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PROJECT PERFORMANCE ASSESSMENT REPORT

REPUBLIC OF GAMBIA

THE GAMBIA GATEWAY PROJECT
(IDA-36060,IDA-3606A,TF-26331)

June 27, 2013

IEG Public Sector Evaluations
Independent Evaluation Group

Currency Equivalents (annual averages)

Currency Unit = GMD

1999	US$1.00	GMD11.40	2006	US$1.00	GMD28.07
2000	US$1.00	GMD12.79	2007	US$1.00	GMD24.88
2001	US$1.00	GMD15.69	2008	US$1.00	GMD22.20
2002	US$1.00	GMD19.20	2009	US$1.00	GMD26.65
2003	US$1.00	GMD27.30	2010	US$1.00	GMD28.01
2004	US$1.00	GMD30.03	2011	US$1.00	GMD29.46
2005	US$1.00	GMD28.58			

Abbreviations and Acronyms

CAS	Country Assistance Strategy
GDP	Gross Domestic Product
ICR	Implementation Completion Report
IDA	International Development Association
IEG	Independent Evaluation Group
SDR	Special Drawing Right
UK	United Kingdom

Fiscal Year

Government: January 1 – December 31

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Contents

This report was prepared by Xubei Luo, Task Manager, and David Parish, Consultant, who assessed the project in June, 2012. The report was peer reviewed by John S. Wilson and panel reviewed by John R. Eriksson. Carla F. Chacaltana provided administrative support.

Tables

Photos

Principal Ratings

	ICR*	ICR Review*	PPAR
Outcome	Moderately Satisfactory	Moderately Unsatisfactory	Moderately Unsatisfactory
Risk to Development Outcome	High	High	High
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory
Borrower Performance	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory

** The Implementation Completion and Results Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEG product that seeks to independently verify the findings of the ICR.*

Key Staff Responsible

Project	Task Manager/Leader	Division Chief/ Sector Director	Country Director
Appraisal	Michel Audige	Maryvonne Plessis-Fraissard	John McIntire
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IEG Mission: Improving World Bank Group development results through excellence in independent evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20-25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents; visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEG peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEG incorporates both Bank and borrower comments as appropriate, and the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEG Rating System for Public Sector Evaluations

IEG's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: http://worldbank.org/ieg).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High, Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency (ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Preface

This is the Project Performance Assessment Report of the Gambia Gateway Project. The $18 million project was approved in February 2002, financed by an International Development Association credit of US$16 million equivalent. It closed in December 2009, after four extensions and more than 2½ years after the original closing date of April 2007. The loan was fully disbursed; total project costs were $19.93 million.

The objectives of the project were to lay the foundation for expanded private investment, export-oriented production, and employment opportunities. The project aimed to improve the institutional environment through the establishment of an Investment Promotion/Free Zone Agency, called the Gambia Investment Promotion and Free Zones Agency. It supported physical investment in the development of a site at the airport, initially as a free zone enclave although this was changed to a multipurpose industrial park after the mid-term review. The project also included support for the Gambia Divestiture Agency to carry out a privatization program but this element was dropped and support was provide for the privatization of the Gambia Groundnut Corporation.

The report presents findings based on review of the Project Appraisal Document, the Implementation Completion and Results Report, aides-memoire and supervision reports, and other relevant material. Xubei Luo, Senior Economist, IEG, and David Parish, IEG Consultant, visited The Gambia in June 2012 to interview government officials, representatives of agencies, firms, and other relevant stakeholders. Bank staff members were interviewed at headquarters and in the Banjul country office.

The decision to conduct this in-depth assessment was motivated in part by significant differences of view that emerged between IEG and the project team in the course of IEG's review of the Implementation Completion and Results Report. These differences of opinion centered on the extent to which the project fulfilled its development objectives. This assessment aims, first, to serve an accountability purpose by verifying whether the operation achieved its intended outcome. Another, equally important, motivating factor was the belief that an in-depth assessment of the Gateway project would impart useful lessons pertinent to the design and implementation of similar projects in other countries, particularly in Africa.

Following standard IEG procedures, the report was shared with the government of The Gambia for comment. However, no comments were received.

Summary

A military coup in July 1994 damaged The Gambia's relations with donors and the international community more generally. But following elections in 1997, the country became less isolated and economic prospects improved. The World Bank resumed lending in 1998 and the government produced a strategy for private sector development through expansion in sectors such as tourism and agribusiness. Legislation in 2001 put in place a framework for creating free trade zones throughout The Gambia where companies that exported over 70 percent of their output could enjoy special tax incentives. The Gambia Investment Promotion and Free Zones Agency (henceforth the "Investment and Free Zones Agency") was set up to encourage investment in export industries (industries that exported at least 70 percent of their output). Investors that exported under 70 percent of their output received a lesser package of tax incentives. A Divestiture Act created a framework for the sale of state-owned companies.

The Gambia Gateway Project (2002-2009) was designed to support these legislative initiatives. Its objectives were to lay the foundation for expanded private investment, export-oriented production, and employment opportunities. The three substantive components to achieve these objectives were the development of an 8.8 hectare enclave with serviced plots for free zone companies close to the airport, support to the Investment and Free Zones Agency to help it become an established and successful agency, and support for a Divestiture Agency to carry out privatization transactions. The latter component was subsequently dropped and replaced by preparatory work for the divestiture of the groundnut sector. When it became apparent that there was limited market demand for the export incentives, the enclave was opened to all investors as a multipurpose industrial park.

There was an increase in private investment over the life of the project. Special Investment Certificates were awarded to a total of 97 new firms, of which 58 were operational at project closing and 10 were in mobilization. According to the 2009 report of the Investment and Free Zones Agency, these firms generated US$211.8 million in new investment (against a target set at restructuring of 40 new firms and $180 million in new investment). An estimated $20 million the total represents investment in companies that are classified as non-operational. However, in many cases this is because the company's Special Investment Certificate has expired or been revoked, while the company may still be operating. While there have been some closures of supported companies, over 4,600 jobs were directly created by those investments, against a target of 4,000 direct and indirect jobs.

Some of the increase in private investment is likely due to the project, but further information is needed to better understand the specific activities undertaken by the Investment and Free Zones Agency to boost investment and other factors that might also have been operating, including the incentives established by the 2001 legislation. The Investment and Free Zones Agency facilitated the Special Investment Certificates that provided exemption from customs duties and sales tax and simplified licensing requirements. The infrastructure at the industrial enclave near the airport was completed in late 2006 but to date has attracted only a single firm; no private company has been

enlisted to manage the enclave. No state-owned enterprises were privatized as the result of the project's planned divestiture activities. There have been improvements in the performance of the Gambia Groundnut Corporation, which now appears to be operating on a sound financial and operational basis, but the progress in meeting the objective of divestiture is limited.

The free zone incentives did not attract new export-oriented investors. Both the enclave, when originally cast as a free zone enclave, and the work of the Investment and Free Zones Agency were expected to encourage export-oriented production. However, only one company has ever met the criteria for free zone incentives. It did not base itself in the free zone enclave and it subsequently relinquished free zone status because it could not achieve a high enough level of exports.

