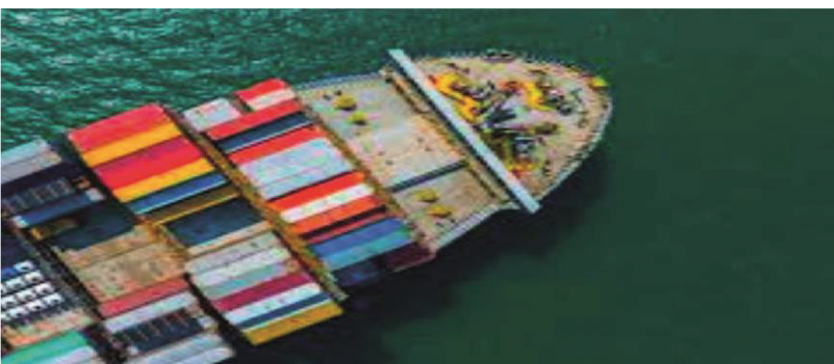




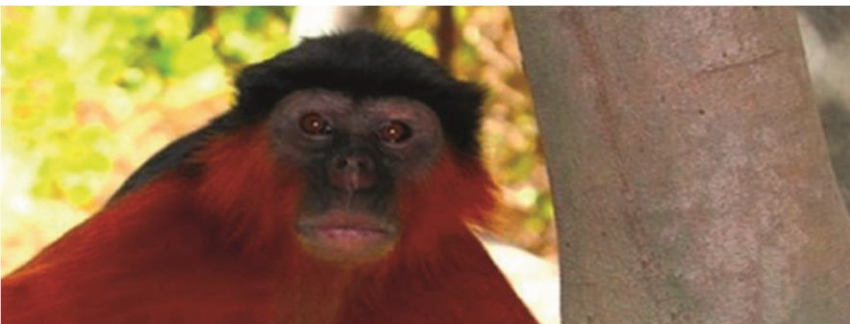
National Export Strategy 2021-2025

THE GAMBIA

THE SMILING COAST OF AFRICA



SECTOR PROFILE
GROUNDNUT



Contents

Summary of the NES	1
Sector Profile	3
Groundnut	3
The Global Groundnut Sector	3
Performance of Groundnut Exports	5
10,403 5	
The Groundnut Sector in The Gambia	6
Competitive Environment	6
Rest of World 30%	7
Nigeria 6%	7
India 15%	7
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018	7
Opportunities and Implications	8
Key Issues and Constraints	8
11.2 The Groundnut Value Chain Analysis	11
Endnotes	11w
11.3 Objectives and Targets	14

Summary of the NES

The National Export Strategy (NES) 2021–2025 is a critical roadmap to guide The Gambia towards export growth and diversification, recalibrating the economy away from its dependence on low value-added commodity trade; helping Gambian businesses to enter global value chains; and facilitating its post-COVID recovery, growth and resilience.

The Gambia is a small economy that has been operating with a trade deficit for many years, with heavy dependence on imports (which account for 80% of trade). In addition, The Gambia is heavily dependent on the export of goods, particularly, rain-dependent agricultural products.

The government, through technical support from the Commonwealth Secretariat to the Gambia Investment and Export Promotion Agency, is advancing the second National Export Strategy (NES II), which attempts to diversify exports, strengthen expanding sectors and contribute to the achievement of the overarching objectives of the National Development Plan (NDP) and the Sustainable Development Goals (SDGs). NES II is comprehensive and targeted, with a focus on ownership, implementation, sustainability and resilience (especially within the context of COVID-19).

The NES (2020-2025) focuses on supporting The Gambia’s export-ready firms to enter regional and global value chains, particularly in value-addition horticulture and agro - processing, groundnuts, cashew, fisheries, light manufacturing and services, and more especially tourism, to bring further benefits to the country. The Government of The Gambia (GOTG) wants to bring about economic stability, grow employment and drive entrepreneurship.

In designing NES II, critical consideration was given to ensuring that the Strategy was comprehensive and targeted, paying particular attention to ownership and implementation. Most importantly, it was key that the revised NES was relevant to the needs, objectives and priorities of the government and people of The Gambia; had clearly defined and actionable strategies and actions that could be effectively implemented; that the design reflected the government’s ongoing and planned policies and initiatives, efficiently complementing and reinforcing them; that the NES generated the greatest impacts for beneficiaries; and that both activities and results of the NES were sustainable, measurable and actionable.

In this regard, the priority sectors and cross-cutting areas for this NES have been reviewed, refined and strengthened to align with the government’s other policies, plans and projects and to complement rather than compete with other ongoing initiatives.

Priority Sectors and Cross – Cutting Areas under NES II

PRIORITY SECTORS	CORE CROSS-CUTTING AREAS
1. TOURISM	1. Transportation and trade facilitation
2. HORTICULTURE AND AGRIBUSINESS	2. Information and communications technology (ICT)
3. FISHERIES	3. Access to finance
4. GROUNDNUTS	4. Human resource development
5. CASHEW	5. Research, intelligence and innovation
6. LIGHT MANUFACTURING	

The NES II seeks to bring out key successes through; **(i), Resilience, (ii), Removing Supply Constraints, (iii) Moving up the Value Chain – Value addition, (iv) A Market-Driven Approach, (v) Strengthening the Country Brand, (vi) A Sustainability-Driven NES, (vii) Strong Stakeholder Involvement, (viii) Excellent Institutional Support, (ix) A Distribution-Oriented Focus, (x) Women and Youth Impact and Inclusiveness, (xi) Measurable Results.**

Vision

The vision of the NES was stated as follows: ‘An efficient and globally-competitive export sector that

is innovative, inclusive, resilient and responsible.

