the future.

Employment

Data on employment are sparse in the Gambia, but overall trends reveal that unemployment is higher among women and young people. In 2012, a staggering 30 per cent were reported unemployed.

Health

When it comes to health outcomes, the Gambia has achieved remarkable results. Infant mortality and mortality of children under the age of 5 years have been reduced in the last decade and more than 60 per cent of births are currently attended by skilled health personnel. Both health expenditure as a percentage of GDP and life expectancy are on the rise.

Education

Poverty is closely related to education, and hence is a key area for the development policy of the Gambia. Upper secondary school enrolment has increased in recent years. Gender parity in upper secondary education was reached in 2016. The differences in school enrolment between urban and rural areas remains a challenge.

Gender

Gender parity has been achieved in health, education and employment in the Gambia. This is not the case in the political process, however, with women comprising only 21.1 per cent of ministers and 9.4 per cent of members of parliament in 2015.

1 Overview

The Gambia has achieved positive but highly volatile economic growth in recent years. Annual real GDP growth averaged 3.1 per cent between 2005 and 2015, resulting in an overall GDP of 39.9 billion dalasi ($938.8 million) in 2015. [1] This translates to a GDP per capita of $476 in 2015. Agriculture and services are the most important sectors and employ the majority of the workforce. Being highly dependent on rainfall, crop yield is subject to frequent variations, which directly affect the economy as a whole. The Ebola outbreak in some parts of West Africa in 2014 had a significant impact on the tourism sector in the following years, but 2016 showed signs of a trend reversal. Fiscal spending in the Gambia has, over time, built up pressures on the financial viability of public debt levels and is crowding out private investment.

Despite these difficulties, the Gambia has made advances in poverty reduction. Overall, poverty decreased from 58.0 per cent in 2003 to 39.6 per cent in 2010, when the measure of $1 per day was used. The country's population, of almost 2 million, is young and has been growing by more than 3 per cent in the last decade. This growth creates challenges in terms of educating young people, creating viable employment opportunities and providing food security in a country that depends in large part on food imports. The Gambia, however, has reduced infant mortality, a proxy for better health outcomes, from 50 deaths per 1,000 births in 2003 to 34 deaths per 1,000 births in 2013. In terms of education, the Gambia has achieved gender parity in upper secondary education.

Agriculture is an important sector for several reasons. It has been and, in the immediate future, will continue to be one of the largest employers in the country. Its productivity determines the extent of the food imports needed to feed the Gambian people, it can support balance of payments through exports of cash crops and is an important factor in reducing poverty. Poverty, low educational levels and poor health outcomes, as well as high population growth, are all associated with rural agriculture. This implies a key role for agriculture in improving the livelihoods of the poor. The Gambia has a history of developing sound agricultural policies; however, executing those programmes is a daunting challenge. The final section of this report contains an analysis of the Gambian agricultural policy landscape and a discussion of its different development plans.

[1] The underlying conversion rate is the yearly average in 2015 of 42.5 dalasi to $1 (Gambia Bureau of Statistics, 2016).

2

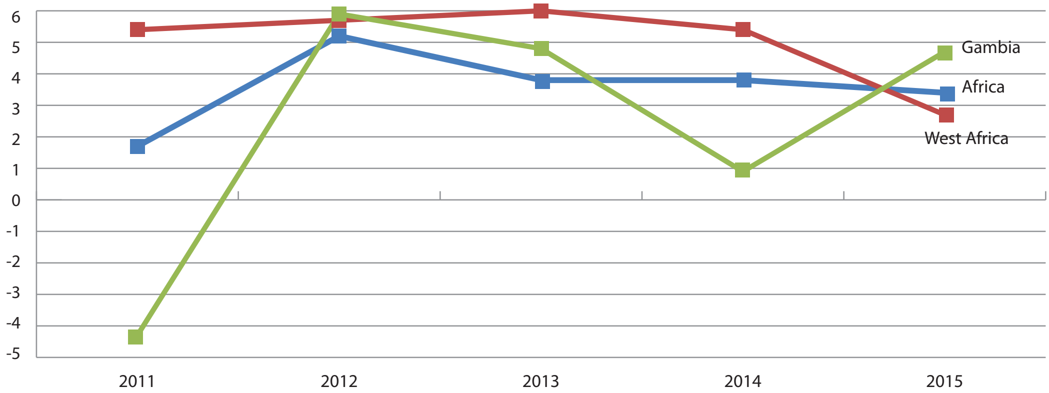
National and subregional context

With a surface area of 10,689 km^2, the Gambia is one of the smaller African countries, and has borders with only one other country, Senegal. The country has access to the ocean, is an attractive tourist destination and has soils suitable for agriculture. Real GDP growth averaged 2.4 per cent between 2011 and 2015, which was below the regional average for both the ECOWAS region and Africa as a whole (Gambia Bureau of Statistics, 2016) (see figure 1). Being particularly dependent on agriculture and tourism, the Gambian economy is vulnerable to exogenous shocks, such as fluctuations in rainfall or events that affect the number of tourists coming to the country. This was experienced in 2011, when a severe drought affected the country. Another drought and the Ebola outbreak in the region in 2014 hit the country even harder than its neighbours.

With respect to the GDP of the Gambia, growth fell from 4.8 per cent in 2013 to only 0.9 per cent in 2014. In contrast, growth in Guinea, a country directly affected by Ebola, declined from 2.3 per cent in 2013 to only 1.1 per cent in 2014 (ECA, 2016a). Senegal, the direct neighbour of the Gambia and affected by the same shocks, saw an improvement in its growth, from 3.6 per cent in 2013 to 4.7 per cent in 2014 (ECA, 2016b). Figure 1 clearly illustrates this vulnerability and the high fluctuations in economic growth. As stated previously, the decline in economic growth can be attributed to the impact of reduced rainfall on the economy and the decline of tourism revenues because of the Ebola outbreak. Statistics from the Gambian Tourism Board show that about 170,000 tourists arrived in 2013, compared with only slightly above 130,000 in 2015. This decrease of more than 20 per cent has substantially contributed to the economic woes of 2014. The first quarter of 2016 was, however, encouraging, and the number of tourist arrivals increased by more than 40 per cent compared with the first quarter of the previous year.

Political stability is another important factor when it comes to tourism. The majority of respondents to one survey study described themselves as “heritage and nature” tourists (Rid and others, 2014). This implies possibilities for the Gambia, a typical destination for beach vacations, to further broaden its tourism base and aim for more involvement in ecotourism.

Figure 1: Growth performance of the Gambia, West Africa and Africa



Source: Gambia Bureau of Statistics (2016) and ECA (2016c).

Another current challenge for the Gambia is the number of people leaving the country in order to claim asylum elsewhere. More than 12,000 asylum-seekers arrived in the European Union in 2015 (Eurostat, 2016), making the Gambia the country with the highest number of asylum-seekers per capita on the African continent. The loss of human capital is a potential danger to the national economy.

Presidential elections took place on 1 December 2016. Agreement by all political actors on the outcome of the election results will be a vital factor in determining economic and social stability within the country. Adherence to democratic standards and a peaceful outcome of the election process is important for building trust in local institutions and giving confidence to investors.

Among the external risks the Gambia is facing are fluctuations of its currency. The Gambia is highly dependent on food imports and a fluctuating currency makes planning more difficult and strains local consumers. Another aspect is that the Gambian dalasi has depreciated in recent years with respect to the United States dollar. Since 2008, the dalasi has lost more than 50 per cent of its value. Having a consistent trade deficit reveals another facet of vulnerability in this respect. Moreover, about 60 per cent of public debt is in dollars, making debt repayment more costly as well.

As a small country and a historically important trading post in West Africa, the Gambia has a vital interest in regional integration efforts. The Gambia is an entry point for re-exports to countries such as Guinea, Mali and Senegal. Those re-exports are primarily textiles, followed by wood articles, machinery and food items.

Table 1: **Adherence by the Gambia to the ECOWAS convergence criteria, 2012-2015**

	Target	2012	2013	2014	2015
Primary criteria					
Budget deficit/GDP (incl. grants)	≤ 3%	5.4	10.2	7.6	7.4
Average inflation	< 10%	4.3	5.7	5.9	6.8
Central bank financing of budget deficit	≤ 10%	0.4	0.0	41.1	26.9
Gross external reserves	≥ 3 months of imports	4.8	4.6	3.7	2.5
Secondary criteria					
Exchange rate stability (dalasi/dollar)	± 10%	4.5	10.3	16.5	-4.9
Total public debt/GDP	≤ 70%	77	83.3	101.2	107.6
Number of criteria met		4	3	2	2

Sources: West African Monetary Agency (2016), Gambian authorities and authors' own calculations.

Considering the adherence of the Gambia to the ECOWAS convergence criteria, as shown in table 1, it becomes clear that there is room for improvement. In 2015, only inflation, which stood at 6.8 per cent, and exchange rate stability were within the ECOWAS target range. Particularly worrying is the high level of public debt, which stood at more than 100 per cent from 2014 onwards.

Box 1: Africa regional integration index - The Gambia

The Africa Regional Integration Index is designed to measure how well each country in Africa is meeting its commitments under the pan-African integration frameworks, including Agenda 2063 and the Abuja Treaty.

The index is a joint project of ECA, the African Development Bank and the African Union Commission (2015). The index covers the following dimensions: free movement of persons, trade integration, productive integration (development of regional value chains), regional interconnections and infrastructure and macroeconomic policy convergence. The following section gives highlights on selected indicators in the index. For more information, the reader may consult the report on the Index and the dedicated website. The table below also gives rankings awarded by CEN-SAD.

