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THE GAMBIA

Macroeconomic framework:

The Gambia is the smallest country in continental Africa and is embedded within the territory of Senegal. The eponymous river that runs through the country from the interior to the coast presents opportunities for a country that, after six decades of independence, has not yet been able to harness this potential. After 22 years of military dictatorship, The Gambia successfully completed the transition to democracy in 2016. Since then, the government has had to deal with a delicate economic situation, although GDP has been growing steadily. After the drop in tourism (20% of GDP) during the pandemic in 2020, The Gambia has gradually returned to normality, although it has not yet recovered to pre-pandemic levels. GDP grew by 4.9% in 2022 and 5.6% in 2023 according to the African Economic Outlook, and reached USD 2340 million in the same year, according to the World Bank. The main sectors are tourism, agriculture - heavily focused on groundnut cultivation - and construction. The Gambian diaspora, including 23,000 Gambians living in Spain, has a growing weight in the country's economy: their regular remittances represent a quarter of the national GDP. This inflow of foreign currency was key during the pandemic to cover the drop in income due to the slowdown in tourism and is already a channel for investment in The Gambia, mainly focused on the real estate and tourism sectors.

Debt:

The Gambia has a small debt stock ($1.13 billion), but with an important weight in the national economy. In 2022, annual debt servicing soared to over $100 million, a number that will remain until the end of the decade. The outflow of dollars for this reason, and the low diversification of the economy, are risks to be taken into account. The lack of dollars translates into a loss of value of the local currency, the dalasi, which in a decade has gone from 51 dalasi/dollar to the current 74 dalasi/dollar. As a consequence, most Gambians have structurally lost purchasing power. According to UNCTAD, debt interest service accounts for 9.5% of government budget revenues. Without access to the private market, The Gambia borrows mainly from multilateral agencies such as the World Bank, the International Monetary Fund, or the Islamic Development Bank. Bilateral lenders come from the Middle East and South Asia: Saudi Arabia (11% of Gambian debt) and Kuwait (7%) complete the chart, which also includes India (7%).

Imports and exports:

According to International Monetary Fund projections, imports into the Gambia will surpass exports by 2028. To sustain this trade deficit, the main sources of income are tourism and remittances, which by 2028, according to the IMF, will exceed $700 million annually. Most of Gambian exports are unprocessed groundnuts, cashew nuts, fish, and wood. More than half of exports end up in India and China. Its main imports are linked to energy (petrol) and food (rice, wheat, palm oil). China is the source of one-third of imports.

The fragility of the dalasi, coupled with dependence on these imports, makes the Gambia particularly vulnerable to any geopolitical shocks - the conflict in Ukraine drove up the price of petrol and wheat. In a country where fish are abundant, the possibility of producing fertiliser locally would open up opportunities for agriculture. Greater food self-sufficiency in certain products (onions, potatoes) would free up tens of millions of dollars that could be used to import machinery to increase agricultural productivity. All of this depends on a regular supply of electricity, 40% of which in the Gambia is supplied by a Turkish company's floating boat, the Karpowership.

Electricity:

The Gambia generated less than 0.5 TWh of electricity in 2022. This is three times what was generated in 2000, but it does not allow the country to provide electricity to most of its population or to industrialise. The potential for solar energy is evident, but it would require previous investment and imports of solar panels. According to the African Economic Outlook 2024, The Gambia's financing gap in infrastructure and technological innovation is $2.8 billion. A number that seems important when compared to the country's economy, but which is less than what Spain spent on importing smartphones in 2023 ($4252 million).

Defence:

Annual defence spending was $13.2 billion in 2023, according to SIPRI, a Swedish institute specialising in trading with this type of product. This figure represents 0.58% of government spending. The Gambia's main supplier was Taiwan, until its breakup of diplomatic relations in 2016.

Demographics:

Like other neighbouring countries, The Gambia has seen over the past three decades a change in the distribution of the population between rural and urban areas. In 1990, 6 out of 10 Gambians lived in rural areas; today, only 36% of the population lives in rural areas. In that time, the country has gone from just over 1 million inhabitants to 2.7 million. Many of them, lacking opportunities in rural areas, have moved to urban areas, where most Gambians live now. Life expectancy has increased from 51 years in 1990 to 63 years today. Half of the population is less than 20 years old.

Technological innovation:

Internet use in The Gambia has increased considerably over the last few years, exceeding 50% of the population by 2022. In 2010, this number was less than 10%. The national broadband network project was paid for with a loan from the Export-Import Bank of China.