Mission

The mission to support the vision is as follows: ‘To fully utilize Gambia’s human and natural resources to drive export growth.

The Goals of the National Export Strategy

The National Export Strategy (NES) was designed as a practical roadmap for The Gambia to achieve increased levels of economic development, by focusing its limited but valuable resources on developing export capacity in those priority sectors for which The Gambia has the greatest potential for export development. The specific goals and expected targets from effective delivery of the National Export Strategy 2020–2025 are as follows:

- To build a stronger, more responsible, robust and resilient economy
- To diversify export markets
- To move the economy up the value chain through higher value-generating export activities
- To improve the brand image of The Gambia in the international markets and to showcase The Gambia as a quality exporter of strategic products
- To use exports as a tool to alleviate poverty through high-value job creation
- To attract more foreign direct investment in the priority sectors, particularly for high value generating activities.
- To create a more inclusive economy that invests in and values human capital
- To drive resilience through sound export strategies
- To encourage and facilitate innovation

As a practical roadmap, the National Export Strategy (NES II) was designed for The Gambia to achieve increased levels of economic development, by focusing its limited but valuable resources on developing export capacity in those priority sectors for which The Gambia has the greatest potential for export development, those utilizing the human and natural resources to drive export growth.

With the evolving global dynamics on macro – economic variables, trade and investment, the Agency developed a new strategic plan for the period 2023 – 2027 to provide the Agency with a strategic direction to better serve the country and attract potential investors, improve the export value, enhance market access for MSMEs and develop the entrepreneurship culture aligning with developed policies and strategies such as the new NDP – Green Recovery, NES II with a firm commitment to achieving the SDGs.

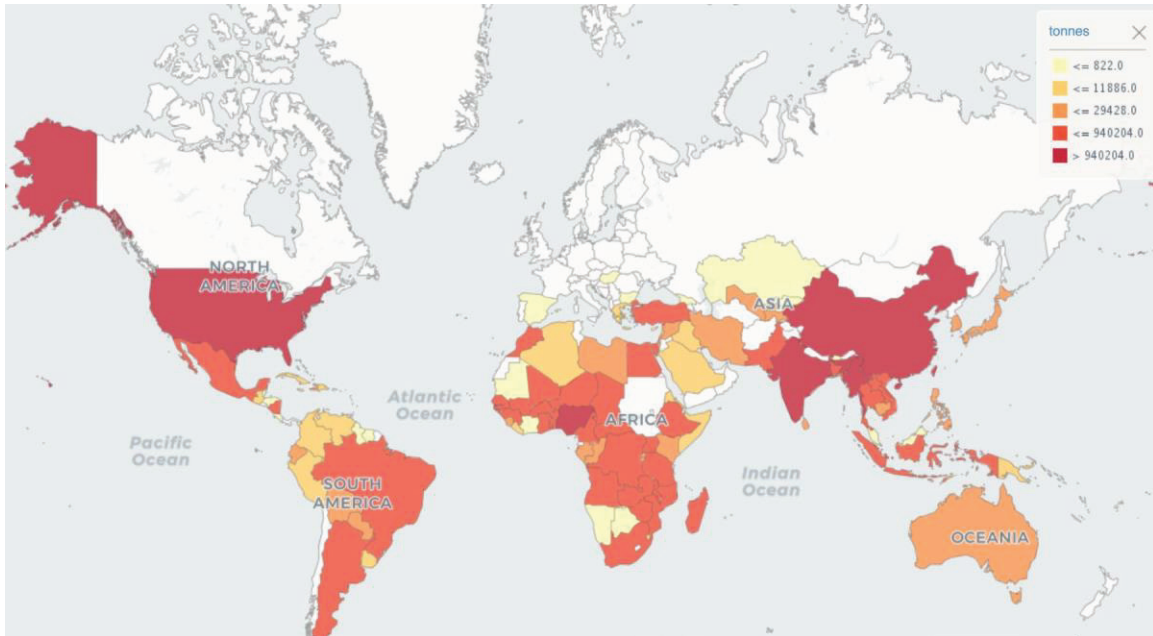
Sector Profile

Groundnut

The Global Groundnut Sector

Global groundnut consumption is predicted to grow at an average annual rate of 4.1 per cent (2020-2030)¹. As of 2018, China and India were the largest consumers and exporters of groundnuts in the world, accounting for more than 36 percent of global consumption.