The Gambia Gateway Project is rated moderately unsatisfactory. The objectives to lay a foundation for expanded private investment, export-oriented production, and employment were substantially relevant, although the relevance of design was modest. The project had some success in expanding investment and employment creation through the work of the Investment and Free Zones Agency, but had limited impact in expanding export oriented production. The efficiency of the project was modest. The performance of both the Bank and the borrower is rated unsatisfactory.

In 2010, after the closure of the project, the Investment Promotion and Free Zones Agency was replaced by the Gambia Investment and Export Promotion Agency, which has a broader focus. The focus on free zone activities has been greatly reduced in view of the lack of interest from investors who have found the barrier of exporting 70 percent of their output in order to qualify for free zone incentives impossible to meet. The transition from the Investment Promotion and Free Zones Agency to the Investment and Export Promotion Agency led to a number of staff departures; only two of the senior staff remained with its successor at the time of the field visit, resulting in some loss of continuity. The sustainability of the Investment and Export Promotion Agency is almost wholly dependent on resources from the government and from development partners, since revenue from the industrial park enclave, which was expected to pay for all the Agency's costs, is inadequate. There are therefore considerable risks to the development outcome from the project.

Three significant lessons arise from the Gateway project.

- **First, tax incentives and export development services may not be enough to attract export-oriented investors.** The incentives offered were attractive, but clearly other factors were not in place. The Gateway experience suggests that the project was launched without adequate understanding of market conditions, the impact of The Gambia's geographic location, and the potential impact of other reforms in customs and immigration.

- **Second, while industrial enclaves have the potential to attract private investors, location is also important.** In The Gambia**,** firms do not have to be located in an industrial park to benefit from Special Investment Certificates. The enclave's location -- near the airport and some 15 km from the port – may not be attractive to potential investors. The selection of the enclave site apparently was not informed by a market analysis.

- **Third, low relevance of some components to the objectives increases the complexity of implementation and reduces the scope for achieving the desired results.** The core of the project was the development of the free zone/industrial park enclave and support for investment promotion activities by the Investment Promotion and Free Zones Agency. The addition of a divestiture component with insufficient government commitment diverted attention away from the core activities. At restructuring, the project considered applying unused funds previously earmarked for divestiture to support a road project that had no connection with the project's objectives. Eventually, the divestiture component was replaced by a narrower component preparing the groundnut sector for divestiture, which again had limited linkage to the project's objectives and did not result in divestiture, even though it ultimately produced benefits to the groundnut sector.

Caroline Heider
Director General, IEG

1. Background and Context

1.1 The Gambia is a low income country with Gross Domestic Product (GDP) per capita of US$466 in 2010. With a population of just over 1.7 million, it is the smallest country in continental Africa. Its economy is undiversified and limited by a small internal market. Nevertheless, it has achieved steady growth over the past decade, with moderate inflation (Annex B). The structure of the economy has not changed much over the last decade. Services, of which tourism and the transit trade are particularly important, continue to provide over 50 percent of GDP and industry close to 20 percent. The agriculture sector has fluctuated at around 30 percent of GDP depending, in particular, on weather conditions. Exports have fallen relative to GDP largely reflecting the decline in re-exports (largely of basic consumer goods), from over 40 percent of GDP between 1999 and 2004 to around 30 percent since 2008. Since 1998, the poverty headcount at the national poverty line has fallen from 69.0 percent of the population to 58.0 percent in 2003 and 48.4 percent in 2010.[1]

1.2 From 1986 to 1993, The Gambia had a well-managed and stable economy establishing a solid track record on policy reform. However, there were several external shocks between 1993 and 1996. They included reinforced border control by Senegal in 1993, CFA franc devaluation in 1994 and political uncertainty in the aftermath of the July 1994 military coup. These developments significantly damaged the re-export trade in The Gambia, seriously affected this main source of foreign exchange and government revenues, and eroded private sector confidence, leading to an economic slowdown and loss of per capita income. The completion of the 1997 presidential and legislative elections considerably reduced the country's political isolation and improved its economic prospects. The Government took a number of measures to restore economic stability and began to normalize relations with donors. On March 31, 1998, The Board approved its first International Development Association (IDA) credit to the country (health sector) after a hiatus of four years. On June 29, 1998, the International Monetary Fund Board approved a Poverty Reduction Grant Facility program. GDP growth in 1999 amounted to 5.6 percent after several years of stagnation.

1.3 The government had already published plans for the revitalization of the economy in the *Gambia Incorporated Vision 2020* (May 1996). This was followed in May 1998 by the publication of the *Government Policy Framework Paper* for the period 1998-2000. Both statements outlined visions of transforming the country from one of the least developed countries in Sub-Saharan Africa into a middle-income country with a vibrant private sector open to the world. This goal was to be attained by expanding and deepening a fast-growing tourism sector, increasing productivity and diversification in agriculture and manufacturing, and developing internationally linked services such as telecommunications. The aim was to respond urgently to the country's need to fight poverty through employment creation and to commence the long journey towards transformation into a middle-income country.

1.4 The government developed a strategy for private sector development. A comprehensive review of The Gambia's potential for export-oriented growth was carried out in 1994 and updated in 2000 by the International Development Ireland, Ltd., Jebel Ali Free

[1] See http://www.indexmundi.com/facts/the-gambia/poverty-headcount-ratio.

Zone Authority and Sahel Invest Management International. The Strategy noted that the agribusiness and tourism sectors had the potential for generating long-term exports and foreign exchange earnings. It further identified The Gambia as well positioned to build on its traditional trading and tourist sectors by: (i) establishing The Gambia as a reliable center for communications services; (ii) developing tourism-related "clusters" that exploit spin-offs from a more focused tourism expansion strategy; and (iii) attracting investments in low-cost manufacturing for regional markets. Although the private sector was deemed small, it was perceived to have the potential to grow and expand rapidly, while making efforts to halt the heavy dependency on transit trade, both with Senegal and through Senegal to other countries in the region. It also stated that, although European countries like the United Kingdom (UK), Germany, and the Netherlands are The Gambia's key trading partners, it would be appropriate to explore and develop regional integration through trade.

1.5 Three relevant pieces of legislation were passed in 2001: the Gambia Free Zones Act; the Gambia Investment Promotion Act; and the Gambia Divestiture Act. These legislative steps seemed to confirm the government's commitment to a private sector led approach to development. All three pieces of legislation provided essential underpinnings for the Gateway project. The first two put in place the legal framework through which free trade zones would operate and established the Gambia Investment Promotion and Free Zones Agency (henceforth the Investment and Free Zones Agency) to offer investment incentives to suitably qualified investors.[2] The Divestiture Act provided a basis for the sale of state-owned enterprises.

1.6 There are various ways in which the government may promote private investment and, in particular, export-oriented investment:

- Through fiscal incentives, such as tax breaks.
- Through the establishment of a supportive enabling environment, in particular in this case through the activities of the newly-created investment promotion agency.
- Through the establishment of serviced industrial plots that may be available to investors to establish their enterprises. Such plots should have power, water, and telecommunications available and good connections to local and international transport networks.