Overall rank :
Eleventh in ECOWAS (score: 0.45). Best performer in ECOWAS is Côte d'Ivoire (score: 0.68)
Tenth in CEN-SAD (score: 0.42)*

Free movement of persons	Trade integration	Productive integration	Infrastructure	Financial integration and macroeconomic policy convergence
First in ECOWAS (score: 0.8). Seventh in CEN-SAD (score: 0.72).	Fourteenth in ECOW-AS (score: 0.01). Best performer in ECOW-AS is Nigeria (score: 1). Nineteenth in CEN-SAD (score: 0.2).	First in ECOWAS (score: 0.52). Fifth in CEN-SAD (score: 0.48).	Fourth in ECOWAS (score: 0.55). Best performer in ECOW-AS is Cabo Verde (score: 0.68). Thir-teenth in CEN-SAD (score: 0.28).	Tenth in ECOWAS (score: 0.36). Best performer in ECOWAS is Niger (score: 1). Fifteenth in CEN-SAD (score: 0.42).

The Gambia ranks moderately to poorly within ECOWAS, attaining eleventh place, but moderately to strongly within CEN-SAD, attaining tenth place.

Free movement of persons: good score (joint first in ECOWAS, seventh in CEN-SAD). The Gambia allows nationals from all ECOWAS countries to enter without a visa. The Gambia has also ratified the relevant ECOWAS instruments concerning free movement of persons, rights of establishment and free movement of workers. Fifty per cent of nationals of other CEN-SAD member States may enter the Gambia without a visa, and a further 8 per cent may enter with a visa on arrival. The Gambia has also ratified the relevant CEN-SAD instruments concerning free movement of persons, rights of establishment and free movement of workers.

Trade integration: poor score (fourteenth in ECOWAS, nineteenth in CEN-SAD). The Gambia has an average applied tariff of around 16.72 per cent on imports from ECOWAS (based on data for 2014). This is the highest tariff rate in the bloc. The country's average applied tariff on imports from CEN-SAD is 16.6 per cent. Over the period 2010-2013, imports from ECOWAS accounted for only 5.1 per cent of the GDP of the Gambia, which was the eighth-lowest equivalent statistic for any other ECOWAS member State. Imports from CEN-SAD countries accounted for 5.9 per cent, which is the eleventh-highest level among the 24 countries for which data were available. Exports to ECOWAS as a share of GDP averaged 2.43 per cent over the same period: the fifth-highest level among ECOWAS member countries. Over the same period, exports to CEN-SAD averaged around 2.5 per cent of GDP, which was the ninth-highest level among the 24 CEN-SAD members for which data were available.

* A continent-wide ranking, in which all African countries from all regional economic communities will be compared with one another, is currently under development for the Africa regional integration index and will be added to subsequent updates of the ECA country profiles.

Productive integration: good score (first in ECOWAS; fifth in CEN-SAD). The Gambia has a merchandise complementarity index of 0.15 (based on data for 2013), which indicates a weak correlation between its exports and its ECOWAS import structure. The share of intermediate imports in the Gambia from the regional economic communities was 0.36 per cent, while 25.8 per cent of the country's imports from CEN-SAD countries were intermediates (meaning that it ranked sixth). The country's share of intermediates in total exports within ECOWAS averaged 0.33 per cent (the fifth-highest level among ECOWAS member States), while it ranked highest among CEN-SAD members in terms of the proportion of its exports to that bloc.

Infrastructure: moderate to strong score (fourth in ECOWAS, thirteenth in CEN-SAD). The country ranked second among ECOWAS members in its average performance in terms of the African Development Bank infrastructure development index between 2010 and 2012. Around 76 per cent of international flights to and from the Gambia are intra-ECOWAS, which is the eighth-highest such ratio among ECOWAS members, while 75 per cent of its international flights were intra-CEN-SAD (the seventh highest such ratio among CEN-SAD members).

Financial integration and macroeconomic policy convergence: moderate to poor score (tenth in ECOWAS, fifteenth in CEN-SAD). The inflation rate of the Gambia was 5.2 per cent**, which was the sixth and thirteenth-highest level among the member States of ECOWAS and CEN-SAD, respectively.

Overall, the Gambia performs moderately, with strong performance in the areas of free movement of persons and productive integration and a moderate to strong score in the area of infrastructure, but moderate to weak performance in the areas of trade integration, financial integration and macroeconomic policy. Where specific policy measures that could boost its performance are concerned, the Gambia could consider policy measures such as reducing tariffs on intraregional imports to boost intraregional trade in goods and services.

** Data inside the box are from international sources to make a cross-country comparison feasible. This explains why some of the data inside the box may differ from data in the rest of the report.

3

Economic performance

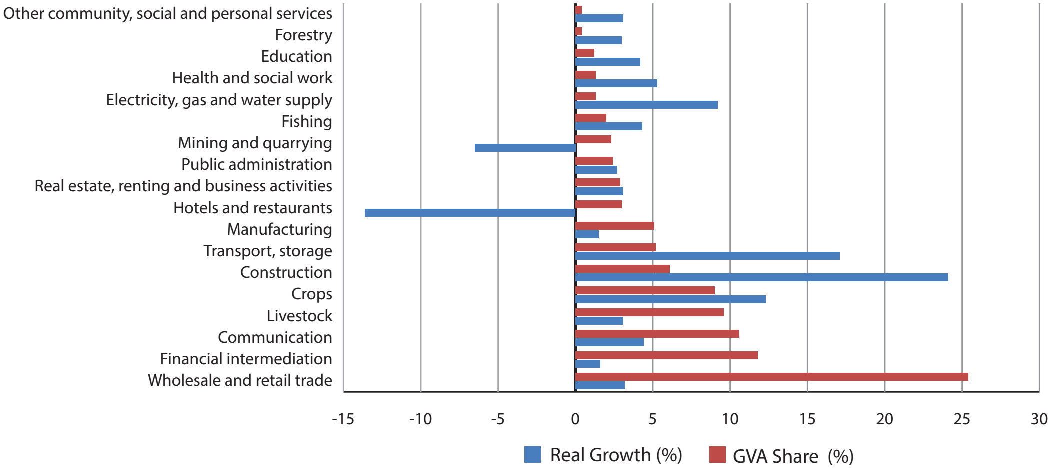
3.1 Economic growth

The Gambian economy was resilient during the financial crisis from 2008 to 2010, registering real average growth of more than 5 per cent annually. Growth was supported not only by robust growth in agriculture but also by inflows of FDI in the tourism, telecommunications and financial sectors. However, growth has since been highly volatile, with episodes of negative growth. In 2011, the economy registered its deepest contraction caused by a drought and the economy shrank by 4.3 per cent. Crop harvest in that year declined by more than 40 per cent. Economic growth picked up in the following years, with real GDP growing at 5.9 per cent and 4.8 per cent in 2012 and 2013, respectively. In 2014, real GDP grew by only 0.9 per cent after the economy was hit by late and poorly distributed rainfall during the cropping season.

Moreover, the effects of the Ebola outbreak in the subregion affected the tourism sector. This performance came short of the projections outlined in the national development strategy blueprint for 2012 to 2015 (PAGE). PAGE had anticipated an average real growth of between 7.5 and 7.9 per cent during the three-year implementation period. 2015 saw real GDP growth return at a strong 4.7 per cent, driven by more favourable rainfalls and the end of the Ebola crisis, which eased difficulties in the tourism sector as well (Gambia Bureau of Statistics, 2016). Growth was particularly strong in the construction and agricultural sectors.

Agriculture is an important sector of the economy of the Gambia, but it depends almost entirely on seasonal rainfall. The sector grew by 7 per cent and contributed an estimated 21 per cent to GDP in 2015. The World AgroMeteorological Information Service indicates that average rainfall in 2014 declined markedly, to 638.9 mm, or 33 per cent below the average in 2013 and 22 per cent below the long-term mean (1981 to 2010) of 828.5 mm (World AgroMeteorological Information Service, 2014). Between 2005 and 2014, the agricultural sector regularly encountered shocks related to insufficient or poorly distributed rainfall. Limited access to finance, marketing issues, decreasing soil fertility and the inaccessibility of fertilizer are some other factors responsible for the decline in agricultural productivity.

Figure 2: Sector shares and growth, 2015



Source: Gambia Bureau of Statistics (2016).

The industrial sector in the Gambia is underdeveloped. It largely involves small-scale manufacturing companies such as bottling and fruit-canning enterprises, as well as small-scale cement and corrugate packaging plants. Despite its low state of development, the sector maintains steady growth, averaging 3.9 per cent over the last decade. It contributed 15 per cent to GDP in 2015. Driven by construction, the industrial sector was the fastest-growing sector in 2015, recording 8.2 per cent growth (Gambia Bureau of Statistics, 2016).

According to the Gambia Bureau of Statistics, over the last decade, the services sector was the fastest-growing sector in the Gambia, averaging 5.1 per cent real GDP growth. Apart from the tourism subsector, the services sector is also less prone to external shocks than the agricultural sector. An important part of services in the Gambia is wholesale and retail trade, which generated more than a quarter of GDP in 2015. This is directly reflected in the country's heavy involvement in the re-exporting business. Financial services and communications make up about another 10 per cent of GDP each. Tourism grew by 4.0 per cent in 2012 and 9.0 per cent in 2013. However, the recent outbreak of Ebola in the region significantly impaired the subsector, causing a decline in its real GDP contribution by 9.0 per cent in 2014 and 13.6 per cent in 2015 (Gambia Bureau of Statistics, 2016). In 2010, in contrast to the general resilience of the country to the financial crisis, a massive 35.7 per cent contraction in real GDP was recorded in the tourism sector. However, other areas, such as financial intermediation, education and construction have all showed steady growth in the years since 2010 (see figure 2).

Outside of drought years, the economy of the Gambia often grows faster than or at the same level as the rest of Africa (excluding North Africa). This reaffirms the earlier assertion that the prospect of the Gambian economy hinges in large part on weather conditions.