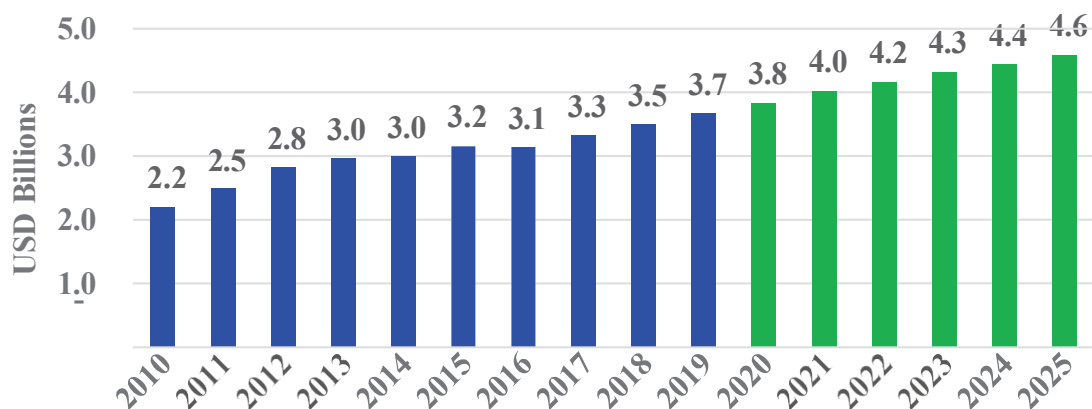
Global groundnut production



Source: FAOSTAT 2020

The most lucrative groundnut product is peanut butter, which was valued at an estimated US\$3.8 billion in 2020 and is projected to reach US\$4.6 billion by 2025.² Currently, The Gambia has only managed to exploit 0.02 per cent of the global market (or US\$0.8 million).

Global peanut butter revenue



Source: Statista.com; Tourism Intelligence International 2020

* Note: Forecast - 2020 to 2025

Performance of Groundnut Exports

Groundnuts are grown throughout The Gambia and constitute one of the country's key exports. Groundnuts are the main source of foreign exchange for The Gambia, accounting for 30 per cent, and meeting 50 per cent of the national food requirements.³

Since the 1980s, groundnut exports have declined as a result of adverse climatic conditions, in-country marketing challenges, fluctuating global market prices, and low-quality nuts due to poor handling and post-harvest practices.

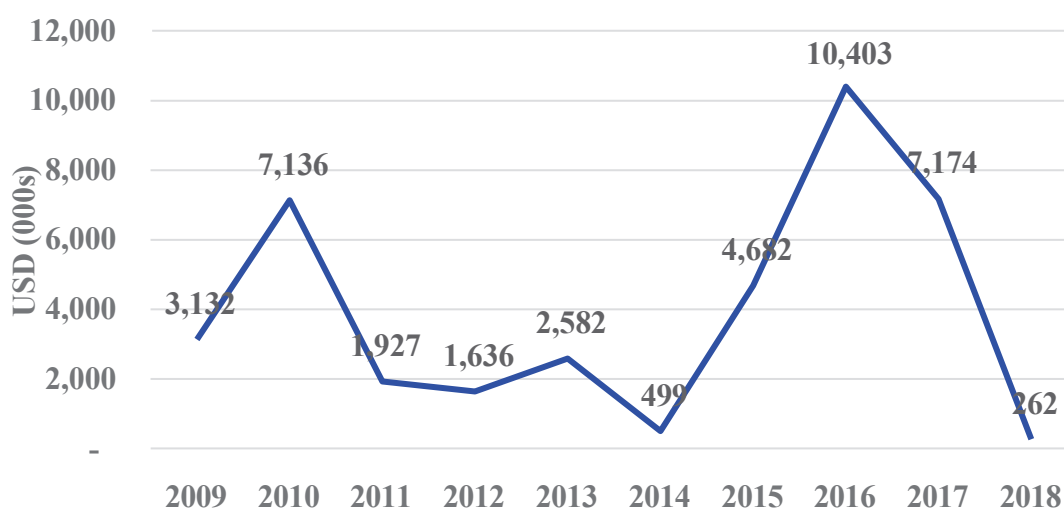
Efforts targeted at revitalising the sector identified the need to commercialise the sector. In 1993, the industrial assets were privatised, ending the government subsidy scheme and allowing private sector players to take over marketing and export. In the immediate years following privatisation, the sector enjoyed adequate crop finance, effective marketing, improved maintenance and investment in industry assets, and an enhanced contribution to research funding.

However, in 1999, the government revised its privatisation decision and managed the subsector until 2003, when it finally withdrew from marketing the cash crop. Exports collapsed in 2004 to US\$9.6 million, compared to US\$49 million in 1975. The collapse in export earnings was largely because of failures in marketing arrangements.

The government has since renewed its commitment to the sector through the development of the National Development Plan, which has strong emphasis on the development of the agriculture sector - with great importance placed on groundnuts. The sector has also received international support, particularly through the Youth and Trade Roadmap for Agro-processing and Nuts from the ITC. The importance of the sector is further reflected in the National Export Strategy, where it is identified as a priority export sector.

Export of groundnuts, according to UN COMTRADE data, has been volatile over the past ten years (see Figure 11.3). Climate change, drought and fluctuations in global prices have affected growth of the sector. In addition, the presence of aflatoxins in the crop has hurt efforts to grow the European market and take full advantage of the EPA trade agreement. One of the major trade partners within the EU was the UK. Now export to this important market has dried up. In 2010, export of groundnuts to the UK were valued at US\$6.5 million (over 90% of groundnut exports that year). There has been virtually zero exports of groundnut to the UK from The Gambia in the last three to four years. Aflatoxins is a major issue that must be addressed.

Groundnut exports (USD 000s)



Source: TradeMap.org 2020

The drying up of the EU market has spurred exporters to look elsewhere for business. All roads point to China, since the SPS requirements for aflatoxins are considerably more relaxed than those for the EU. Some issues still remain, but Vietnam is being used to gain ‘access’ to China. Therefore, while data show that in 2017, Vietnam accounted for more than 90 per cent of groundnut exports from The Gambia, the real intended market was China, as reported by the Gambia Groundnut Corporation (GGC)⁴.