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[2] The Gambia offers incentive packages (Special Investment Certificates) to newly established investment enterprises in priority investment categories of the country in accordance with the Gambia Investment and Export Promotion Agency (GIEPA) Act 2010. For a specified period, these enterprises are granted a tax holiday in respect of the corporate or turnover tax, depreciation allowance, and withholding tax on dividends, and import sales taxes are waived for specific imports. Incentives for businesses located within designated Export Processing Zones (Customs Territories) vary depending on the percentage of products/manufactures that are exported and may include exemptions from excise duty and sales tax, corporate or turnover tax, import duties on capital equipment, withholding tax on dividends, municipality tax, and depreciation allowance. For more information of the investment incentives, see http://www.giepa.gm/Why_The_Gambia/Investment_Incentives.aspx

1.7 Fiscal incentives were already in place under the Gambia Free Zones Act and the Gambia Investment Promotion Act of 2001. Investors who met the criterion of exporting 70 percent of their output could set up as a free zone company anywhere in the country. The Gambia Gateway project (2002-09), assessed in this report, focused on the second and third of these approaches. These incentives attract overlapping but different investor groups. Some investors are attracted by fiscal incentives but may not be interested in a serviced plot and may elect to choose their own preferred location (for example a tourism development will be unlikely to require an industrial plot by the airport). On the other hand, some investors who are keen to make use of a serviced plot may not be direct exporters and therefore may not qualify for fiscal incentives even though they may still generate employment and investment.

1.8 The Gambia Gateway project intended to address some of the major constraints to private investment. They included: (i) building institutional capacity to promote private sector development; (ii) improving energy and telecommunications services; (iii) improving transport services; (iv) trade and transport facilitation; and (v) customs reforms. It was intended to establish The Gambia as a globally competitive export and processing centre by creating a favorable business environment, promoting private investment and launching an operational free zone adjacent to the airport. It aimed to lay the physical and operational foundations for establishing The Gambia as a credible player in the world trade arena.

2. Objectives, Design, and their Relevance

Objectives

2.1 According to the Project Appraisal Document (World Bank, 2010c), the objective of the Gambia Gateway project was: “to lay the foundation for expanded private investment, export-oriented production and employment, through the establishment of a free zone and an improved institutional environment” (page 2). The Development Credit Agreement defined the objective similarly: "To lay the foundation for expanded private investment, export-oriented production and employment opportunities, through the institutional environment." The intended outcomes highlighted in these two statements – expanded private investment, export-oriented production, and employment opportunities – are identical. An improved institutional environment and the establishment of a free zone were the means to achieve those ends and reflected in the project’s components, discussed below. The project’s objectives were not formally revised after the project was approved. The lending instrument for the project was an adaptable program loan, as it was expected that the Gateway project would be the first phase in a systematic and progressive program of capacity building interventions for trade promotion.

2.2 While the formal objectives of the project were not changed there was a substantial change in the design of the project over its life, in particular at the time of restructuring. These changes are discussed in detail below. They clearly changed the balance between the objectives with a reduced emphasis on export-oriented production.

Relevance of the Objectives

2.3 The project is as relevant to current government and Bank strategies as it was at approval. At approval, the World Bank’s Country Assistance Strategy for The Gambia defined poverty reduction as its central goal (World Bank 2003). Within its overall strategic objective of poverty reduction, it defined a two-pronged strategy: (i) more rapid, broad-based, export-oriented sustained growth; and (ii) social sustainability. The four operational sub-areas under the first strategic area were (a) macroeconomic stability; (b) private sector development, (c) supporting infrastructure, and (d) rural development. The project cut across all these sub-areas. The Government's Interim Poverty Reduction Strategy Paper had identified lack of income opportunities as a major constraint on the economy and included a number of policy initiatives to promote the private sector (World Bank 2002).

2.4 The project's objectives remained relevant at closure. The Government's Poverty Reduction Strategy Paper for 2007 – 2011 confirms that "As a small country that by nature must trade to meet its needs, The Gambia needs to pursue an export-oriented strategy." There are proposals for investment and increased employment and activity in all the main economic sectors. The World Bank/African Development Bank joint assistance strategy for 2008 – 2011 has two pillars for the ongoing and proposed lending and analytical program: (i) strengthening economic management and service delivery and (ii) promoting a competitive investment climate/growth and competitiveness (World Bank 2008a). The three outcomes sought under the second pillar are (i) Increased number of tourists, (ii) Increased volume of agribusiness exports, and (iii) Improved credit to private sector. The relevance of the objectives is therefore rated as *substantial.*

Design

COMPONENTS

2.5 The $18.09 million project at appraisal originally had five components:[3]

2.6 **Physical Investment for a New Free Zone Enclave at the airport** - US$5.35 million. The physical investment was to establish the infrastructure necessary for an operational free zone enclave at the airport. It included enabling works at the airport, fencing and access roads, common utilities (energy, water, telephone, and sewerage), a common users warehouse, and consulting services for supervising works to ensure that they meet international standards. The concept was to create an enclave from which free zone companies could operate. However, companies that qualified for free zone incentives were equally entitled to set up elsewhere in the country if they wished. According to the appraisal document, the enclave was a 'pilot', covering 8-10 hectares of a larger property that would be further developed in subsequent phases (World Bank 2001, pp. 2, 70).

2.7 **Establishment of an Investment Promotion/Free Zone Agency** - US$5.10 million The Gambia Investment Promotion and Free Zones Agency (henceforth the "Investment and Free Zones Agency") was to be established as a self-sustaining entity that manages free zones and promotes trade and investment. The funding was to include: (i) support for the operating costs of the new Agency for the first five years; (ii) technical assistance for a 7-year business plan and financial analysis; (iii) consulting services to complete and implement marketing plans and market surveys; (iv) consulting services for investment promotion; and (v) various studies, including a quality management system audit of the Customs and Excise

[3] The total costs included US$1.9 million for contingencies and US$1.9 million for reimbursement of project preparation facilities.

department, focusing on trade facilitation, on the basis of which changes would be proposed so that the system could be certified according to ISO standards.

2.8 **Support to the Gambia Divestiture Agency**- US$1.8 million. This component was intended to support the Government agenda for privatization. It included: (i) technical assistance to support the Government Divestiture Program; (ii) divestiture safeguarding and monitoring; and (iii) divestiture consensus building through national and international campaigns.

2.9 **Capacity Building** - US$1.2 million. This effort included training activities for both the public and the private sectors directly involved in investment and free zone-related businesses. Training included quality management and control processes, the ISO certification concept, and information about US and European markets' access regulations for products originating from African, Caribbean, and Pacific countries. It also included training for the divestiture agency as well as capacity building for a planned multi-sector regulatory agency.

2.10 **Project and Environmental Management -** US$0.9 million. The project and environmental management component includes funds for both overall project management and environmental studies and mitigation measures. The studies and mitigation measures had been spelled out in an Environmental and Social Management Plan.

