

Promoting **SME** competitiveness in **the Gambia**

Developing skills for youth
empowerment



Ministry of Trade
Republic of The Gambia



International
Trade
Centre





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MSMEs are drivers of growth and dynamism

By 2026, the Gambia will have an enabling entrepreneurship environment, quality entrepreneurship education and a thriving entrepreneurial spirit, embracing all parts of the country. This transformation will have contributed to improved social conditions, in particular for disadvantaged groups such as women and youth, and contribute sustainable solutions to current environmental challenges.

The National Entrepreneurship Policy (2016)

Micro, small and medium-sized enterprises (MSMEs) play an important role in production, employment and income in the Gambia. They represent the sweeping majority of enterprises, contributing about 20% of gross domestic product (GDP) and employing approximately 60% of the urban labor force (15–64 year-olds).

Moreover, they constitute a crucial source of work for Gambian youth (18–35 year-olds), who own more than 40% of MSMEs, emphasizing the importance of these enterprises in peoples' livelihoods and the dynamic role that youth play in the economy. Most of these MSMEs operate in the wholesale and retail trade sector (62%), followed by manufacturing (about 16%) and other sectors.¹

The Gambian Government recognizes the importance and potential of MSMEs. Over the years, it has formulated national ambitions and strategies to improve the legal and regulatory environment for these enterprises, increase their access to capital, and support innovation and capacity-building for entrepreneurship. These initiatives have included the National Policy for MSMEs (2014–2018), the National Entrepreneurship Strategy (2014–2018) and, more recently, the Strategic Youth and

Trade Development Roadmap in collaboration with the International Trade Centre (ITC).

This comes at a particularly crucial time for the Gambia as it aspires to propel growth, turning the country's demographic boom into a demographic dividend, reducing unemployment rates – especially among the young – and tapping into the phenomenon of return migration.²

2. ITC (2018), "The Gambia: Strategic Youth and Trade Development Roadmap (SYTDR) (2018–2022)."



1. MSME Mapping Study, 2013.



ITC

ITC SME Competitiveness Survey

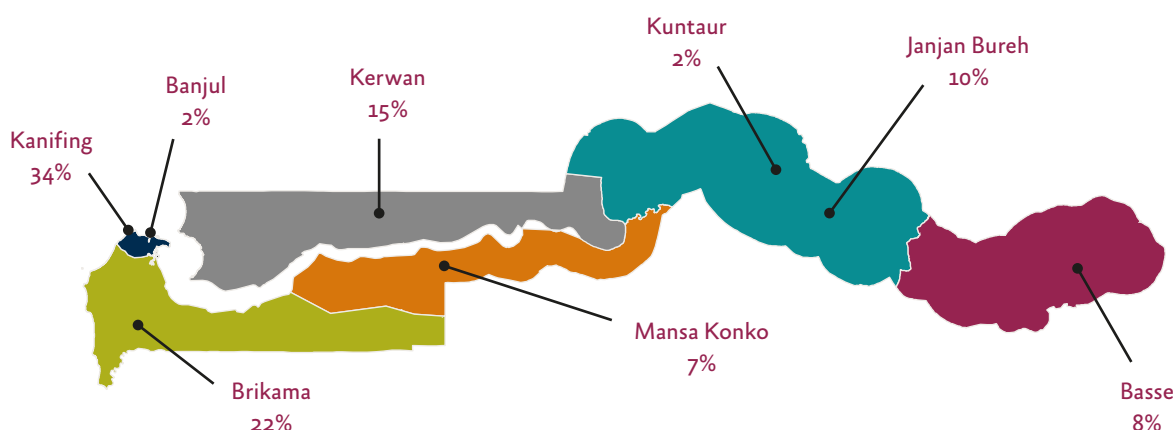
In collaboration with the Gambia Investment and Export Promotion Agency (GIEPA), ITC conducted an SME Competitiveness Survey in 2017 to inform and support the Strategic Youth and Trade Development Roadmap (SYTDR). The survey focused on firms in three sectors: agriculture, tourism and information and communications technology (ICT) – all of which have been identified as priority sectors in The Gambia National Development Plan (2018–2021). The questionnaire covered 110 firms distributed over the eight local government areas of the country. More than half of the enterprises surveyed was in Kanifing and Brikama, the two most populated areas.

The questionnaire also included a module to solicit companies' viewpoints on the preparedness and competence of their staff. Despite the Gambia's improving education outcomes, crucial gaps in skill development remain, especially regarding technical and vocational education and training (TVET).