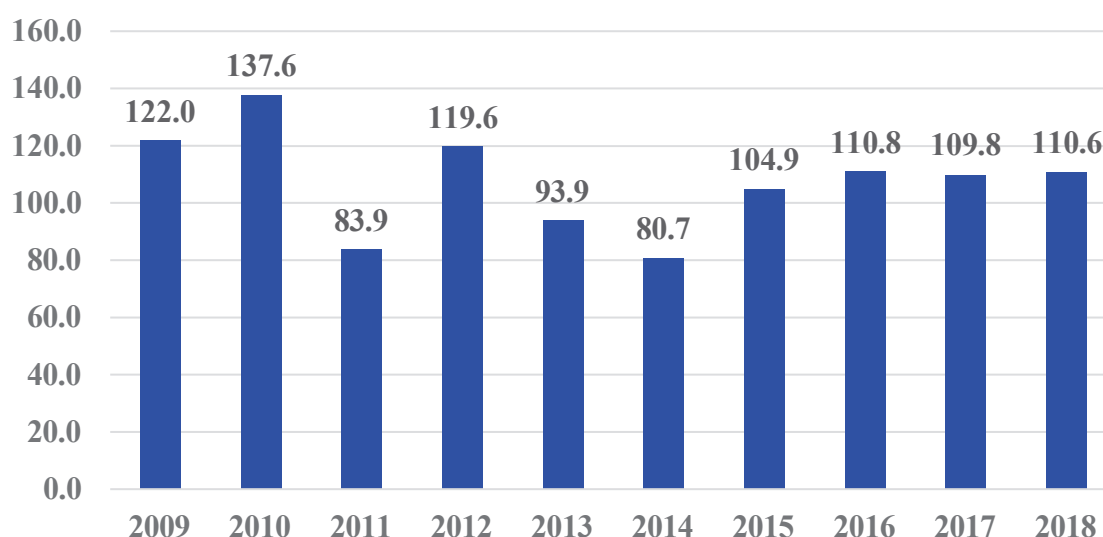
The Groundnut Sector in The Gambia

Groundnuts are of paramount importance to The Gambia. Approximately 45 per cent⁵ of agricultural land is devoted to groundnut production and nearly 70 per cent of the agricultural labour force works in groundnut farming, handling, processing and trade. Notably most groundnut handlers are male. Groundnuts contribute approximately 7 per cent of the GDP of the local economy and account for 30 per cent⁶ of the foreign exchange to the country.

Groundnuts are mostly grown for food by small artisanal farmers as a semi-subsistence crop. Groundnuts are cultivated primarily under rain-dependent conditions, with few inputs (mainly land and labour). Groundnut cultivation is subject to drought stress (for example, Sahelian drought) and to high levels of pest and disease infestation (predominantly aflatoxins). As a result, yields can vary substantially from year to year.

The Gambia generally produces over 100,000 tonnes of groundnut on a yearly basis, of which roughly 8-12 per cent are exported⁷. Production has remained stable since 2015. However, the sector is dependent on rainfall. In the past, groundnut production has suffered significant declines; for example, a 22 per cent decline in 2013 and a 14 per cent drop in 2014, mainly due to reduced rainfall conditions.

Groundnut production - tonnes (000s)

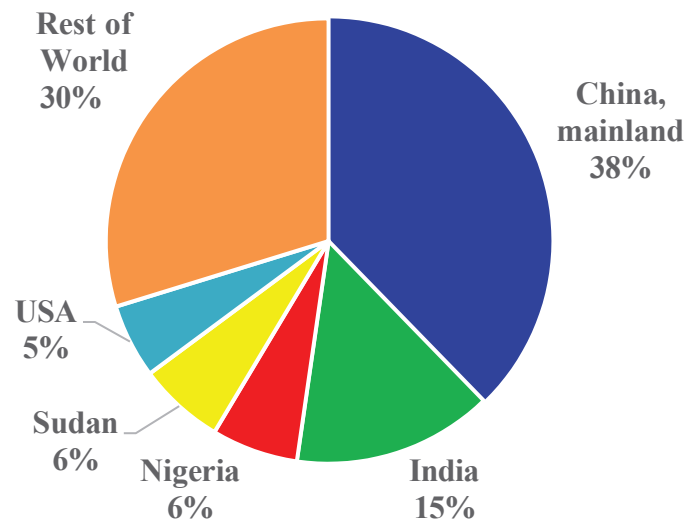


Source: FAOSTAT 2020

Competitive Environment

Cultivated on over 25 million hectares, the current global production of groundnuts averages 46 million tonnes.⁸ Over 70 per cent of the world output in 2018 was harvested in China (37.7%), India (14.6%), Nigeria (6.28%), Sudan (6.28%) and the USA (5.39%)⁹. Other African countries produce about 16 per cent of the world output and Latin America supplies some 4.5 per cent.¹⁰ The Gambia, accounted for 0.24 per cent of global production in 2018.