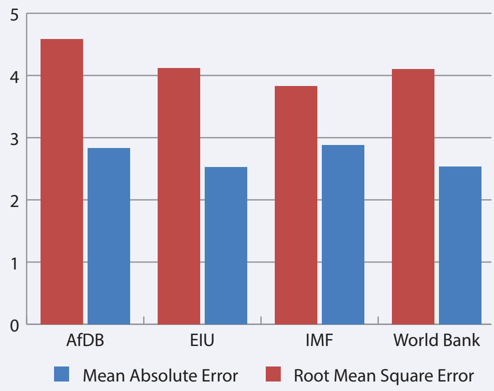
Box 2 : Comparing economic forecasts for the Gambia

Economic forecasts provide essential information for decision makers in the public and private sectors. Reliable economic forecasts inform and support a country's decision-making process. A number of organizations currently produce forecasts on economic growth for the Gambia. These include the African Development Bank, Economist Intelligence Unit, the International Monetary fund (IMF) and the World Bank. The forecasts produced by these organizations remained within 2 percentage points for the period 2008-2011 (see figure A below). However, following the drought in 2011, forecasts diverged by as much as 7.8 percentage points in 2012. On average, the World Bank (at 5.8 per cent) provided the most optimistic forecasts for growth over the period 2008-2016, while IMF provided the most pessimistic forecast for 2012. Looking forward, the most optimistic growth rate forecast for 2016 is from IMF (8.7 per cent) followed by the African Development Bank (5.5 per cent), while the Economist Intelligence Unit and the World Bank forecast a lower growth rate of 5.1 per cent and 4.8 per cent, respectively.

The degree of accuracy of these forecasts is an important issue, hence ECA has carried out an analysis to assess which forecasts tend to be more reliable, using the root mean square error and the mean absolute error, which are common measures used to evaluate forecasts. Generally, the higher the value of these errors, the less accurate the forecasts.* ECA analysis of forecasts over the period 2008-2014 indicate that the IMF forecasts were relatively more accurate, followed by those from the Economist Intelligence Unit and the World Bank, while the African Development Bank forecasts had higher forecast errors (see figure B below).

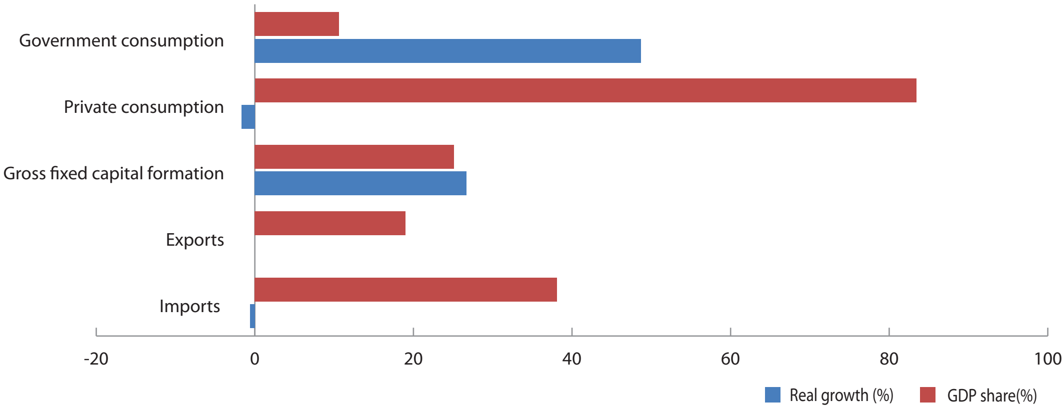
Figure A: Forecasts of GDP growth rates, by institution

Figure B: Forecast error (2008-2014)



* For more information on these terms and the ECA approach to evaluating the accuracy of forecasts, see ECA (2015).

Figure 3: Demand shares and growth, 2014 (Percentage)



Sources: African Development Bank, African Union Commission and ECA (2016).

Considering the demand side of national accounts, figure 3 shows that GDP is dominated by private consumption. This translates directly to the advances in poverty reduction, as can be seen in subsection 4.2 below, on poverty and employment. Growth in this category and that of exports, however, was slightly negative in 2014. It is important to note that government consumption saw a massive increase of almost 50 per cent in 2014. This can potentially be explained by counter-cyclical spending by the Government in order to lessen the effects of the 2014 drought.

3.2 Fiscal policy

Fiscal policy has been loose for the past several years, which was especially visible in 2013, when the budget deficit was 10.2 per cent of GDP. This poses challenges to the economy, as growth in public expenditure continues to outpace growth in revenue mobilization. Numbers from the Ministry of Finance and Economic Affairs show that, after running a surplus budget balance in 2007, the fiscal conditions deteriorated, with the budget deficit remaining at a high 7.4 per cent of GDP in 2015 and overall debt reaching more than 100 per cent in 2014. The deficit is forecast to grow by another 7 per cent in 2016 (Kolley, 2015).

As can be seen in table 2, revenue performance was strong, with substantial increases since 2011 in almost all major revenue categories. Tax revenue, for example, increased by almost 80 per cent during the period 2011-2015. On the downside, grants have been reduced by nearly 70 per cent since 2012. Curtailing expenditure was, however, a major challenge. A report by IMF points to the emergence of unplanned expenditures (IMF, 2015). In particular, quasi-fiscal spending to address financial difficulties in State-owned enterprises led to large deviations from the fiscal targets.

Against this backdrop, in the 2015 budget, the Government renewed its commitment to narrowing the deficit and reducing domestic borrowing. The budget was anchored on limiting net domestic borrowing to 1 per cent of GDP by year-end 2014. This, however, could not be achieved in 2015 and it is foreseen that net domestic borrowing increased further in 2016.

As table 2 illustrates, in 2012, total revenue and grants amounted to 7.1 billion dalasi but declined to 6.2 billion dalasi in 2013, before increasing to 8.3 billion dalasi in 2015. The marked increase in 2012 was the result of the considerable amount of grants in the form of drought relief assistance that was received following poor crop harvests in 2011. The decline in grants in the following year was partly compensated by the marked improvements in domestic tax collection with the introduction of VAT in 2013 and the increase in tax administration. Current rates of VAT stand at 15 per cent; basic foods, education and medical services are exempt (Gambia Revenue Authority, 2014). As a consequence, indirect tax collection grew by 19.6 per cent in 2013, and 21.0 per cent in 2014. Part of the growth in 2014 was also attributed to the total lifting of the subsidy for petroleum products in the final quarter of 2014 (IMF, 2015). Of the total amount of revenue and grants received in 2014 and 2015, domestic taxes comprised 72.9 per cent and 82.6 per cent, respectively.

The Gambian Central Bank points out that, over the past three years, domestic resources have constituted a smaller proportion compared with externally financed development expenditure. For instance, 98 per cent of capital expenditures in 2014 were financed externally either as project loans and/or as grants. Consequently, most of the domestic revenue generated

Table 2: Fiscal accounts (millions of dalasi)

	2011	2012	2013	2014	2015
Total revenue and grants	5 594.9	7 063.2	6 233.0	7 566.3	8 257.3
Tax revenue	3 799.1	4 261.5	4 618.7	5 517.1	6 827.3
Non-tax revenue	440.7	486.8	612.0	764.5	707.7
Grants	1 355.2	2 315.0	1 002.3	1 284.7	722.3
Expenditure and net lending	5 240.4	7 163.4	8 977.6	9 785.6	10 770.4
Recurrent expenditure	3 255.2	3 694.3	6 361.2	7 252.5	8 396.2
of which: wages and salaries	1 682.4	1 793.3	2 064.9	1 912.7	2 037.8
of which: interest payments	903.2	1 212.3	1 285.5	1 894.6	2 798.0
Development expenditure	1 985.2	3 469.1	2 616.4	2 533.1	2 374.1
Primary balance	1 887.7	1 963.9	-324.0	265.1	1 261.3
Fiscal balance (cash basis)	1 887.7	1 963.9	-324.0	265.1	1 261.3
Overall deficit	-1 227.7	-1 587.6	-3 311.3	-2 682.3	-2 965.9
Tax revenue as % of GDP	14.3%	14.6%	14.2%	15.6%	17.1%
Overall deficit as % of GDP	-4.6%	-5.4%	-10.2%	-7.6%	-7.4%

Source: Ministry of Finance and Economic Affairs (2016).

through tax collection is used to finance recurrent spending. The level of public debt in the Gambia is raising concerns of a debt distress. The stock of public debt stood at 101.2 per cent of GDP in 2014 (Kolley, 2015). Public debt rose further in 2015, to 107.6 per cent of GDP. External debt in 2015 constituted almost 60 per cent of the total debt portfolio and was, according to the Central Bank, mainly denominated in United States dollars.

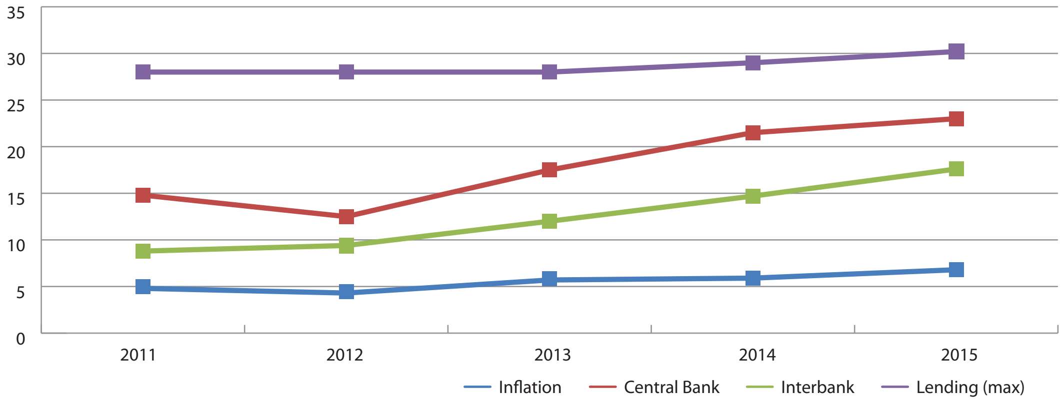
The Central Bank further states that the domestic debt share has grown significantly over the years and the hike in interest rates associated with it has resulted in a significant burden on the budget in terms of interest cost. The structure of the domestic debt portfolio is largely in the form of short-term Government securities, with a maximum maturity period of one year, resulting in significant rollover risks. Commercial banks are the main participants in the domestic debt market, accounting for 68.1 per cent of the market at the end of 2015. The private sector in the Gambia is the second largest holder of government domestic debt, holding 23.3 per cent, while the Central Bank holds another 8.5 per cent. It is important to note that the amount of domestic debt held by the Central Bank was reduced from over 25 per cent at the beginning of 2015. That has helped to ensure the independence of the Central Bank. However, the availability of an overdraft facility at the Central Bank increases the Government's recourse to printing money to finance spending gaps.