GIEPA

The Gambia Investment and Export Promotion Agency (GIEPA), with headquarters at Serrekunda, is the national agency established by an Act of Parliament in July 2010 responsible for advocacy for business friendly environment, promotion and facilitation of private sector investments, export development and support to MSMEs in the Gambia.

Geographic distribution of surveys





Agriculture sector

Agriculture is an important contributor to the Gambia's GDP, accounting for 20%–25% of the country's real output over the past decade.¹ The sector employs about a third of the total workforce² and about two-thirds of youth (15–24 years old), with even more prominence in rural areas.³

The Gambia has great potential for irrigated agriculture, with fresh water from the River Gambia, rain water if harvested, and fossil water that can be drilled. It also has a weather pattern that is suitable for almost all production.

GIEPA

The Gambia's agricultural production is dominated by coarse grains, followed by groundnuts and rice.⁴ Exports of agriculture are concentrated in groundnuts, representing about 11% of total exports in 2016, sent mainly to other countries in Africa, as well as to Asia and Europe.⁵

Despite generally low labor productivity and some climate-related risks, the country would benefit from more formally structured agricultural production and commercialization, improved productivity and capacity in the agricultural sector, and better integration into international value chains.

Businesses in agriculture satisfy their buyers' time requirements

Surveyed agricultural enterprises perform relatively well in fulfilling the time requirements of their buyers. For instance, 61% of small firms reported that they could meet their demand. Moreover, about 67% of micro enterprises and 47% of small firms said they received their supplies on time. This may be linked to the country's efforts to improve agricultural value chains⁶ as well as to international organizations' support. It is also in line with the Gambia's improving performance in time-related aspects of doing business, especially when compared to sub-Saharan averages.⁷

Efficient certification bodies are no guarantee for widespread certification

While firms of all sizes reported relatively efficient certification bodies, few have international certification that would allow them to expand and export more products. This is especially true of small firms and youth-led enterprises that are unable to adhere to these standards due to financial constraints. For instance, although almost all surveyed firms have bank accounts and many said they knew about loan applications and procedures, 37% reported facing obstacles to access finance.

1. Gambia Bureau of Statistics, GDP 2016 Estimates.

2. ILO modelled estimates, November 2017.

3. World Bank (draft, 2017), Feasibility Study on Inactive Youth and Interventions.

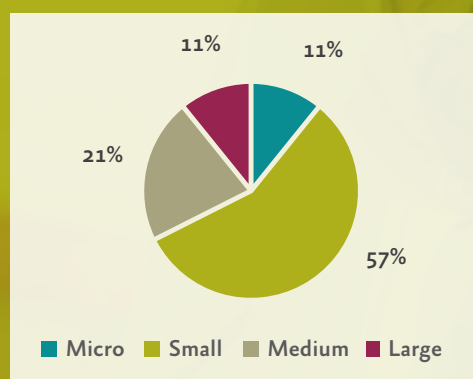
4. Gambia Bureau of Statistics (GBoS Data Hub, Agriculture, Production Output (volumes/weight/amount), 2015).

5. The Gambia Strategic Youth and Trade Development Roadmap (SYTDR) (2018–2022).

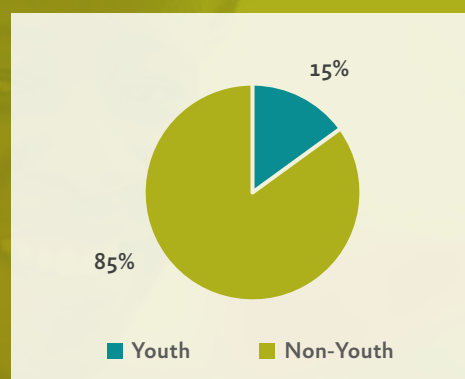
6. For example, The Gambia National Agricultural Investment Plan (2011–2015).

7. World Bank, Doing Business 2018 – Economy Profile: Gambia, The.

Size distribution



Enterprise leadership



Benchmarking results

	All firms		Micro & small firms		Medium-sized firms	
	Firm capabilities	Business ecosystem	Firm capabilities	Business ecosystem	Firm capabilities	Business ecosystem
Quantity and cost requirements	58	45	67	45	47	50
Time requirements	79	64	88	70	61	57
Certification and standards	43	77	29	78	71	80
Competitors	72	75	72	76	69	75
ICT requirements	13	66	12	68	25	66
Linkages with customers	54	73	57	78	58	67
Linkages with businesses	75	74	76	77	77	60
Linkages with institutions	70	63	70	67	71	63
Financial requirements	73	42	73	42	79	45
Skills requirements	46	40	46	43	47	44
Intellectual property requirements	49	64	43	64	68	75
Innovation requirements	33	32	30	28	40	33