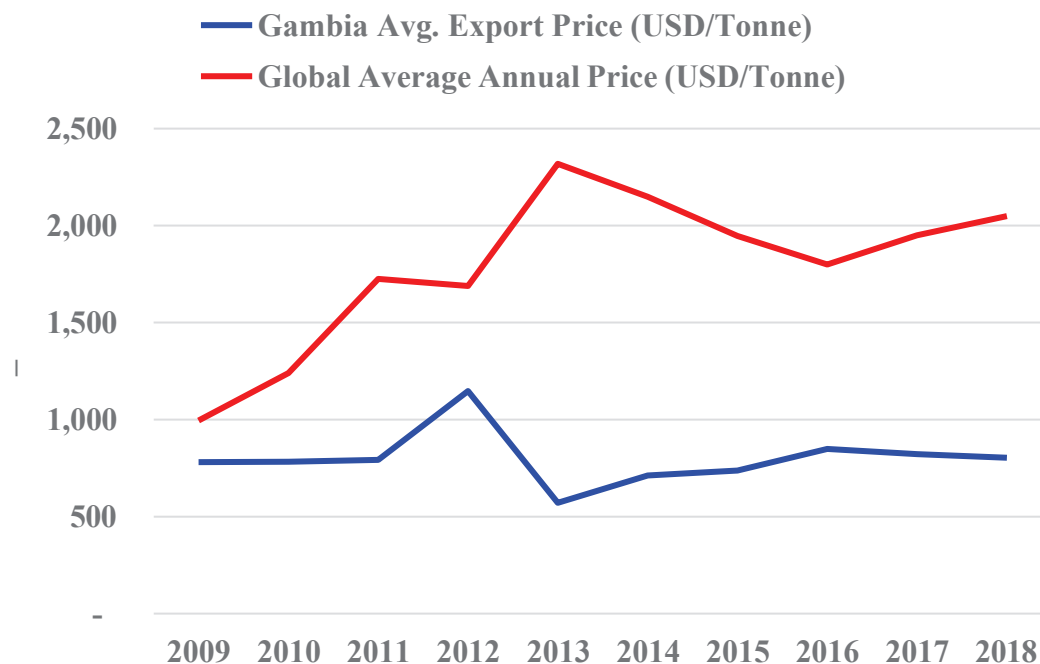
Main producers of groundnut, 2018



Source: FAOSTAT 2020

Not only does The Gambia account for a small portion of global groundnut production, but it is also unable to access global prices. The Gambia's average unit price per tonne of exported groundnuts has been relatively stable since 2013. However, this has been typically around half the global average annual commodity price for groundnuts. This has been largely due to the quality of the groundnuts, because of the high level of aflatoxins. Regaining access to the EU market will help to increase prices.

Average groundnut prices (US\$/tonne)



Source: TradeMap.org and Federal Reserve Bank 2020

*Note: Export value over export quantity (EV÷EQ = Price Per Tonne)

Opportunities and Implications

Very little value-added groundnut processing is currently carried out in The Gambia, and many current exports are sold as low-value products (for example, birdfeed) - this presents an untapped area of potential investment.

Groundnuts are the base of a diverse set of products, and it is possible to obtain 63¹¹ derivative products from raw groundnut. A small selection of these are shown in Figure 11.7.

Figure 11.7 Derivative products from groundnuts

Roasted & salted peanuts	Groundnut oil	Peanut butter
Peanut flour	Soaps	Shampoos
Dyes	Fertilizer	Bioenergy from shells

Source: GIEPA 2013

Investors in groundnut production in The Gambia therefore have the opportunity not only to export raw nuts, but also to consider processing activities that would enable value-added products to be developed and sold at a premium. For example, peanut butter is a staple in many developed countries, particularly the USA and Europe.

Key Issues and Constraints

The low performance of the groundnut sector is due to a range of factors, including: an unfavourable macro-fiscal stance in recent years; a weak policy and institutional framework; insufficient budgets (capital and recurrent); difficult access to modern inputs and to finance; ineffective research and advisory services; rainfall variability and climate shocks; lack of transport and market infrastructures; limited irrigation; and high post-harvest losses due to poor handling, inappropriate storage, high levels of aflatoxin contamination, low levels of application of food safety management systems along the value chains, as well as poor adherence to SPS and technical barriers to trade (TBT) standards of the export markets.

Aflatoxins

Among the major challenges facing the country are the inherent problems of aflatoxin, particularly within the groundnut value chain. The inability of The Gambia to comply with the stringent European Union aflatoxin regulations has effectively reduced the contribution of this sector to foreign exchange earnings. The high presence of aflatoxins has virtually closed off the EU market to Gambian groundnut exporters. Approximately 416 metric tonnes of groundnut exports were rejected at the EU border, resulting in an estimated economic loss of US\$72,000 for the period 2012 to 2015.¹²

As a result, the government is committed to the promotion and attraction of investment in aflatoxin mitigation technologies, as identified in the NDP. Investment in business opportunities presented by these technologies - particularly, post-harvest handling and drying equipment for groundnuts, the production and commercialisation of safe seed dressing chemicals, etc. - could be promoted.

In addition, responding to aflatoxin challenges requires streamlined interventions to handle and manage products in line with acceptable SPS practices and standards at various stages of the value chain, including building the capacity of key actors in the sector.

11.1.1 Limited mechanisation and use of technology

There is limited mechanisation of smallholder agriculture in The Gambia and farmers face different land issues, such as decreasing fertility of arable land, soil salinisation and erosion. Hence, there are many opportunities for increasing productivity along the value chain by facilitating adoption of mechanisation and strengthening the capacity to exploit bigger hectares of land.

11.1.2 Rain-dependent sector

The groundnut sector is also vulnerable to weather conditions. Rainfall is not always certain and the Sahelian phenomenon is always a challenge for the sector, which seriously affects productivity and yield. To improve the sector's productivity, actions need to be implemented to address irrigation issues. Irrigation mechanisation, the use of the River Gambia and the use of boreholes are all suitable measures. However, the option to use the River Gambia may provide the most impact.