2.11 In addition to the components, there were seven triggers selected for passing from the first to the second phase of the adaptable program loan. These were (i) implementation of the first phase project, including full compliance with Environmental and Social Management Plan, assessed as satisfactory by IDA, based on the project outcome; (ii) implementation of government divestiture plans for public enterprises related to transport and telecommunication, listed under Tracks I and II;[4] (iii) implementation of Phase I of the Trade and Transport Audit recommendations; (iv) implementation of Phase I of the Customs & Excise Department Quality Audit recommendations; (v) at least 20 firms created under incentives and status of the Gambia Investment Promotion and Free Zone Acts 2001; (vi) at least 4,000 direct or indirect jobs created through the Gambia Investment Promotion and Free Zones Acts 2001; and (vii) the Investment and Free Zones Agency operating costs are covered by its revenues.

2.12 The project was restructured in 2008 to open to all investors, not just exporters. The third and fourth components on divestiture and capacity building were dropped and a new component was added: **Preparatory work for the divestiture of the groundnut sector** (US$ 2.9 million). The work on the groundnut sector was closely interlinked with similar support from the European Union. The World Bank component included (i) Advance planning for the following season’s crop through support to the Agribusiness Service Plan Association; (ii) Improving the efficiency of river transport through the rehabilitation of tugboats, barges and depots; (iii) quality control equipment; and (iv) Consultant services to carry out financial and technical audits of the Gambia Groundnut Corporation and prepare a

[4] Track I enterprises are those of key importance to the economy. Track II enterprises are other Government equity investments that can be divested without the need of legislative or regulatory support (beyond a general requirement to try to ensure effective competition) (World Bank 2001).

performance-based management contract for the Corporation. Funds originally slated for the third and fourth components were redistributed to raise the amount available for the first two components.

2.13 By the time the loan was restructured it was clear that at best only the first, fifth and sixth of the seven triggers could be achieved. The planned second phase for the adaptable program loan was dropped because the instrument no longer corresponded to the country's needs in terms of growth and competitiveness and it was highly unlikely that the majority of the triggers for the second phase could be met. The project was reclassified as a Specific Investment Loan. This switch represented a major reduction in the ambition and scope of the project.

IMPLEMENTATION ARRANGEMENTS

2.14 At the beginning of the Project, there were two project implementation agencies: the Investment and Free Zones Agency and The Gambia Divestiture Agency. There was also a Project Coordination Committee involving four government representatives and three representatives from the private sector. The role of the Coordination Committee was to provide strategic guidance to the implementing agencies. A Project Coordination Unit was supposed to be formed in the Department of State for Trade, Industry, and Employment.

MONITORING AND EVALUATION DESIGN

2.15 The results framework at entry was weak. It reflected some, but not all, of the expected outputs from the project but it did not link these output indicators to the wider objectives and intended outcomes of the project. There were no indicators at all for the outputs from the divestiture component. The framework lacked separate indicators for the free zone enclave and the support for the Investment and Free Zones Agency components of the project and in some cases it was difficult to see the link between the components and the indicators. In some cases the indicators were unclear, for example there was a target of creating 4,000 direct and indirect jobs. It was unclear whether this related to all companies supported by the Investment and Free Zones Agency, to companies which qualified for free zone status, or to companies operating from the free zone enclave. The meaning of "indirect jobs" was not made clear. For other indicators, there were no quantifiable targets. For example, the number of licenses delivered by the Investment and Free Zones Agency in the period 2002 – 2006 was an indicator but there was no target. In other cases, the indicator was not quantified and no mechanism was put in place for measuring it -- for example, the value and tonnage of exports from the free zone companies. The expected sources of information were the government and the Investment and Free Zones Agency. A project coordinator was put in place to monitor implementation and carry out reporting.

2.16 The results framework was improved at restructuring with better quantification of the expected outcomes in terms of levels of investment, numbers of jobs, and numbers of firms established and separate indicators for the free zone enclave and for the Investment and Free Zones Agency. But indicators of export-oriented production were not clear. There were no indicators specifically for the groundnut divestiture component.

SAFEGUARDS

2.17 The project was categorized as “A” because of the planned development of industrial plots for investors. Technical training was provided to National Environment Agency and the Investment and Free Zones Agency staff for proper handling of environmental and social safeguard measures. Under the guidance of the Bank’s Environmental Specialist, an Environmental and Social Management Plan was drafted during project preparation and was reviewed and adopted at a national workshop in August 2001. A Memorandum of Understanding on the implementation of its recommendations was signed in January 2002 between two agencies to ensure there was maximum cooperation with regard to free zone activities.

Relevance of Design

2.18 There were five components to the initial design of the project. Three of these were substantive (to develop the free zone enclave, support the Investment and Free Zones Agency, and support the divestiture agency). The other two were supportive in that they aimed to make the other components more effective through capacity building and environmental and project management.

2.19 Initially, the free zone enclave was focused exclusively on companies that met the criteria for incentives for exporters. As such, they were clearly relevant to the objective of expanding export-oriented production. However, the initial design of the zone did not consider the possibility of allowing any investor type to take a plot at the enclave. The project as a whole aimed to promote investment and employment generally and not solely export oriented investment, in accordance with the remit of the Investment and Free Zones Agency. After restructuring, the zone was available to all investors as an industrial park and therefore more likely to promote overall investment and employment.

2.20 The support for the establishment of the Gambia Investment Promotion and Free Zones Agency was focused on all three of the objectives of the project. It was aimed at both export-oriented and locally-oriented investment. As such it was clearly designed to meet all the objectives of the project. The 2009 Gambia Investment Climate Assessment showed that the four perceived leading constraints in all three formal sectors of the economy (manufacturing, services, others) were: electricity; access to finance (availability and cost); access to land; and tax rates. The serviced industrial park could help address two of these constraints (land and electricity) while the investment incentives on offer could help to address the issue of tax rates. The airport site provided serviced plots that could be rented by entrepreneurs thereby avoiding any issue over land acquisition. Dedicated generators at the site could provide reliable electricity supplies. The support measures for the enclave and for the Investment and Free Zones Agency were therefore complementary.

2.21 In principle, there is a link between the project development objective to expand private investment and the divestiture component. However, the divestiture component was added to the project in 2001 at a late stage in development of the design.[5] After

[5] For example, the Project Appraisal Document (World Bank 2010c) contains considerable analysis of the feasibility of a free zone but the level of analysis of the divestiture component is low.

restructuring, the support for the divestiture agency was dropped in favor of support for preparing for divestiture in the groundnut sector.

2.22 Overall the relevance of the design to the objectives is modest. There are shortcomings in the design for both the free zone enclave and the support for the divestiture agency. The design becomes more relevant after restructuring, when the free zone enclave became available to all investors.