Top three performance areas by level

Firm capabilities	
Existence of business bank account	83
Ability to meet buyers' deadlines	79
Contact with sector associations	75
Business ecosystem	
Efficiency of certification bodies	77
Competition intensity	75
Efficiency of sector associations	74

Top three constraints by level

Firm capabilities	
Business website	13
Training programmes	24
Resource commitment to R&D	33
Business ecosystem	
Access to electricity	26
Difficulty in finding the three most-needed occupations	30
Research networks	32

Note: Micro and small firms are defined as those with 1-19 employees. Medium-sized firms are defined as those with 20-99 employees. "Firm capabilities" assesses whether enterprises are managed according to best practices, need resources and are competent to manage those resources. The "Business ecosystem" evaluates whether the local business ecosystem, which is made up of business support institutions, supplies enterprises with the resources or competences they need to be competitive.



Developing skills for agriculture

There is potential in the higher-educated agricultural workforce

The agriculture sector in the Gambia suffers from certain skill limitations within its workforce. Surveyed agricultural enterprises reported that about half of their workers held primary school degrees at most. However, a quarter has university degrees, which highlights the potential of the workforce to help upgrade the productivity of the sector, and even expand it to higher value-add products. It also underscores the potential to further educate the workforce in the field, especially through technical and vocational education and training (TVET) programmes.

Firms provide on-the-job training and seek better-prepared staff

Companies of all sizes report having employees who generally meet their expectations. However, they still find it relatively challenging to find a skilled workforce in their top three occupations, namely: crop farm supervisors, food-processing operatives and growers, and sales and marketing staff. About a third of crop farm supervisors and food-processing operatives are perceived, at most, of average competence. Only half of sales and marketing staff, for example, is seen as competent or very competent.

Moreover, although agricultural firms report that junior staff coming from various educational institutions are

generally prepared, there remains a mismatch between what firms need in terms of the skills of the young workforce and what the country's formal system provides. This emphasizes the importance of closer links between the industry and the educational system, especially with technical and vocational education and training institutes.

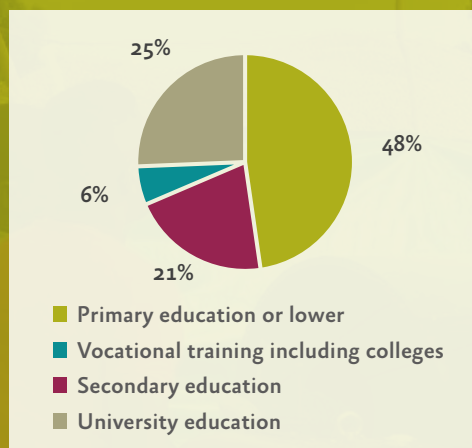
Encouraging firms to better train their staff could improve skill development in the country. Experienced staff currently provide much of the training that is offered or supported by the firms, and some firms said they had occasionally brought in external trainers.

Hiring youth is limited due to high costs and lower expectations

Few firms report hiring young interns. About half of the surveyed enterprises identifies the cost of young workers and their attitude toward work as the main barriers to hiring them. Small firms report that the cost of additional required training is also an obstacle, while medium-sized enterprises cite the unsuitability of qualifications.

Youth-led agricultural enterprises struggle with these challenges more than other enterprises, and exporters do not necessarily score better. This highlights the necessity of closer links between agricultural enterprises and TVET institutions to respond to industry needs and aspirations.