11.1.3 Low value added

Another key issue is the low level of value added in the sector. Only an estimated 18 per cent of the value added within the chain from the Gambian producer to the consumer outside the country takes place within The Gambia, according to a recent study by the International Trade Centre (2017). This is due to ongoing low levels of raw nut processing in The Gambia and the fact that local roasting and packaging for final consumption (42% of value added) is virtually non-existent. While some low-level expeller processing (also called oil pressing, is a mechanical method for extracting oil from raw materials takes place along the value chain, producing cakes and oil, these are not sufficient to generate the kind of wealth that the sector requires. High value addition should be considered, and the commensurate investment opportunities targeted and promoted.

Value added may not only come from processing but also from farming practices. Organic farming, for example, can attract a premium in developed markets. However, certification for organic is time consuming and very costly.

11.1.4 Male-dominant sector

The groundnut sector is largely dominated by men at senior levels. According to the Agro-processing and Nuts Roadmap by the ITC, 92 per cent of top managers in the groundnut sector are men. Women are mostly located at the lower levels - picking and cleaning. More needs to be done to encourage and support female-run businesses in the sector.

Table 11.1 Groundnut sector SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Ready availability of arable land - 45% of arable land available for cultivation • Favourable climatic conditions for production • Inexpensive and available labour supply • Favourable investment climate and incentives for agricultural investment 	<ul style="list-style-type: none"> • Limited access to finance • High interest rates • Lack of technical know-how in value-addition processing of groundnuts • Insufficient high-quality seeds • Marketing challenges and inadequate financing for marketing of the cash crop

<ul style="list-style-type: none"> • Proximity to EU and African markets • The River Gambia for transportation • The River Gambia for irrigation • Availability of underground water for irrigation using boreholes. • Support programmes in place for the industry • Established channels to some target markets with experience to expand reach based on trade agreements, for example, ECOWAS, EPA, AGOA • Geographic location within Africa and location near to seaports • Strong linkages and support arrangements between exporters and farmers • Co-operation and collaboration in the industry • Strong government support • Short maturity period for crop development (approx. 3 months) 	<ul style="list-style-type: none"> • Inadequate processing equipment and storage facilities • High cost of transportation from farm gate to buying and processing centres • High cost of farming inputs • Aflatoxin, pests and disease challenges • Inability to access EU market because of aflatoxins • Rainfall dependent • Male-dominated sector • Inadequate commercial farms and predominant use of subsistence-type farming techniques and practices • Inadequate research and development (R&D) and limited agricultural extension services • Ineffective co-operative schemes • High non-performing loans in the subsector, which may cause banks to shy away from financing the sector • High inputs and logistics costs - seeds, fertilisers, electricity • Inadequate agricultural extension services • Limited specialisation in extension services • Logistical challenges, for example, periodic ferry inefficiencies and delays and limited freight availability • Unfavourable land tenure system for financing • Lack of knowledge of international markets and their entry requirements • Limited capacity for testing and certification of products to ensure products meet international requirements • Limited ability to certify national production • Poor post-harvest management • Cost and strictness of standards and certification programmes • Weak export focus among many potential and current suppliers • Limited innovation and use of technology to match evolving market trends • Increasing security costs • Increasing praedial larceny in the industry • The sector is very fragmented and highly informal/artisanal in nature
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	<ul style="list-style-type: none"> An aging farmer population and low involvement in the sector by young people
Opportunities	Threat
<ul style="list-style-type: none"> Value-addition opportunities through processing, for example, peanut butter High and consistent global demand for groundnuts River Gambia for irrigation River Gambia for removal from farm gates to processing centres River Gambia for transportation Multilateral institutional support for the development of the value chain - FAO / Aid for Trade, Commonwealth Aflatoxin detoxification using ammonia or hydrogen peroxide or other suitable methods AGOA, EU Everything But Arms (EBA) initiative, West Africa (WA)-EU EPA and GSP export market access Export to new markets with lower standards and requirements, for example, China The recent signing of the AGOA agreement to gain access to the US market Climate and soil quality conducive to growing groundnuts Exploitation of regional African markets (and their diasporas) yet to be fully explored Co-operative/cluster base to be better explored for greater efficiency and output 	<ul style="list-style-type: none"> Global warming and climate change, for example, Sahelian drought Rural-urban migration Preference of farmers for alternative cash crops - notably cashew supplemented by other annual crops International price volatility Pests and disease - also occasional invasion of locusts from the Sahara Increasing and new non-tariff barriers on exports - specifically sanitary and phytosanitary (SPS) measures and environmental regulations Low growth in the domestic market Low levels of investment in the sector Strong competition Issue of non-comparable treatment of imports - not same level of diligence as trading partners Volatile foreign exchange rates (euro to dalasi)

11.2 The Groundnut Value Chain Analysis

Several stakeholders are involved in producing, marketing, processing and exporting groundnuts. Up to seven entity categories can be involved in channelling the product from the grower to the consumer in export markets. See Figure 11.8 on the groundnut value chain.

Groundnuts are purchased by the local processing company. Farmers are compelled to sell the surplus in the parallel market (unofficial marketing channel) at a lower price to at least gain profit from its production. It is exported or consumed as kernels, cakes and oil. The main actors in the sector are producers, intermediaries and industrial stakeholders. The Gambian Groundnut Corporation is the body responsible for collecting and exporting groundnuts.

Value-added opportunities lie largely in the marketing and advanced processing elements of the chain.

Endnotes

¹ Statista.com 2020.

² Forecast by Tourism Intelligence International 2020.

³ The Gambia Common Country Assessment 2015.