3.3 Monetary policy

The monetary policy of the Central Bank of the Gambia was successful in maintaining a low inflationary environment. If compared with the average across Africa (excluding North Africa), it was well below the average in the last decade (IMF, 2016). Because of rising inflation in the Gambia and falling inflation elsewhere in Africa, in 2015, however, the difference narrowed to only 0.2 per cent. Fiscal deficits have posed significant threats to monetary policy in recent years and inflationary pressures started to build up in 2013. The rapidly depreciating exchange rate, which is the combined effect of the expansionary fiscal policy and the external shocks to the economy, is directly effecting inflation. As can be seen in figure 4, inflation increased to 5.7 per cent in 2013, compared with 4.3 per cent in the previous year. Headline inflation also exceeded the Central Bank's target rate of 5.0 per cent in 2015, when it reached 6.8 per cent. Inflation was driven primarily by food items, clothing, health expenditure and transportation costs.

Counteractive measures have been taken by the Central Bank, and the monetary policy rate was raised to 23 per cent in 2015. Meanwhile, the sharp exchange rate depreciation, which began in 2012, continued in 2014 and 2015. In 2016, the exchange rate depreciated to levels previously seen in 2015 and seems to have stabilized at about 42 Gambian dalasi per United States dollar. The exchange rate of the Gambian dalasi has been subject to the influences of presidential directives in several incidents; those exchange rate directives had a negative impact on the economy of the Gambia (IMF, 2015). The Gambia has ended this practice but they nonetheless resulted in the foreign reserves held by the Central Bank being reduced substantially.

Figure 4: Inflation and interest rates



Source: Central Bank of the Gambia (2016).

Considering the joint effect of the monetary policy rate and the magnitude of the Treasury bill's interest rate, commercial lending rates are hovering above 20 per cent. This is a substantial burden for the domestic economy and private investment is crowded out to a large extent. To highlight the magnitude of these effects, it is useful to consider the fact that private sector credit contracted by almost 30 per cent between December 2014 and December 2015. One of the few remaining areas of commercial lending includes the wholesale and retail trade sector, which indicates that credit is used to finance short-term investments. When it comes to long-term investments, only transportation and construction play a significant role. Urgently needed investment in the tourism sector and the agricultural sector is almost non-existent.

Agriculture, the second largest contributor to GDP after services, continues to receive the least credit from commercial banks. Credit to the sector as a proportion of overall commercial credit declined steadily, from 19 per cent in 2006 to 4 per cent in December 2015. Limited access to finance by small-scale farmers is a major obstacle to much-needed productivity gains in agriculture. The high interest rates on borrowing, coupled with a number of other factors, including farmers' lack of collateral or bankable projects, are constraining the sector's appeal to creditors. The strong appetite of the Government for private funds has translated into high interest rates, which the majority of the country's small-scale seasonal farmers cannot afford. The weighted average interest rate for Government debt in December 2008 on the 91-day, 182-day and 364-day bills stood at a low 9.4 per cent, 11.7 per cent and 13.5 per cent, respectively. These values increased to 17.7 per cent, 18.2 per cent and 21.86 per cent in 2016.

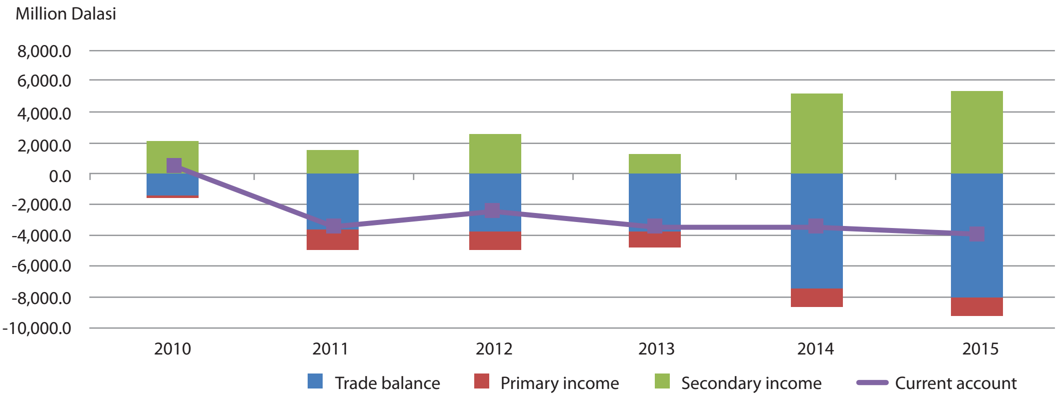
3.4 Current account

The current account balance of the Gambia stood at a positive 1 per cent of GDP in 2010; it then experienced a rapid decline to negative 10 per cent in 2015 (Central Bank of the Gambia, 2016). This was accompanied by a further increase in the country's trade deficit and secondary income in 2014 and 2015 (see figure 5).

The Gambia is a net importing country and consistently experiences a trade deficit, which is caused by imports being more than four times bigger than exports, even when taking into account re-exports. According to figures from the Ministry of Trade, Industry, Regional Integration and Employment, imports stood at 17.1 billion dalasi in 2015 and exports accounted for only 668 million dalasi, or 43.0 per cent and 1.7 per cent of GDP, respectively. The main imported products in 2014 were petroleum products, food items, machinery, vehicles and building materials (Ministry of Trade, Industry, Regional Integration and Employment, 2016) (see figure 6). This illustrates the country's vulnerability in terms of food security. Considering this aspect, together with the current account deficit and the facts that food items are one of the main drivers of inflation, that poverty is more prevalent among farmers and that access to credit for farmers is limited, it becomes clear that agriculture is paramount for the Gambia as a whole.

In 2015, imports originated in descending order from, Côte d'Ivoire (17.9 per cent), Senegal (15.0 per cent), Brazil (9.4 per cent) and China (7.1 per cent). Côte d'Ivoire is one of the main exporters of petroleum products to the Gambia, therefore accounting for a big share. Senegal more than tripled its exports to the Gambia between 2014 and 2015 and ECOWAS countries together accounted for 35.7 per cent of Gambian imports in 2015.

Figure 5: Current account balance

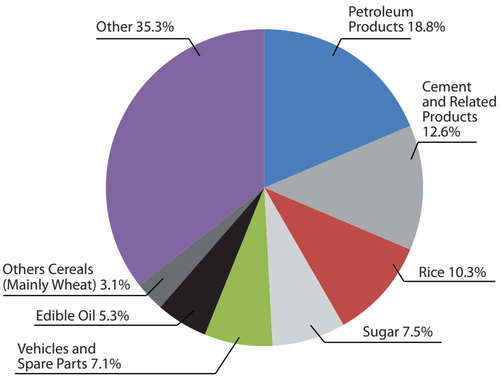


Source: Central Bank of the Gambia (2016).

Although exports are limited, groundnuts, cashew nuts, fish products and animal and vegetable oils can be considered as the main exported products (see figure 7). The European Union was the biggest export market for the Gambia in 2015 (Ministry of Trade, Industry, Regional Integration and Employment, 2016). The main regional destinations for the re-export of goods from the Gambia are Guinea, Mali and Senegal. Re-export trade is almost five times bigger than regular exports and consisted of 85.8 per cent textiles in 2015. It is therefore an important feature of the country's merchandise trade statistics. These exports have nonetheless reduced their overall share in recent years (WTO, 2010). In 2015, their value decreased by almost 14 per cent when compared with the previous year (Ministry of Trade, Industry, Regional Integration and Employment, 2016). Neighbouring countries have improved the efficiency of their ports and formerly favourable tariff structures in the Gambia have lost their importance. This became even more visible when ECOWAS decided to adopt a common external tariff in 2013, which came into force in 2015. As soon as the tariff schedule is in full operation, pressure on the port of the Gambia will rise further.

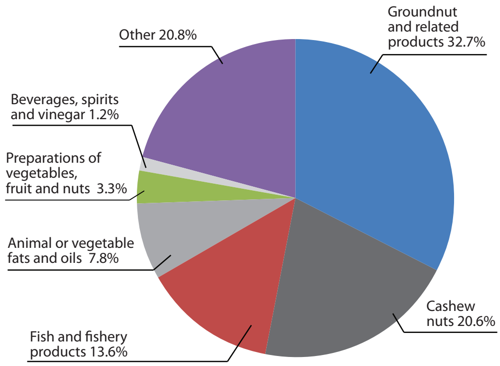
Another important aspect of the economy of the Gambia is service exports in the form of tourism receipts. IMF estimates that, in an active policy scenario, which would involve ending the habit of exchange rate directives and stopping fiscal slippages, services exports would grow from about $130 million in 2013 to more than $200 million in 2020 (IMF, 2015). This would help ease pressure on the current account, while being a source for foreign currency earnings and boosting the economy through improved employment opportunities.

Figure 6: Import composition (2015)



Source: Ministry of Trade, Industry, Regional Integration and Employment (2016).

Figure 7: Export composition (2014)



Source: Ministry of Trade, Industry, Regional Integration and Employment (2016).