3. Implementation

3.1 The project was approved on February 28, 2002 and became effective on September 18, 2002. The original closing date of April 30, 2007 was extended four times to December 31, 2009 when the loan was closed. The first, second, and third extensions successively moved the closing date from April 30, 2007 to August 31, 2007, then December 31, 2007 and then February 28, 2008 while the Project team was finalizing the restructuring package for the Board's approval, since it was difficult to reach an agreement with the government on the package. The final restructuring package incorporated a further eighteen months extension of the project closing date to December 31, 2009 in order to permit the revised scope of work to be completed. The credit was disbursed in full. The credit was denominated in Special Drawing Rights (SDR) and because of exchange rate fluctuations against the US dollar there are different values for planned and actual disbursements at different stages in the project.

Planned vs. Actual Costs, by Component

3.2 The project's total cost came to $19.93 million, against the appraisal estimate of 18.13 million. The actual cost is higher because of $2.46 million in exchange rate gains from the IDA credit, which partially compensated for the less than planned counterpart contribution from the government ($1.47 million actual vs. $2.13 million planned).

3.3 The planned costs at appraisal and restructuring and the actual costs by component are compared in Table 1, as reported in various project documents. The appraisal costs include both IDA and government counterpart financing, but the actual costs reported in the Bank's Implementation Completion and Results Report include only the IDA amounts. Over US$800,000 was spent on consulting services for the Gambia Divestiture Agency but this cost seems to disappear in the completion report's reckoning. Overall the table shows a reallocation of costs over the life of the project. The free zone enclave and the Investment and Free Zones Agency are allocated additional funds. Funding for divestiture is diverted from the Gambia Divestiture Agency to the groundnut sector and increased significantly. On the other hand, the capacity building component is cancelled and far less is spent on project and environmental management than originally planned.

Table 1: Planned vs. Actual Costs, by Component

Component	*Planned Costs at Appraisal (US$ millions)*[a]	*Planned costs at restructuring (US$ millions)*[a]	*Actual costs (US$ millions)*[b]	*Actual as percent of planned at appraisal*
1. Physical Investment for a new Free Zone enclave at the airport	5.35	7.58	6.34	118.5
2. Establishment of an Investment Promotion and Free Zone Agency	5.09	7.90	7.00	137.5
3. Support to the Gambia Divestiture Agency	1.80	0	[c]	
4. Capacity-Building	1.24	0[d]		
5. Project and Environmental Management	0.94	0.34	0.24	25.5
6. Divestiture preparatory work in the groundnut sector		2.90	2.90	
Reimbursement of Project Preparation Facility	1.85	1.85	1.85	100.0
Contingencies	1.86	0.43	0.23	12.4
TOTAL	18.13	21.0	18.46	109.9[e]

Note: a. Includes both IDA and government counterpart contributions. b Only costs of IDA are included -- total project costs at closing were $19.93 million, of which IDA contributed $18.46 million (see Annex A). c. About $0.8 million was nevertheless spent on this component before it was dropped; this does not appear in the completion report or the Project Paper at restructuring. d. Capacity-building activities for the Investment Promotion and Free Zones Agency were programmed into the second component at restructuring. e. Computed as a percent of total actual project costs of $19.93 million.
Source: World Bank 2001 (for planned costs), World Bank 2008 (for planned costs at restructuring), and World Bank 2010a (for final costs).

Implementation Experience

3.4 The implementation arrangements foreseen by the project were not adopted. The Project Coordination Committee did not meet as required and the Project Coordination Unit was not set up. By the time of the midterm review in May 2005, it was clear that the Gambia Divestiture Agency was not an effective implementing agency and that component of the project was suspended. The Investment Promotion and Free Zones Agency therefore became the Project Coordinating Unit and its chief executive officer became the project coordinator. The Agency took also over responsibility for managing the funds for the groundnut sector divestiture. It had good quality procurement capability and was effective as an implementation agency. The additional project responsibilities distracted the Agency’s senior staff from their core roles but overall the arrangement worked successfully.

3.5 The project aimed from the outset to recruit a firm to manage the enclave. The search continues with the opportunity still advertised on the Investment and Export Promotion Agency website. This was regarded as an important part of the structure of the project but was never realized. At one stage the Government identified some possible candidates for the management position but the World Bank felt that it should be possible to find better qualified candidates. The inability to attract a private sector manager may well reflect the poor financial viability of the enclave and lack of potential for attracting investors. Potential managers would have been aware of the absence of companies receiving free zone incentives.

3.6 When the midterm review took place on May 2, 2005 it was clear that the project was suffering problems. The physical investment in the free zone enclave was for the exclusive use of companies with free zone status. While the enclave was still in development and not yet open at the time, companies were not stepping forward for free zone licenses. Only one company had obtained free zone status and this company subsequently reverted to Special Investment Certificate status because it could not achieve the required level of exports. There was far more interest in setting up operations as a company with a Special Investment Certificate and 37 companies had been established nationwide under these arrangements before the project was formally restructured in 2008. Such companies had the same sales tax and customs exemptions as a free zone company but were subject to corporate tax, at the standard rate of 35 percent. Free zone companies had to export at least 70 percent of their output and then received a corporate tax exemption as well. As companies were not interested in setting up under free zone incentives anywhere, it clearly made sense to offer sites at the enclave to any firm that was interested. After restructuring in 2008, the free zone enclave was made available to all sorts of companies.

3.7 The divestiture component of the project, to support the work of the Gambia Divestiture Agency, had failed. The agency was never properly staffed and government commitment to divestiture was lacking. This component was suspended in May 2005. At this stage it should have been possible to reduce the scope of the work to the original core of the project and proceed quickly with restructuring. Instead, the World Bank and the government entered into discussions over alternative uses for the funds. These discussions quickly focused on a project to upgrade the Westfield Sukuta road junction, which was unconnected to the free zone enclave component and has limited linkage with the project objectives. Agreeing to this component was bound to be a time consuming exercise because the road project had not yet been designed and there were insufficient resources in the credit to fund the project in its entirety; a co financier was needed. After over a year of consideration of this component, the Islamic Development Bank agreed to finance the construction in its entirety. The World Bank's involvement had helped to facilitate the financing of this unrelated activity, but at the expense of delaying the restructuring of the project.

3.8 The only component of the project that was proceeding smoothly was support for the establishment and development of the Investment Promotion and Free Zones Agency. The Agency recruited the numbers and quality of staff that it needed and was functioning as an investment promotion agency, encouraging investment by both local and foreign firms.

3.9 After the project was completed, the government decided to replace the Investment Promotion and Free Zones Agency with the Gambia Investment and Export Promotion Agency. As its name implies, this agency has a somewhat wider remit with a focus on exports as well as investment and free zones. The new agency has taken over the previous responsibilities of the Investment and Free Zones Agency for licensing and for management of the industrial park at the airport.

Safeguards and Fiduciary

3.10 The management of the Memorandum of Understanding signed by the National Environment Agency and the Investment and Free Zones Agency in January 2002 was effective. The Environment Agency was free to inspect regularly and provide comments on the activities of the free zone enclave and other projects registered by the Investment and Free Zones Agency. Moreover, the government had taken steps to implement the action plan including (i) an addendum to the tender documents of the industrial park covering pollution control, health, safety, and source of raw materials, and (ii) agreement on the fencing of the Abuko buffer zone/nature reserve. The fencing of the Abuko nature reserve was the Project's biggest intervention in the Environmental and Social Management Plan, and it was carried out in collaboration with its primary beneficiary (the Department of Parks and Wildlife Management). Fencing the park freed land for the use by the neighboring households, bringing about more security in the community and its visitors, while restricting human encroachment into the nature reserve.