⁴ Based on Stakeholder Meeting with the Principals of the Gambia Groundnut Corporation, March 2020

⁵ FAOSTAT 2020.

⁶ Gambia National Development Plan (2018–2021), p 172.

⁷ Calculated based on quantities exported (UN COMTRADE data) over quantities produced (FAO data), 2020.

⁸ FAOSTAT 2018.

⁹ Ibid.

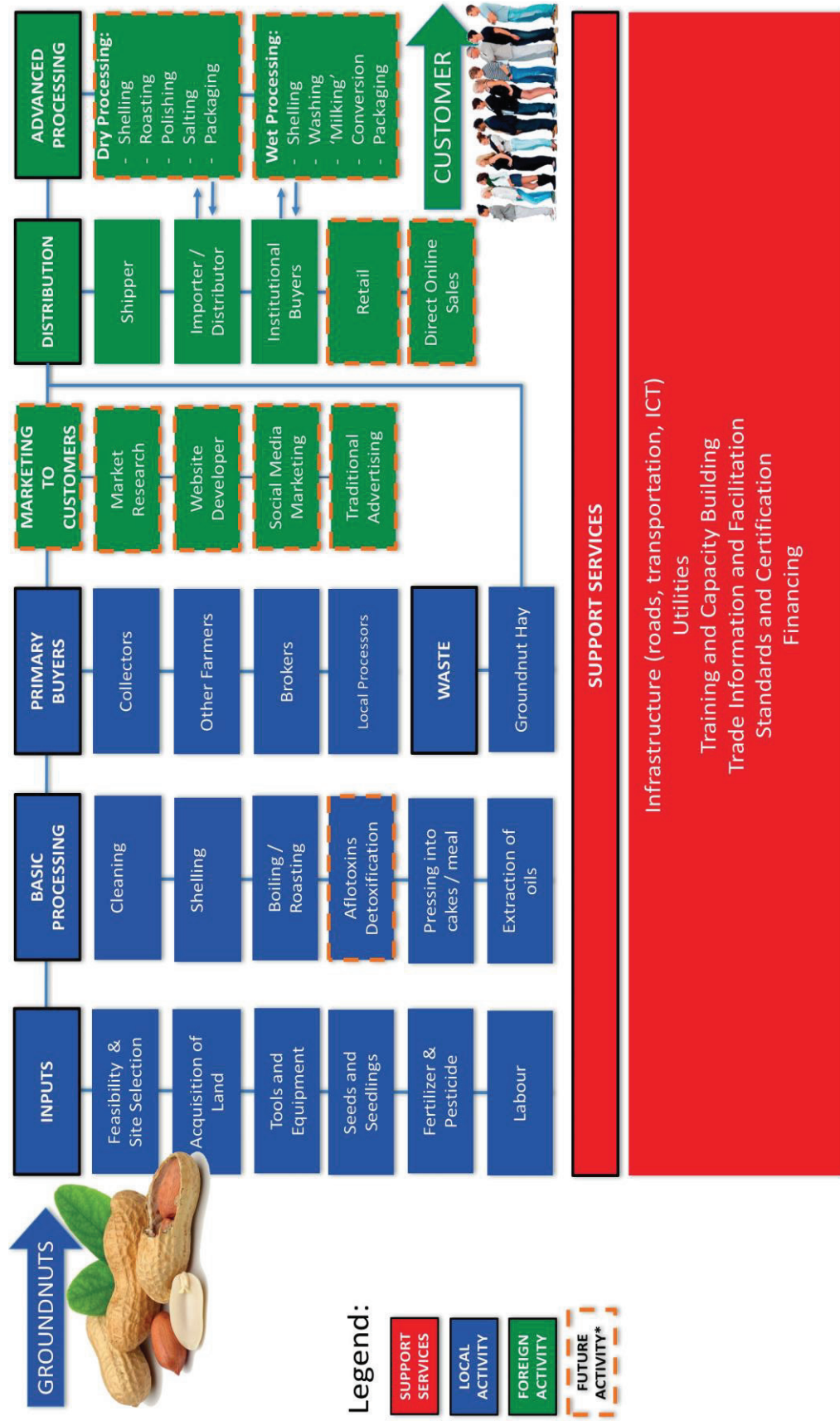
¹⁰ International Trade Centre, Groundnut Report. 2017.

¹¹ <https://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/YEP/groudnut.pdf>

¹² US Department of Agriculture's Foreign Agricultural Service (2010), Revitalization of the Groundnut Sector in West Africa, March.

¹³ The Partnership for Aflatoxin Control in Africa. (2017), Situational Analysis for Aflatoxin Mitigation within the National Food Safety System of The Gambia, (C-SAAP).