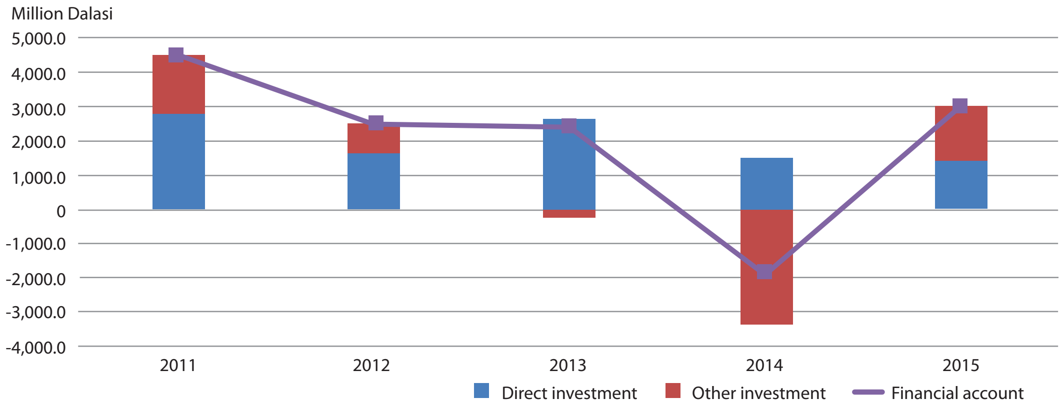
3.5 Capital and financial accounts

The balance of payments estimates for 2015 indicate an overall financial account surplus of 3 billion dalasi. As described above, the Gambia has been experiencing a persistent current account deficit, which has been financed largely by FDI and a drawdown on reserves (see figure 8).

According to the Central Bank, remittances have grown to become one of the largest sources of financial inflows, surpassing official development assistance and FDI. Moreover, the Gambian economy owed much of its resilience to remittances, which are mainly directed to household consumption and real estate development. As at 2014, remittances were the biggest financial inflow, standing at $180 million, followed by net official development assistance of almost $100 million, while FDI was at only $28 million. From an all-time high of $82.2 million in 2006, FDI declined to slightly above $10 million in 2015. During the same period, remittances nearly tripled in value (World Bank, 2016).

FDI has lost its significance since 2006 and was at its lowest point in 2015, when compared with the previous five years. FDI numbers are following the macroeconomic and governance environment and can be attributed to the loss of overall confidence in the country's economy. Inconsistent policies, especially related to the confusion in the exchange rate regime, are all contributing factors to the decline in FDI.

Figure 8: Financial account balance



Source: Central Bank of the Gambia (2016).
Note: Data on portfolio investment are not available.

4

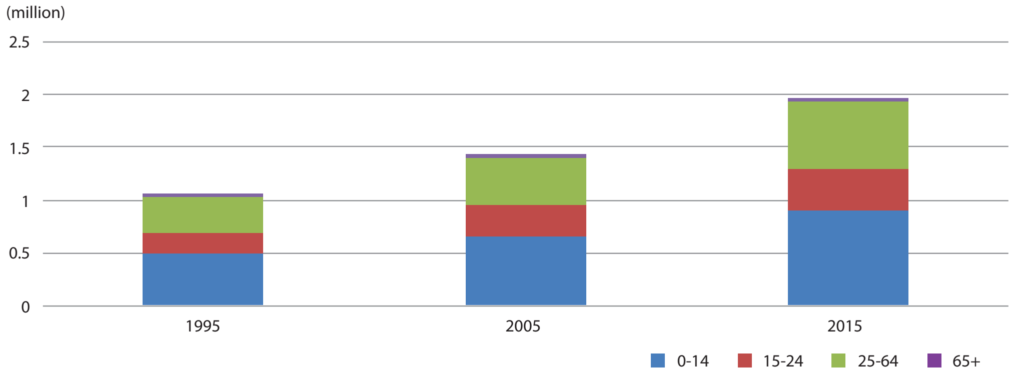
Social developments

4.1 Demography

The Gambia undertook censuses in 1993, which showed a population of slightly above 1 million, in 2003, which showed a population of 1.3 million, and in 2013, which showed a population of almost 1.9 million (Gambia Bureau of Statistics, 2014a). This growth was accompanied by a rise in population density, from 127 persons per square kilometre in 2003 to 176 persons per square kilometre in 2013, making the Gambia one of the most densely populated countries in Africa. The annual population growth rate averaged 3.3 per cent between 2003 and 2013, marking a slight increase from the 2.7 per cent recorded between 1993 and 2003.

The population of the country is expected to reach 3.1 million by 2030 (United Nations, Department of Economic and Social Affairs, 2015). The fertility rate in the Gambia averaged 5.6 births during the period 2010-2013, with a lower rate for women with at least secondary education (Gambia Bureau of Statistics, 2014b). There is a mismatch between actual fertility (5.6) and wanted fertility (4.7) for women, and 18 per cent of women aged 15-19 years are either pregnant or have had a child already. In terms of civil registration, 72 per cent of children under the age of five years are registered with the authorities. The average household size has reduced, from 8.9 persons in 1993 to 8.2 person in 2013 (Gambia Bureau of Statistics, 2014a). The population of the Gambia is very young, with 65.4 per cent below 25 years

Figure 9: Population



Source: United Nations Department of Economic and Social Affairs (2014).

(United Nations, Department of Economic and Social Affairs, 2014). Moreover, persons of 65 years and above account for only 2.3 per cent of the population (see figure 9). More than half of the population (59.6 per cent) lived in urban areas in 2015, which was a substantial increase from the 28.4 per cent recorded in 1980 (United Nations, Department of Economic and Social Affairs, 2014).

4.2 Poverty and employment

The Gambia is one of the poorest countries in the world. In 2015, it ranked 175th out of 188 countries and areas on the UNDP human development index. For 2016, the Government was to allocate 25 per cent of its budget to education, health and social welfare (Kolley, 2015).

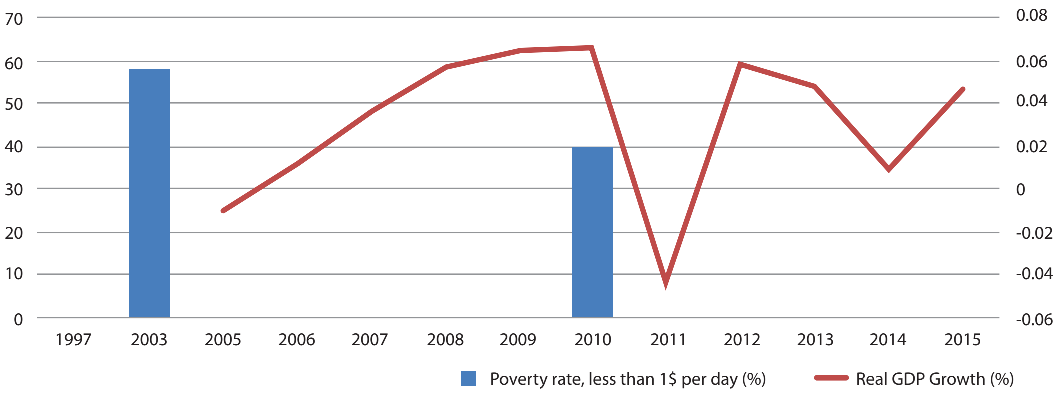
The national reform agenda hinges on the long-term national development strategy, namely its Vision 2020 blueprint and the medium-term PAGE. PAGE, a successor to the Poverty Reduction and Growth strategy 1 and 2, aimed at reducing poverty by 15 per cent between 2012 and 2015. Progress has been impeded by several droughts and domestic policy slippages, which led to shortcomings in the implementation of the programme.

As can be seen in figure 10, the number of people living on less than $1 per day declined from 58 per cent in 2003 to 39.7 per cent in 2010. Using the measure of $1.25 per day, not used as a measure in previous years, incidence of poverty stands at 48.4 per cent. In the years prior to 2010, the Gambia experienced particularly strong GDP growth, owing to favourable weather conditions, the introduction of new plant varieties and increased investment in fisheries. Moreover, the Government used an average of 26 per cent of its budget during the period 2007-2009 for the social and productive sectors, such as agriculture (IMF, 2011).

Increased remittances throughout that period, from $54.1 million in 2003 to $115.7 million in 2010, can provide a further explanation for the big decline in poverty (World Bank, 2016). This can also be seen in section 3.1 above, where GDP is shown to be dominated by private consumption. According to the Gambia Bureau of Statistics and UNDP, poverty remains high and widespread in rural areas, with the proportion of rural dwellers living on less than $1.25 per day estimated at 73.9 per cent, compared with 32.7 per cent in urban areas. This disparity in income is an important factor in explaining mass migration from rural to urban areas.

Poverty is strongly related to household size and education outcomes. Interestingly, poverty is less common in households headed by a woman. One explanation is that female-led households are both smaller in size and less prevalent in a rural setting, two measures that are positively related to poverty. Female household heads receive on average higher remittances. Nonetheless, when mean per capita household income is considered, the income of households headed by men averages 15,930 dalasi, compared with 15,582 dalasi for households headed by women. Agriculture and fishing are the most dominant sectors of employment for the poor. The sector with the lowest poverty rate, financial management, still exhibits a rate of 32.8 per cent with

Figure 10: Poverty and economic growth



Sources: Gambia Bureau of Statistics (2016) and Ministry of Finance and Economic Affairs (2014).

regard to persons living on less than $1.25 per day. In terms of distribution of income, the Gambia remains one of the most unequal societies, with an estimated Gini coefficient of 0.46 (Gambia Bureau of Statistics and UNDP, 2011). To tackle poverty and inequality, the Government must take concrete steps to address the underlying structural issues.

Accessing data on employment in the Gambia remains a challenge for policymakers and there is only one recent labour force survey, dating from 2012 (Gambia Bureau of Statistics and Ministry of Trade, Industry, Regional Integration and Employment, 2013). Unemployment remains especially high among women and young people, although a slight improvement could be seen between 2003 and 2010 (Gambia Bureau of Statistics and UNDP, 2011). Almost 30 per cent of the population's active labour force was unemployed. This number reaches 38 per cent if women are considered separately.

The biggest sector, in which 36.5 per cent of Gambians work, is the services sector. Almost 30 per cent are working in agriculture, forestry and fishery and 13.4 per cent work in handicrafts (Gambia Bureau of Statistics and Ministry of Trade, Industry, Regional Integration and Employment, 2013). One has to be careful when interpreting the employment share of agriculture, however. The questionnaire by the Gambia Bureau of Statistics and the Ministry of Trade, Industry, Regional Integration and Employment (2013) included the category "Skilled agricultural, forestry and fishery workers", which potentially excludes small-scale subsistence farmers, who may not have considered themselves part of that category (UNDP, 2012).