3.11 The Gateway Project provided technical training to the National Environment Agency and Investment and Free Zones Agency staff for proper handling of environmental and social safeguards measures. The training was satisfactory, as the Investment and Free Zones Agency felt adequately prepared to identify environmental issues and refer them to the Environment Agency.

3.12 The Project generally complied with the financial covenants in the loan agreement. The financial systems provided timely and reliable information for the management and monitoring of the Project. In 2004 and 2008 there were minor delays in submission of audit reports but all audit reports were unqualified. There were a number of initial problems with the procurement function arising from lack of familiarity with World Bank Procurement guidelines by beneficiaries, difficulties and delays in the preparation of the standard bidding documents, lack of understanding of standards for evaluation, a number of failed bids and in many instances participation by limited numbers of bidders. Despite these challenges, the project did not compromise the integrity of the procurement process.

Implementation of Monitoring and Evaluation

3.13 The proposed outcome indicators at project appraisal are shown in Table 2:

Table 2: Outcome indicators at appraisal

Outcome	*Indicator(s)*
Private investment promotion	• The number of licenses delivered by the Investment and Free Zones Agency during the period 2002-2006. • Creating at least twenty new firms by 2006.
Export-oriented production	• Achieving annual ton and value targets for the free zones.
Employment creation	• Creating at least 4,000 - direct and indirect - new jobs by 2006.
Improved institutional environment	• Reducing average process time to create new enterprises to four weeks (from six weeks). • Reducing average customs clearance time for free zone-related cargoes to one day.

3.14 These indicators had numerous shortcomings, as discussed above. After restructuring, the outcome indicators and targets for the multipurpose industrial park and establishment of the Investment and Free Zones Agency were improved as follows:-

- The level of private investment is at least US$180 million.
- At least 40 new firms are established.
- At least 4,000 direct new jobs in industrial production firms are created.

- Average process time to license new enterprises is reduced to 4 weeks.

3.15 There are no baseline figures for the level of private investment or for the time taken to license a new enterprise. The reference to industrial jobs in the indicator after restructuring is unclear as it more readily relates to job creation in the free zone/industrial park but not for the results of the Investment and Free Zones Agency’s overall promotional activities nationwide. In practice, the indicator was interpreted as if they refer to “jobs” of all kinds. There were also separate indicators for the performance of the free zone including: (i) at least four firms are located in the industrial business park; and (ii) at least 300 people are employed by firms located in the industrial business park. There were no firms or employees in the park when the indicator was set. These indicators were monitored by the Investment and Free Zones Agency, which produced management information that showed how the targets were being met.

3.16 Performance indicators for the groundnut sector related only to the outputs of the project component and not to the outcomes. They referred to the completion of technical and financial audits and the preparation of a performance based management contract for a private company to take on the management of the assets of Gambia Groundnut Corporation.

4. Achievement of the Objectives

4.1 The Development Credit Agreement defined the objective of the project as follows: "To lay the foundation for expanded private investment, export-oriented production and employment opportunities." The extent to which the project achieved the three intended outcomes -- (i) expanded private investment, (ii) export oriented production, and (iii) employment opportunities -- is presented below. For each outcome, the evidence is presented with respect to delivery of the planned outputs that plausibly could affect the outcomes and to changes in outcomes, followed by a discussion of the extent to which the changes in outcomes are likely attributable to the investment.

4.2 The objectives of the project are high level and influenced by many factors that are outside the scope of the project. The policy environment in The Gambia has changed over the course of the project, with a reversal of initial support for divestiture and this will have an influence on the behavior of employers and investors. The investment incentives that were available to exporters and investors were created before the project was launched.

4.3 The three objectives were in place throughout the project but in practice there is a change in the balance between them at restructuring with a greater emphasis on investment and employment and a reduced emphasis on export oriented production once the free zone enclave was opened to all companies. The three substantive components of the project could in theory contribute to all three objectives. However, the divestiture activities are only likely to contribute significantly to expanded private investment. The activities of the Investment and Free Zones Agency were intended to contribute to all three objectives. The development of the free zone enclave was primarily directed at expanded exports and employment at entry but after the site became available to all investors it also addressed all three objectives.

Objective 1: Expanded private investment (Modest)

4.4 **Outputs.** The Investment Promotion and Free Zones Agency conducted market surveys and implemented a market plan, and the staff were trained. According to the mandate of the Agency, it provided a number of investment facilitation services and assisted in obtaining licenses, land, and clearances for setting up operations. The specific activities undertaken by the Agency to promote private investment are not well documented. The IEG mission generally received positive feedback from private sector respondent about the Agency's investment facilitation services.

4.5 The infrastructure at the 8.8 hectare industrial enclave near the airport was completed in late 2006 but has had limited impact to date on private investment. The infrastructure financed at the enclave included: fencing; an access road to the airport and connection with the national road (linking the enclave to the port 15 km away); water and electricity connections, backup generators, and a backup water tank; connection to a fiber optic phone network; and a warehouse. Only one firm has located at the enclave and more than 150 ha remain undeveloped (Photos 1-3). No private firm has been enlisted yet to manage the enclave, so management remains with the successor agency.

Photo 1: Entrance to the Gateway Business Park Enclave

Source: Xubei Luo

Photo 2: The industrial park tenant on the 8.8 ha developed portion of the enclave

Source: Xubei Luo

Photo 3 More than 150 ha of the enclave to the airport remains in undeveloped

Source: Xubei Luo

4.6 The original and revised divestiture components contributed little to expanded private investment. The divestiture component in the original loan was dropped at restructuring due to lack of responsiveness on the government side. After restructuring, the new $2.9 million component focused on the groundnut sector covering assistance with advance planning for the next season's crop, improvements to river transport, improved quality controls and financial and technical audits of the Gambia Groundnut Corporation together with the preparation of a performance-based management contract. The physical objectives were implemented broadly as planned and increased the capacity of the Corporation significantly from 6,000 to 35,000 metric tons (MT) of groundnuts. However, the technical and financial audits were delayed, which in turn delayed the management contract that was never, ultimately, put in place. The government did endorse a divestiture strategy as part of the road map but has not followed it through and during the IEG mission it was clear from interviews that that the Corporation is likely to remain in the public sector.

4.7 **Outcomes.** Special Investment Certificates were awarded to a total of 97 new firms, of which 58 were operational at project closing and 10 were in mobilization. According to the 2009 report of the Investment and Free Zones Agency, these firms generated US$211.8 million in new investment (against a target set at restructuring of 40 new firms and $180 million in new investment). Some of the investment is in companies that are classified as non-operational. However, in many cases this is because the company's Special Investment Certificate has expired or been revoked, while the company may still be operating. Information supplied to the IEG field mission by the Investment and Export Promotion Agency, showed that only US$20.7 million had been invested in companies that had closed, so even if this is taken out of the total, the investment is still over the target of US$180 million. Further information concerning the specific activities of the Agency in promoting private investment is needed to attribute the increased investment to the actions of the new agency and the project as distinct from the new investment incentives created by the 2001 Gambia Investment Promotion Act.