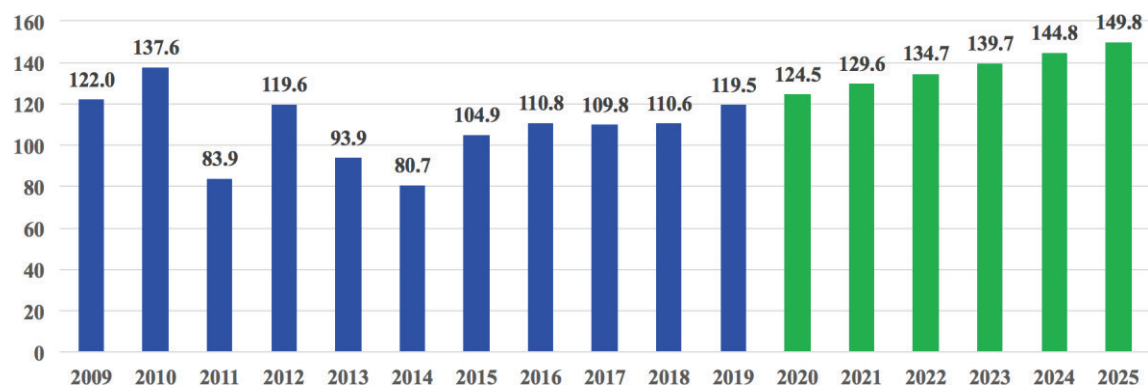
Figure 11.8 Groundnut value chain analysis



11.3 Objectives and Targets

Based on moderate assumptions, a forecast for the groundnut sector was developed. The National Development Plan set a target for groundnut production to increase to 100,000 tonnes by 2021. The production in the sector has already surpassed those projections. Further forecasting projects groundnut production to reach 149,834 tonnes by 2025. This represents a projected CAGR of 3.8 per cent per annum between 2020 and 2025.

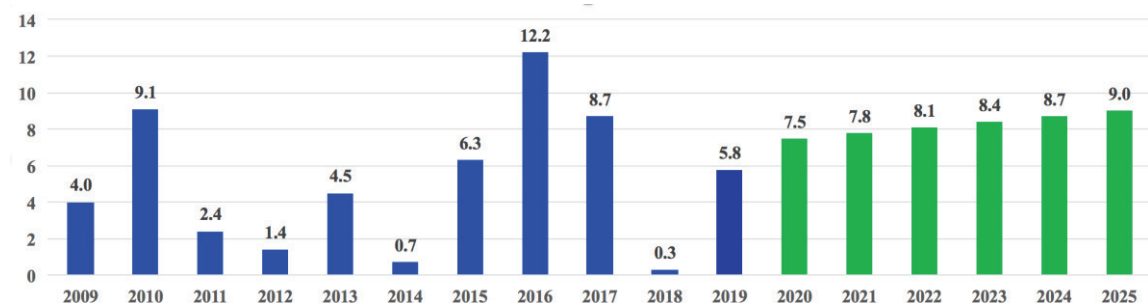
Figure 11.9 Forecast groundnut production in The Gambia (thousand tonnes), 2020-2025



Source: Food and Agriculture Organization; Forecast by Tourism Intelligence International 2020

Further forecasting projects groundnut exports as shown in Figure 11.10. The groundnut export target is set at 6 per cent of groundnut production, an increase of 2 percentage points above the current average levels. The target is set at 9,000 tonnes for exports.

Figure 11.10 Forecast groundnut exports (thousand tonnes), 2020-2025



Source: Food and Agriculture Organization; Forecast by Tourism Intelligence International 2020

Key targets are summarised as follows:

1. Grow local output by 3.8 per cent per year
2. Local production output to reach approximately 150,000 tonnes by 2025
3. Export output to reach 9,000 tonnes by 2025

Table 11.2 Groundnut sector strategy

Strategy	Activities	Responsibility	Timeframe	Budget (US\$)	Objectively verifiable indicators
To reduce aflatoxins in groundnuts	Implementing technology to reduce aflatoxins (see what other countries are doing to reduce aflatoxins).	Ministry of Agriculture (MOA), Gambia Groundnut Corporation	June to Dec 2021	100,000	Testing applied to 50% of crop (GGC reporting)
To promote sector development	Encouraging the development of local value-added processing industries.	GIEPA	Jan 2022	250,000	Processing industries set up, training carried out among at least 2,000 persons
Attraction of FDI inflows to the sector	<ul style="list-style-type: none"> - Identifying and attracting potential investors into the sector. - Creating fiscal and non-fiscal incentives to attract FDI. - Encouraging, supporting and incentivising investments in female-run businesses. 	GIEPA	June 2021-May 2022	20,000	10% increase in FDI into sector by 2025 (GIEPA reporting)
To increase the level of production	Creating research institutes, engaging the private sector, using improved seeds and increasing technical assistance to farmers.	GIEPA	Jan 2021 to Dec 2025	150,000	15 female businesses supported
Research and development	<ul style="list-style-type: none"> - Certifying groundnut seeds. - Training. 	MOA	Jan 2021 to Dec 2025	100,000	Output increased by 50% over period (reporting by MOA)
To revitalise and strengthen groundnut producers associations (for example, co-operatives and others)	Sensitising farmers to form organisations and apex organisations (managed and controlled by them).	GOTG, National Agricultural Research Institute (NARI), NGOs	Jan 2021-Dec 2025	1,000,000	R&D carried out
To enhance production and distribution	- Utilising the River Gambia for year-round production (inputs of fertiliser and aflatoxins ¹ and agribanks ²).	Agribusiness Services Unit, NGOs	Jun 2021-May 2023	400,000	Association supported
		MOA, Dept. Water Resources, Gambia Transport Union	Jan 2021-Dec 2025	1,000,000	River Gambia effectively utilised

Strategy	Activities	Responsibility	Timeframe	Budget (US\$)	Objectively verifiable indicators
To enhance the conformity assessment system	- Transportation using the hinterlands. Implementing a centralised accredited testing laboratory.	GOTG, The Gambia Standards Bureau	Jan 2021 - Dec 2025	6,000,000	Testing lab established

Total groundnut budget: US\$9,020,000.00

¹ A safe chemical used to reduce aflatoxins

² Agricultural farming along the river banks