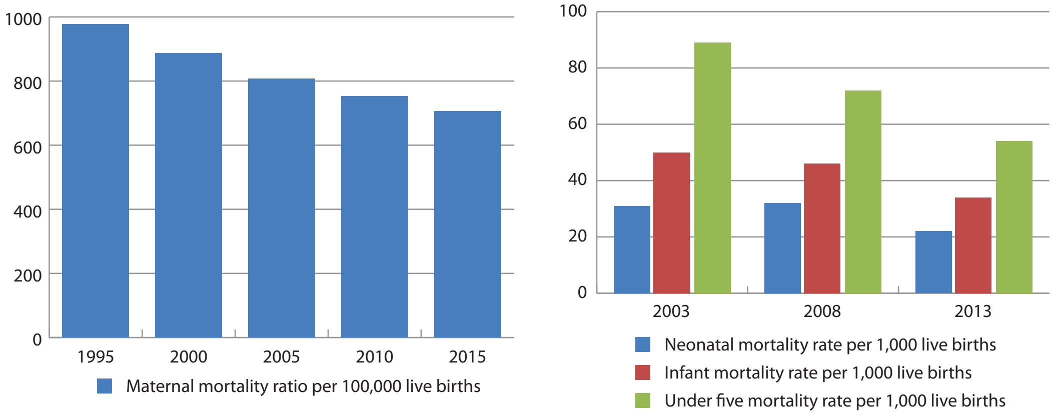
The rural areas have a slightly higher unemployment rate (31.1 per cent) than the urban areas (28.4 per cent). Moreover, unemployment is highest among young people, aged 15-24 years (44.3 per cent), and is a driving force behind migration out of the Gambia. Another vital aspect is the informal labour market: 42.3 per cent of the country's labour force in 2012 were in informal employment, which was most prevalent among those with no or little education, in urban areas and among female workers. Notably, more than 50 per cent of informal work could be observed in wholesale and retail trade. Manufacturing and construction accounted for about another 10 per cent each (Gambia Bureau of Statistics and Ministry of Trade, Industry, Regional Integration and Employment, 2013).

4.3 Health

The Gambia has achieved the provision of primary health care for its citizens and has achieved some of the Millennium Development Goals. According to the results of the 2013 Gambia Demographic and Health Survey (Gambia Bureau of Statistics, 2014b), the infant mortality rate dropped from 50 in 2003 to 34 per 1,000 live births in 2013. The mortality rate of children under 5 years of age dropped from 89 per 1,000 live births in 2003 to 54 in 2013 (see figure 11). The Millennium Development Goal target of 88 per cent of children under the age of five years being vaccinated against measles was missed by only 0.2 per cent in 2013.

The challenge for the Gambia lies in improving maternal health. The country experienced a decline in the maternal mortality rate — from 977 to 706 per 100,000 live births between 1995 and 2015 (WHO and others, 2015; Gambia Bureau of Statistics, 2014b).[2] This falls short of the Millennium Development Goal target rate of 263. The proportion of births attended by skilled health personnel stood at 57.2 per cent in 2013 (Gambia Bureau of Statistics, 2014b). With regard to Millennium Development Goal 6 (combating HIV/AIDS, malaria and other diseases), the Gambia had a prevalence rate of HIV/AIDS among young people aged between 15 and 24 years of 0.3 per cent in 2013 (Gambia Bureau of Statistics, 2014b). The Gambia increased its

Figure 11: Health



Sources: WHO and others (2015).

Source: Gambia Bureau of Statistics (2014b).

[2] International data are used to analyse the historical trend. The most recent national data put maternal mortality at 433 per 100,000 live births in 2013 (Gambia Bureau of Statistics, 2014b).

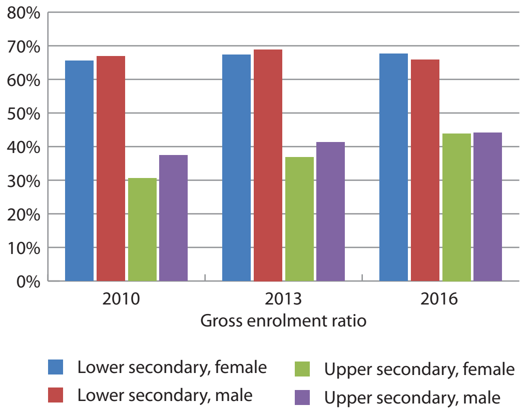
expenditure on health in terms of percentage of GDP from 5.0 per cent in 2005 to 7.3 per cent in 2014 (WHO, 2016a). In addition, data from WHO indicate that an increase in life expectancy at birth, which is directly related to poverty, nutrition and health outcomes, increased from 55.9 years in 2000 to 61.1 years in 2015 (WHO, 2016b).

4.4 Education

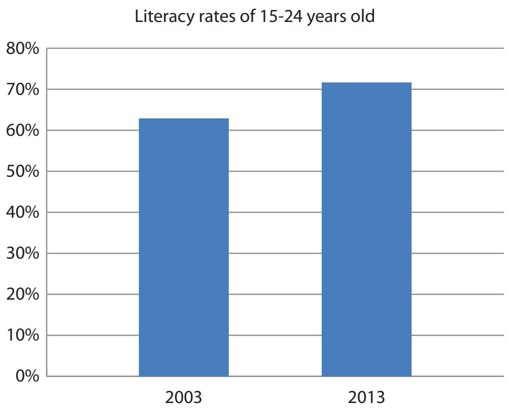
Educational attainment is an important determinant of poverty in the Gambia. The Integrated Household Survey from 2010 reported a higher prevalence of poverty among people with lower education (Gambia Bureau of Statistics and UNDP, 2011). Expenditure on education as a percentage of total government expenditure averaged 14.0 per cent between 2009 and 2013 (UNESCO, 2016). This amounts to public expenditure on education of an average 3.6 per cent of GDP during this period and was a significant increase from an average of 1.6 per cent during the period 2004-2008. As a result, education outcomes improved in recent years. It is nonetheless worth noting that education expenditure as a percentage of GDP declined from 4.1 per cent in 2012 to 2.8 per cent in 2013.

Data from the Ministry of Basic and Secondary Education (2016) illustrate that, in terms of both net and gross primary school enrolment, girls are more likely to be enrolled in primary school. This tendency is, however, not carried over to secondary school enrolment. Gross female enrolment in lower secondary school was almost in full parity in recent years, but gross female enrolment in upper secondary school stood at only 30.6 per cent in 2010, which was a significant gap of about 7 per cent compared with male enrolment (37.4 per cent). This gap closed in 2016 and enrolment rates have converged, reaching 44 per cent. Gross enrolment in lower secondary education was 66.2 per cent in 2010 and increased slightly to 66.8 per cent in 2014 when both

Figure 12: Education



Source: Ministry of Basic and Secondary Education (2016).



Sources: Gambia Bureau of Statistics (2003) and Ministry of Basic and Secondary Education (2014).

sexes are considered jointly. In upper secondary education, a clear upward trend can be seen and gross enrolment went up by 10 basis points from 2010 to 2016.

Confirming the positive trend in education, figure 12 shows that literacy rates among 15-24 year olds slightly improved, from 62.9 per cent in 2003 to 69.7 per cent in 2013. Literacy rates can be expected to rise further since net primary enrolment reached almost 85 per cent in 2016 (Ministry of Basic and Secondary Education, 2016). However, literacy rates vary significantly by gender: 67.4 per cent of women aged 15-24 are literate, as opposed to 76.6 per cent of men (Ministry of Basic and Secondary Education, 2014). Since upper secondary enrolment has reached gender parity in 2016, this will potentially change in the near future. Not surprisingly, literacy rates are generally higher for wealthier individuals. An area of potential improvement is primary school completion rate. In the period 2010-2016, an increase of only 2 per cent, from 73.6 per cent to 75.6 per cent, was recorded. Another important aspect is the geographic dimension: education is much more common in urban areas than in rural areas.

4.5 Gender equality and women's empowerment

The status of gender equality and women's empowerment is measured in terms of the key areas indicated in the circular chart below. These areas are important for the improvement of women's lives and their contribution to sustainable and inclusive growth in Africa.

To assess the actual extent of gender inequality and to achieve the goal of measuring gender equality and women's empowerment in Africa, ECA has developed a monitoring tool, the African Gender Development Index (AGDI), which allows policymakers to evaluate their own performance in implementing policies and programmes geared towards ending women's marginalization.

The calculation for the scoring is based on Gender Status Index (GSI) data. GSI is one of the components of AGDI. For each key indicator, the score is calculated as an unweighted arithmetic average by taking the female to male ratio of the indicator values, multiplying it by 10 and rounding the result off to the nearest whole number. A score of zero represents the highest level of inequality, five shows middle parity level and 10 represents perfect parity. Parity levels exceeding 10 represent situations in which women have outperformed men, irrespective of the level of development of the area being assessed. Box 3 discusses the extent to which the Gambia has promoted women's empowerment and the achievement of gender equality.

Most data used to calculate scoring are drawn from the latest nationally available data sources. However, for a few indicators where the country has no disaggregated data, international data are used. Sources for the indicators of the African gender and development index include: the Ministry of Basic and Secondary Education (2016), the Gambia Bureau of Statistics and the Ministry of Trade, Industry, Regional Integration and Employment (2013), the Gambia Bureau of Statistics (2014b) and World Bank (2016).

Box 3: Gender equality and women's empowerment – The Gambia

Data for the Gambia indicate full equality between women and men in health-related indicators, including for children aged under 5 in terms of survival rate and the percentage of children who are not stunted, the share of the population without HIV (in the 15-24 years age group) and life expectancy at birth (Gambia Bureau of Statistics, 2014b).

In 2012, the percentage of women who were in paid employment in the non-agricultural sector (61.8 per cent) was below that of men (73.9 per cent), with a parity score of 8. Interestingly, 69.5 per cent of women were own-account workers, compared with 52.7 per cent of men. The labour force participation of men was slightly higher than that for women, with a parity score of 9 (Gambia Bureau of Statistics and Ministry of Trade, Industry, Regional Integration and Employment, 2013).