4.8 Evidence from the United Nations Conference on Trade and Development *World Investment Report 2011* suggests that Gambia has had some success in attracting inward investment in recent years (Table 3). Although the Investment and Free Zones Agency approved a certain amount of inward investment (i.e. investment by foreign investors), it is impossible to know how much of the total foreign direct investment in The Gambia is attributable to the Gateway project. The total foreign direct investment stock in 2010 was US$675 million and the investment in Investment and Free Zones Agency- supported projects at US$211.8 million is significant in comparison with this inward investment level.

4.9 Table 3 shows two things. First there was substantial growth in foreign direct investment in most West African countries between 2000 and 2010. The Gambia performed around the average with an increase in the stock by slightly over threefold. Nine of the sixteen countries enjoyed a fivefold or greater increase in the stock of foreign direct investment over this period. On the other hand, the ratio of the stock foreign direct investment to GDP in Gambia is higher than any other country in the region apart from Liberia, suggesting the country enjoys some success compared to its neighbors.

Table 3: Foreign Direct Investment in Various West African Countries

Country	*Foreign Direct Investment (FDI) Stock (US million)*			2010 GDP *US$M*	*Growth of FDI Stock from 2000 to 2010*	*FDI stock as % of GDP in 2010*
	1990	2000	2010			
Benin		213	849	6,633	3.99	12.8
Burkina Faso	39	28	905	8,820	32.32	10.3
Cape Verde	4	192	1,140	1,648	5.94	69.2
Cote d'Ivoire	975	2,483	6,641	22,780	2.67	29.2
Gambia	157	216	675	807	3.13	83.6
Ghana	319	1,605	9,098	31,306	5.67	29.1
Guinea	69	263	1,917	4,511	7.29	42.5
Guinea Bissau	8	38	190	879	5.00	21.6
Liberia	2,732	3,247	4,888	986	1.51	495.7
Mali	229	132	1,234	9,251	9.35	13.3
Mauritania	59	146	2,155	3,636	14.76	59.3
Niger	286	45	2,310	5,549	51.33	41.6
Nigeria	8,539	23,786	60,327	193,669	2.54	31.1
Senegal	258	295	1,615	12,954	5.47	12.5
Sierra Leone	243	284	495	1,905	1.74	26.0
Togo	268	427	955	3,153	2.24	30.3
Total	*14,185*	*33,400*	*95,394*	*308,487*	*2.86*	*30.9*

Source: United Nations Conference on Trade and Development (UNCTAD)

4.10 Foreign investment is only a component of total investment, which also includes domestic investment. Overall progress can be assessed by examining trends in gross capital formation in Gambia. This rose as a percentage of GDP in the first half of the 2000s (Table 4), tapered down when the global crisis hit, and started picking up again in the recent years. It is currently higher than a decade ago although below the peaks of the mid 2000s:

Table 4: Gross Capital Formation as a percent of GDP

YEAR	GROSS CAPITAL FORMATION AS % OF GDP
2000	5
2001	11
2002	7
2003	10
2004	24
2005	22
2006	24
2007	18
2008	14
2009	18
2010	19

Source: World Development Indicators

4.11 It is difficult to disentangle the impact of the project and other factors influencing investment. The overall target level of investment was met but the divestiture component and the enclave did not contribute and much of the increase may well be attributable to other factors. Overall the project had a modest impact on private investment.

Objective 2: Increased export-oriented production (Negligible)

4.12 **Outputs.** The Investment Promotion and Free Zones Agency, according to its mandate, provided a number of services to promote exports.[6]. The planned quality management system audit of the Customs and Excise Department did not fully materialize.

4.13 **Outcomes.** During the project only one company was granted free zone status and it subsequently could not meet the export targets, and subsequently reverted to an investment certificate. Some of the other companies that entered the market have done so with plans to export goods and services, although not on the scale to apply for free zone status, for example a major tourist hotel. It seems therefore that none of the measures implemented could have generated significantly increased exports. This conclusion is broadly borne out by The Gambia's export performance. Exports as a percentage of GDP have fluctuated in the past decade (Table 5). After a dip in 2000-2001 from 25 percent to 21 percent, it increased to some 34 percent in the mid 2000s before declining sharply to 22 percent after the global crisis. The fluctuations appear to reflect fluctuations in levels of re-exports (basic consumer goods which The Gambia imports and then re-exports to nearby countries) since the level of imports as a percentage of GDP follows a similar path.

Table 5: Exports and Imports as a Percent of GDP

YEAR	EXPORTS AS % OF GDP	IMPORTS AS % OF GDP
2000	26	31
2001	22	25
2002	27	32
2003	31	38
2004	34	49
2005	32	49
2006	33	46
2007	28	40
2008	22	37
2009	23	38
2010	22	39

Source: World Development Indicators

4.14 The achievement of the objective to increase export-oriented production was negligible.

Objective 3: Employment Creation (Substantial)

4.15 **Outputs.** The project's outputs for this objective are identical to those for the private investment objective discussed earlier.

4.16 **Outcomes.** Before restructuring, the project aimed to create 20 new firms and 4,000 new direct jobs. The target number of firms was increased to 40 on restructuring. Numbers of

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[6] These include facilitation of public-private dialogue for business and expoert development, promotion of business development initiatives through consultative engagements of the private sector, provision of export services and assisting companies with export potential to export ready status, and research and development support. See the website for the Agency's successor at: http://www.giepa.gm/About_Us/Services.aspx.

projects and jobs could be measured effectively because the Investment and Free Zones Agency (now the Investment and Export Promotion Agency) had sole responsibility for issuing Special Investment Certificates. When the Investment and Free Zones Agency's final annual report (2009) was published 4,605 jobs had been created in 97 enterprises, thereby exceeding the stated objective for jobs by 15 percent (Table 6).

