



Casa África – Business opportunities

Gambian Republic

After the political transition in 2016, GDP growth accelerated to 6.6% in 2018, driven by the recovery in agriculture, tourism, construction and trade. In 2019, it is projected to decline by 5.4 per cent due to poor fiscal management and delays in the disbursement of budget support. By 2020, GDP is expected to be around 5.1 per cent, thanks, in addition to the above, to external financing for energy and roads, as well as the trade stimulus provided by the recent opening of the Trans-Gabal Bridge. Inflation has declined as a result of exchange rate stability, a strong food supply and lower commodity prices. The current account deficit widened over the period 2015-2018 due to the country's dependence on food and fuel imports, but in 2019 it was narrowed by improved net services, private capital flows and remittances. Fiscal consolidation reduced the fiscal deficit to 4.1 per cent of GDP in 2019, but high levels of public debt and the resulting limited fiscal space keep poverty at a standstill and unemployment high.

The Gambia faces major energy and infrastructure challenges. Agriculture has potential but has not contributed to poverty reduction, as the majority of the rural population works in subsistence agriculture. However, investment in the modernisation of the port of Banjul is very important for trade and the new opportunities it offers, such as the transport of imported liquid petroleum products to the interior of the Sahel, in addition to job creation.

It is a small and very open economy and, given its characteristics, it could benefit from further regional trade integration through the African continental free trade area and the adoption of a future single currency, as its main trading partners are African countries. Its trade balance is in deficit; its main suppliers in 2016 were Côte d'Ivoire, Brazil and Spain, and its main customers were Guinea Bissau, Vietnam and Senegal. In terms of exports, seeds and industrial plants stand out, followed by cereals and bakery products. As far as imports are concerned, the most important in 2016 are fuels and mineral oils, followed by cereals, animal fats and oils and sugar. The country's trade deficit is supported by revenues from exports of services, especially transport and tourism, one of the largest contributors to the economy.

Challenges facing the country include weak institutional capacity and slow progress in fiscal consolidation, which could lead to a reduction in private sector confidence and disbursement of promised development assistance, thereby undermining investment and growth. The high level of public debt and the liabilities of public enterprises in particular leave little room for private sector credit expansion. On the other hand, electricity prices are high and the cost of electricity generation remains vulnerable to oil and currency price shocks. Finally, training programmes are needed to improve employability, as few people receive training.

AEO: <https://www.afdb.org/en/documents/african-economic-outlook-2020>

ICEX: <https://www.icex.es/icex/es/navegacion-principal/todos-nuestros-servicios/informacion-de-mercados/paises/navegacion-principal/el-mercado/estudios-informes/DOC2018793120.html?idPais=SN>