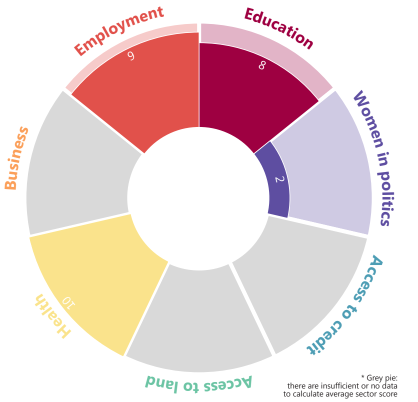
In relation to education, the gross percentage of students enrolled in secondary school, defined as the average of lower and upper secondary school, was almost equal for both sexes: 55 per cent of male and 55.75 per cent of female students attended secondary school, resulting in a parity score of 10 (Ministry of Basic and Secondary Education, 2016). The literacy rate of men aged 15-24 years was 76.6 per cent, higher than that of women (67.4 per cent) (the Ministry of Basic and Secondary Education, 2014).

Despite significant progress made in some sectors, there are areas of concern. Gender inequality in 2015 is observed in the political sector, in particular with regard to women's representation in parliament and in ministerial positions. For instance, women hold only 21.1 per cent of ministerial positions and only 9.4 per cent of members of parliament are women (IPU, 2015).

Employment : 9	
Employment in nonagricultural sector	8
Labour force participation rate	9

Business :	
Top management in firms	No data
Ownership in firms	13

Health : 10	
Under-five survival rate	10
Children under age five who are not stunted	10
Life expectancy at birth	10
Share of population without HIV	10



Education : 8	
Youth literacy rate	9
Enrolment ratio in secondary education	10
Enrolment ratio in tertiary education	6

Women in politics : 2	
Representation in parliament	1
Ministerial positions-cabinet	3

Access to credit :	
Account at a financial institution	No data
Borrowed from a financial institution	No data

Access to land :	
Access to land	No data

Stand-alone indicators					
Access to drinking water source within 15 minutes (urban)	67.7	Improved sanitation (urban)	45.9	Maternal mortality ratio	433
Access to drinking water source within 15 minutes (rural)	24.6	Improved sanitation (rural)	24.3		

Source : African Union Commission and ECA, 2015.

** The data for share of population without HIV indicate for youths from 15-24 years old.*

5

Thematic analysis: Agricultural development: status, constraints and policy challenges

5.1 Current state of the agricultural sector

With 176 persons per square kilometre, the Gambia is one of the most densely populated countries in Africa, which puts great pressure on the country's limited productive land. The agriculture and natural resource sector consists of four subsectors, namely agriculture (crops, livestock and poultry, research and development, and agricultural service providers), forestry, fisheries and wildlife. The biggest currency earners of the sector in terms of total exports are groundnuts, with 32.7 per cent, cashew nuts, with 20.6 per cent, and fish products, with 13.6 per cent (Ministry of Trade, Industry, Regional Integration and Employment, 2016).

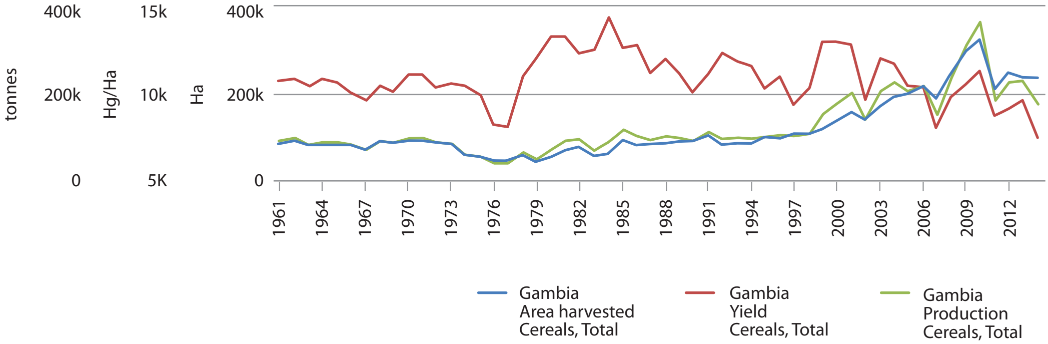
The Gambia is classified by FAO as a low-income, food-deficit country. Agriculture is predominantly for subsistence, uses very little mechanization, has few inputs and is mostly rain-fed. As such, agricultural productivity is low, and the sector is especially vulnerable to droughts.

As shown in figure 13, the country has been experiencing a declining average crop yield and a low annual growth in total agricultural and food production. Agricultural value added per worker at constant 2010 dollars was $311.4 in 2015 (World Bank, 2016). This is the second-lowest value in West Africa, where Guinea is ranked last, with $269.5 and the direct neighbour of the Gambia, Senegal, which stands at $512.6.

As can be seen in figure 13, cereal yield has declined since the early 2000s, while the overall land use for production increased by almost 10 per cent. An explanation may be that less suitable farmland has started to be used to keep up with the growing demand for food products that stems from population growth. This shows the pressure in which Gambian farmers operate today. Total production and yields have also fluctuated more in recent years, showing increased vulnerability to weather-related shocks.

Within the first decade after gaining independence in 1965, the agricultural sector of the Gambia enjoyed unparalleled successes. Groundnut production was booming, reaching a peak of 151,500 tons a year in 1973. To put this into perspective, the output of the country's main cash crop averaged only 103,123 tons during the period 2010-2014, representing a

Figure 13: Cereals, total production (1961-2014)

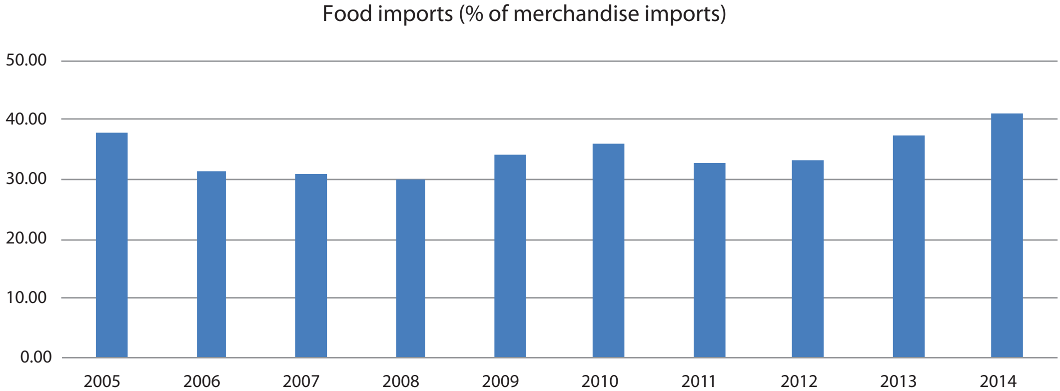


Source: FAO (2016).

decline of more than 30 per cent (FAO, 2016). As can be seen in figure 14 below, the country relied on food imports amounting to more than 40 per cent of the total merchandise imports in 2014. This contributes to the persistent current account deficit that the Gambia has been encountering. The Gambia spent about $70 million annually to import rice in 2009 (Ministry of Agriculture, 2009).

Evidence such as the PAGE mid-term evaluation hints at the fact that the agricultural sector is poorly linked to other sectors of the economy. The tourism sector, one of the fastest-growing sectors of the economy of the Gambia, provides significant foreign exchange earnings and employment opportunities, but nonetheless depends to a large extent on imported agricultural products. This is an example where the economy is yet to benefit from linkages between tourism and agriculture. Such linkages could benefit both sectors equally: higher-quality products from the agricultural sector would mean higher earnings for this sector; at the same time, it could lower the prices of agricultural products used in the tourism sector, as products would no longer

Figure 14: Food imports



Source: World Bank (2016).

have to be imported from abroad. High dependency on rainfall, poor fertility levels that are aggravated by rapid soil acidification, bushfires, salt water intrusion into swamp areas, low usage of modern inputs and unsustainable land tenure practices, which discourage potential investors, are all important factors that reduce agricultural production and productivity (Fatajo, 2010).

The main constraints of the crops sector include limited credit access and facilities and inadequate water supply, availability of other essential inputs (seeds, agrochemicals) and infrastructure (transport, market, equipment, irrigation and processing facilities). Low farm income, increasing rural poverty and household food insecurity, accelerated rural-urban drift and rapid degradation of the environment are other important aspects. Moreover, livestock sector development is constrained by limited veterinary services, which results in epidemics (Rift Valley fever, foot and mouth disease, new cattle diseases and trypanosomiasis), limited access to water, deforestation, overgrazing and inadequate regulations and their enforcement (Ministry of Agriculture and Ministry of Trade, Industry, Regional Integration and Employment, 2009).

The fisheries sector has been affected by limited technical capacity, low access to concessionary investment finance, the high cost of fuel, a paucity of appropriate equipment and machinery and limited budgetary support (WTO, 2004).

Overall agricultural production is highly dependent on rainfall, whose distribution has been erratic and inadequate over the past 30 years, exacerbating the low performance of a sector already unable to cope with the food needs of a steadily growing population. As a result, the Gambia has been hit by a number of moderate to severe recessions over the past few decades, all related to droughts. With four droughts in the last 12 years, the Gambia has experienced a period of highly volatile economic growth (UNDP, 2012).

Agriculture has the potential to become an effective pathway by which the Gambia can reach its long-term development goals of reducing poverty and achieving food security. Sustained agricultural productivity growth could lay a strong path to a diversified economy through linkages between the sector with other segments of the economy. For much of the country's history, the agricultural sector was the largest employer and the primary source of export revenue. Its prominence as the main foreign exchange earner is progressively being usurped by the services sector, i.e. the tourism subsector, wholesale and retail trade and remittance inflows.