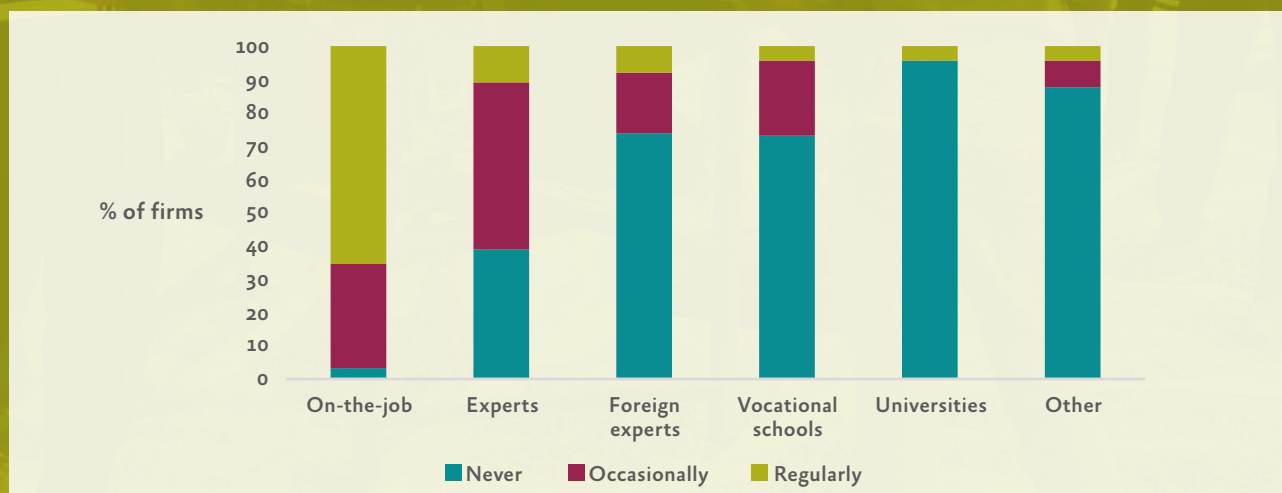
Education



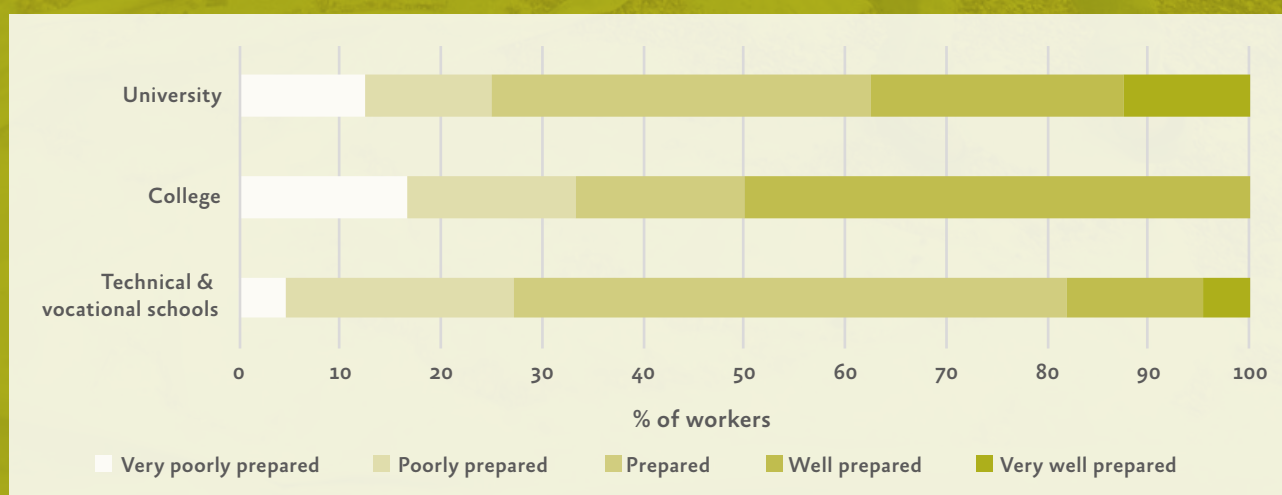
Barriers to hiring youth



Training activities supported by firms



Preparedness of staff





Tourism sector

The Gambia's tourism sector accounts for an estimated 20% of the country's GDP¹ – a share that is expected to increase in the coming years. Most output from services comes from tourism, which also contributes to the development of other industries, supporting further GDP growth. Tourism contributes roughly 20%–25% of direct and indirect employment² and is one of the primary foreign exchange earners for the country. The sector can support economic stability, counterbalancing oscillations in other sectors such as agriculture and trade in goods.³

The objective of Vision 2020 is to make the Gambia a tourist paradise and a major tourist destination, through product innovation, quality improvement and diversification of the Gambia's tourism product.

– National Development Plan (2017-2020).

Enterprises connect well with their customers and their business ecosystem

Tourism enterprises in the Gambia perform relatively well in linking with their customers. They advertise to reach customers and they report good knowledge of client expectations. They also link relatively well with other businesses and have contact with sector associations, which they deem efficient. Indeed, several organizations represent enterprises in various tourism activities in the Gambia. Firms, especially medium-sized enterprises, could benefit from closer contact with the country's responsible institutions for guidance, clarity and support.

Limited financial knowledge and access can hinder growth

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