Nonetheless, agriculture remains a mainstay for the economy in terms of employment, income and livelihood for the rural poor. It is also a sector that, in the case of sufficient precipitation, is a driver of economic growth in the country. The sector accounted for 21.1 per cent of GDP in 2015 (Gambia Bureau of Statistics, 2016) and provided employment for almost 30 per cent of the population. Women comprise 46.5 per cent of full-time farmers (Gambia Bureau of Statistics and Ministry of Trade, Industry, Regional Integration and Employment, 2013). Given the prevailing low returns of agriculture, it is no surprise that poverty incidence is the highest in households headed by agricultural and fishery workers, 79.0 per cent of whom earn below $1.25 per day (Gambia Bureau of Statistics and UNDP, 2011).

This underscores the strategic role of an increase in agricultural productivity in the process of poverty alleviation. Moreover, urban residents have lower rates of poverty than rural residents. In 2010, 73.9 per cent of residents in rural areas were living on less than $1.25 per day, compared with an estimated 32.7 per cent of residents in urban areas. This demonstrates that growth has not been adequately inclusive, significantly affecting health and education outcomes, as confirmed in the literature (Gambia Bureau of Statistics and UNDP, 2011; Ministry of Basic and Secondary Education, 2016; and Ministry of Finance and Economic Affairs, 2016).

5.2 Policy interventions

The Gambian authorities have, over the years, taken several measures aimed at transforming the economy by migrating from rain-fed subsistence to food self-sufficiency and export-oriented commercial agriculture, as enshrined in the country's current long-term national development blueprint, Vision 2020.

The country has historically shown a willingness to address challenges affecting the agricultural sector through different and successive development policies and programmes dating back to its colonial time (see table 3).

PAGE 2012-2015, which succeeded the Poverty Reduction and Growth strategy 1 and 2, puts agriculture at the forefront as the most pro-poor sector in the economy. Similarly, Vision 2020, which is the long-term national development blueprint for transforming the economy of the Gambia, recognizes agriculture as the driving force for sustainable and meaningful growth for development. GNAIP 2011-2015, prepared within the framework of Vision 2020 and the New Partnership for Africa's Comprehensive Africa Agriculture Development Programme, provides a comprehensive plan to enhance the contribution of agriculture and natural resources to the national economy in order to enhance economic growth and reduce poverty while emphasizing the development of value chains.

The plan focuses on six areas: (a) improvement of agricultural land and water management; (b) improved management of other shared resources; (c) development of agricultural chains and market promotion; (d) national food and nutritional security; (e) sustainable farm development; and (f) GNAIP coordination, monitoring and evaluation. With the total cost to be about $296.7 million (GNAIP 2011-2015) for the four-year period, it targeted the most vulnerable groups and households in rural and urban communities.

By its design, the plan seeks to lay the foundation for a private sector-led agricultural development programme in the Gambia, improve on-farm productivity through reducing weather-related risks and strengthening production intensification, increase value addition

Table 3: Agricultural policy focus throughout the recent history of the Gambia

Period	Policy focus and orientation
Colonial time	Agricultural policies aimed at developing select export commodities to satisfy the demands of British industries Groundnuts as the focus of government policy, and mixed farming centres established throughout the country to promote the production of the crop Mechanized rice production and animal-drawn technologies promoted, especially by the mixed farming centres
1960s	Emphasis on general food production and increasing irrigation
1970s	Focus shifted to achieving food self-sufficiency Cotton introduced in the early 1970s, not only as a drought-tolerant complementary cash crop but also as a means of reducing the economy's over-dependence on groundnuts and vulnerability to weather uncertainties
1980s	Setbacks such as macroeconomic adjustments compromised the country's ability to sustain the food production gains of the 1970s
1990s	A shift towards a more robust response to the decline in agricultural production during the 1980s The attainment of food security and diversification of the export base became overriding themes during this period Removal of subsidies and retrenchment of extension workers Efforts were thus made to reverse the trend in declining agricultural outputs: food security emerged as a major theme Focus on the diversification of the food and export base
2000 onwards	Food security at the household and national levels became the focus of the agriculture sector, along with agricultural contribution to poverty alleviation and economic growth
2010	A new agricultural and natural resources policy was formulated The policy is based on the national vision aimed at positioning the Gambia as a middle-income country by 2020 The policy is aimed at transforming agriculture into a robust, market-oriented sector that is aligned with the macroeconomic framework and measurably contributes to sustainable poverty reduction and economic growth

Sources: Ministry of Agriculture and Ministry of Trade, Industry, Regional Integration and Employment (2009) and Ministry of Finance and Economic Affairs (2011).

and market access, and support institutional development for value chain integration and coordination by strengthening producer organizations and promoting public-private partnerships. This is in line with recent efforts to encourage public–private partnerships by the Ministry of Finance and Economic Affairs (Ministry of Agriculture and Ministry of Trade, Industry, Regional Integration and Employment, 2009).

The high population growth rate, changing weather patterns, environmental degradation and urbanization have aggravated the sustainability of current food production operations. In Vision 2020, emphasis is placed on improving agricultural production and productivity. To achieve this, the Vision has at its core the empowering of farming communities through the transfer of appropriate technologies to enhance their capacities.

In addition, high on the priority list is enhancing the participation of the private sector in agriculture, specifically in the downstream segments, enhancing production and processing of agricultural products by taking advantage of the infrastructure to be provided by the public sector. Such partnership between the Government and private sector is also expected to lead to an improvement on the existing network of storage, processing, packaging and distribution outlets, ensuring the development of agricultural value chains.

While the policy measures outlined in the above-mentioned Vision, plans, policies and projects are well within the implementation capacity of the Government, the level of success has so far been limited, with little measurable effect on rural poverty or agricultural productivity. Although monitoring and evaluation are an integral part of the design stage, there has not been any known review of GNAIP to allow for pinpointing its constraints and weaknesses. Despite the participation of numerous development partners, the goals of Vision 2020 with respect to agriculture are still far away. Agricultural productivity, as seen in Figure 13 above, is unstable and not high enough to sustain the current population growth. The urban-rural divide in terms of poverty is still present as well. The PAGE mid-term evaluation shows that food insecurity persists for agricultural workers and points in large part to failures by institutions and inadequate planning that are frustrating the efforts of the Government to reach its objectives in agriculture.

The Government needs to strengthen the organization and the management of agricultural extension programmes to provide a sustained flow of technological and technical information relevant to farmers' production problems and to integrate irrigation and water resources management into farming practices to boost agricultural productivity and insulate it from weather-related risks. The implementation of PAGE and other related programmes and projects will require an adequate level of financial resources from the Government and the private sector as well as from the country's development partners.

The Gambia should strengthen its resource mobilization strategy and ensure that quality public expenditure in agriculture prevails. The mobilization of these resources will require rigorous accountability and transparency. The monitoring and evaluation techniques aimed at measuring whether PAGE, GNAIP and Vision 2020 are implemented as planned and how successful they are also need to be strengthened. In order to render agriculture the mainstay it once was, coordination between the different sectoral policies and plans that are affecting agricultural development need to follow a comprehensive and holistic approach.

6. National data quality evaluation

Methodological note: The quality of national data sources for key indicators in the country profiles was evaluated. The results are presented in colour codes, with green indicating that the data source is "good"; yellow; "satisfactory" and red, "needs improvement".

The evaluation focused on the transparency and accessibility of the national data sources, while taking into consideration of the periodicity of the published data based on the timeliness and frequency of the data updates in accordance with international standards. It measured the comparability of the data series based on length, definition and standard units of measurement. Also reviewed were the accessibility of the database to the general public, the format of the data and the ease in which the data can be downloaded and shared. Data citations together with references to primary or secondary sources, was also assessed. Finally, the evaluation checked the completeness of metadata for data release and the clarity of documentation and notes.

Demography	Value	Evaluation
Population	1,882,450 (2013)	1
Urban population (%)	50.5 (2003)	7
Child (0-14 years, %)	45.9 (2013)	2
Adult (15-64 years, %)	50.3 (2013)	2
Aged (65+ years, %)	3.8 (2013)	2
Population growth rate (%)	3.3 (2013)	1
Crude birth rate (per 1,000 population)	40.5 (2013)	2

Key macroeconomic and sectoral performance	Value	Evaluation
Real GDP growth rate (%)	4.7 (2015)	6
GDP, current prices (billions of dalasi)	39.9 (2015)	6
Inflation rate (%)	6.8 (2015)	6
Current account balance (millions of dalasi)	-3,941 (2015)	6

Economic trends and performance indicators	Value	Evaluation
Inward flows of foreign direct investment (millions of dalasi)	1,398 (2015)	6
Outward flows of foreign direct investment (millions of dalasi)	905 (2015)	6

Education and employment	Value	Evaluation
Literacy rate (10 years and older, %)	69.7 (2013)	2
Net enrolment rate in primary education (%)	84.6 (2016)	3
Proportion of pupils starting grade 1 who reach last grade of primary	75.4 (2016)	3
Ratio of girls to boys in primary education	1.05 (2016)	3
Ratio of girls to boys in secondary education	0.99 (2016)	3
Unemployment rate (%)	29.8 (2012)	4
Youth unemployment rate (%)	44.3 (2012)	4
Poverty rate, below $1 per day (%)	39.6 (2010)	5

Health	Value	Evaluation
Life expectancy at birth (years)	63.4 (2013)	2
Under-5 mortality rate (per 1,000)	54 (2013)	2
Maternal mortality ratio (per 100,000 live births)	433 (2013)	2
Neonatal mortality rate (per 1,000 live births)	22 (2013)	2
Infant mortality rate (per 1,000 live births)	34 (2013)	2
Proportion of births attended by skilled health personnel (%)	57.2 (2013)	2
HIV prevalence among population aged 15-24 years	0.3 (2013)	2
Prevalence of underweight children under 5 years of age	16.2 (2013)	2

Data Sources Code Index

1. The Gambia Population and Housing Census 2013.
2. The Gambia Demographic and Health Survey 2013.
3. Ministry of Basic and Secondary Education, Education Statistics 2015/2016.
4. The Gambia Labour Force Survey 2012.
5. Integrated Household Survey 2011.
6. Gambia Bureau of Statistics and Central Bank of the Gambia, unpublished.
7. Gambia Population and Housing Census 2003.

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