Table 6: Breakdown of Special Investment Certificates/Free Zone Licenses Awarded by the Investment Promotion and Free Zones Agency, 2002-09

	Operational	*Preparatory*	*Non-Operational*[a]	*Total*
Number of Projects[b]	38	10	49	97
Proposed Capital Investment (US$)	226,978,071	25,735,744	108,294,387	361,008,202
Actual Investment (US$)	115,753,794	750,000	95,326,221	211,830,015
Employment Potential	1,900	615	6,794	9,309
Actual Employment[c]	1,900	21	2,684	4,605

a. Non-operational projects include those that have closed down operations and those that had their Special Investment Certificates, revoked, or expired. The term non-operational refers to the special investment certificate and not to the project

b. The Agency terminology refers to projects but these may equally well be understood as firms. Only one of these was a free zone license.

c. These are estimated and could be higher

Source: Gambia Investment Promotion and Free Zones Agency, Annual Report 2009

4.17 Table 6 indicates that only 38 of the 97 projects are operational with a job yield of 1,900. However, it is unclear from the table how many of the non operational jobs are in companies where the Certificate has expired or been revoked. As noted above, at least some of the companies listed as 'non-operational' projects are likely to continue to be in business in which case associated jobs may well still exist even though the company no longer has Special Investment Certificate status. During the field visit the IEG mission collected further information from the Investment and Export Promotion Agency, which shows the following pattern of job creation:

Table 7: Job Creation by Category of Company, 2002-2009

Category of Company	Number of Jobs
Operational companies with Special Investment Certificates	1900
Operational companies with expired Certificates	1789
Companies with expired Certificates that are about to open	430
Closed projects	391
Companies with revoked Special Investment Certificates	49
Total	4559

Source: Gambia Investment and Export Promotion Agency

4.18 The enclave has had a less successful record in job creation. At the time of the IEG field visit there were 150 employees working in the enclave. This is well below the target of 300 jobs set after the project restructuring and the creation of these jobs is very costly, as discussed further below.

4.19 The figures do not include pre-existing jobs in companies and the project has therefore been associated with the creation of over 4,000 sustained jobs. The Gambia has a population of just over 1.7 million and a labor force of just over 750,000, so the beneficiaries who are in continuing employment are about 0.235 percent of the population and over 0.5 percent of the labor force. There are no available statistics on total formal sector employment over the period of the project but bearing in mind that some two thirds of employment in Gambia is in agriculture, it is clear that the project has had a substantial impact.

4.20 The project has therefore *substantially* achieved the employment creation objective.

5. Efficiency

5.1 The analysis of efficiency by the project team was based on a cost-benefit analysis, both at entry and at closing. The expected benefits were through the value added from increased exports and earnings in the tourism sector, since projects in all sectors could qualify for investment incentives. In practice, employment creation and investment promotion projects are extremely difficult to appraise using cost-benefit analysis because it is so hard to define a good counterfactual or base case to compare the project against. An investment per job analysis provides additional evidence of efficiency in these circumstances and is easier to interpret than measures that relate to levels of investment or exports.

5.2 The cost of developing the industrial park enclave was at least $6.34 million and an additional $2.9 million was spent on the groundnut component, yet the benefits for private investment and employment were relatively low. This is not an efficient way of achieving the objectives of private investment, increased exports, and greater employment. It was hoped that the enclave component of the project would create 300 jobs, but the level of job creation was only half this level at the time of the IEG field visit. The investment cost per job created would be very high. The apparent efficiency of the enclave would not be improved if looked at through export performance or investment lenses. The efficiency of the investment in the industrial park enclave to date is therefore evaluated as negligible.

5.3 The costs of the establishment and development of the Investment Promotion and Free Zones Agency were estimated at US$7.8 million. As shown above, the Agency created about 4,600 jobs in total of which around 400 were in companies that had closed down. The investment cost is therefore US$1,693 per job based on the total jobs and about US$1,850 per job based on sustained jobs. These figures are far more reasonable than the cost per job created at the industrial park. Some of the jobs created will be higher value positions in, for example, the tourism sector. It is also important to point out that the creation of the Investment and Free Zones Agency was bound to involve some non recurrent up-front costs, so that the cost per job of such an operation ought to fall over time as the institution further establishes itself. The efficiency of this component is substantial.

5.4 About US$800,000 was spent on support to the divestiture agency in the early stages of the project, but the efficiency of this activity was clearly limited since nothing was accomplished. The support to divestiture in the groundnut sector after restructuring, costing US$2.9 million, produced benefits for that sector, but it did not contribute to achievement of the objective to increase private investment.

5.5 There were considerable inefficiencies in the management of the project. There were lengthy delays in the restructuring after the mid-term review, because consideration was being given to funding firstly a road project and subsequently the groundnut sector. This resulted in an overall delay of two and a half years on project completion. This held up the opening of the free zone to a wider range of companies. Some important tasks such as the recruitment of a manager for the free zone were not completed at all and this may have contributed to the very poor uptake of plots at the site.

5.6 Overall the efficiency is evaluated as modest.

6. Ratings

Project Outcome

6.1 The relevance of the objectives was substantial, while the relevance of design to the objectives was modest. The project had a modest impact on private investment, a negligible impact on the export sector, and a substantial impact on employment. The efficiency of the project was modest. Overall the project is therefore moderately unsatisfactory, denoting significant shortcomings in relevance, efficacy, and efficiency.

Risk to Development Outcome

6.2 The risk to the development outcome is high. The site at the industrial park has only one tenant. One of the two generators that were located at the site has been removed and the other has not been tested or maintained since it was installed in 2006. There is little interest in plots at the site or from developers. The operation of the Investment and Free Zones Agency's successor organization, the Gambia Investment and Export Promotion Agency, is highly dependent on subvention from public funds and there has been a loss of continuity in the transition between the two organizations, with only two senior staff transferring to the new Agency. Revenue from the industrial park is not sufficient to cover its costs.

6.3 The project aimed to make the Investment and Free Zones Agency financially self sustaining by 2006. At restructuring this objective was weakened and it was planned that "50% of [the Investment and Free Zones Agency's] operating costs [would be] covered by its revenue and the State budget." In the final year of the project (2009), its accounts show total operating costs of 15.5 million Dalasi with revenue of 6.4 million Dalasi and a contribution from Government of counterpart funds of 6.0 million Dalasi. It therefore appears that 80 percent of the Agency's operating costs are met from revenue and the State budget, well in excess of the 50 percent objective. However, more detailed analysis of the Investment and Free Zones Agency's 2009 accounts shows that operating costs were only a small part of its total expenditure (Table 7).

Table 8: The Investment Promotion and Free Zones Agency's total expenditure, 2009

ITEM	COST (DALASI)
Consultancy services, Free Zones Agency	11,330,475
Support to Gambia Groundnut Corporation	64,250,126
Training - Free Zones Agency (Stakeholders)	894,803
Consultancy – investment promotion	971,711
Project management	2,279,210
Studies	11,348,437
Training – Other	118,224
Operating cost	15,500,633
Depreciation	11,380,223
Exchange Loss	25,337
Total Expenditure	118,099,179

Source: Free Zones Agency report and accounts

6.4 Thus the Investment and Free Zones Agency's operating costs were only 13 percent of its total expenditure in 2009. Some of this expenditure is not recurrent. In particular, the support for the Gambia Groundnut Corporation appears in the Investment and Free Zones Agency's accounts only because this was the mechanism for channeling funds from the World Bank to support the Corporation. However, it is clear that for the Agency to continue to operate at its existing level of performance it will be necessary to cover far more than its operating costs. In particular, the depreciation provision, although it does not involve the movement of funds, needs to be financed if the Agency is going to be able to sustain the assets at its business park. All buildings require rehabilitation from time to time and the Agency will not have the resources to do this unless it has revenue to cover depreciation. Other cost elements also represent services provided by and to the Agency that will not be sustained in the absence of other sources of funding.

Table 9 The Investment Promotion and Free Zones Agency's income, 2009

ITEM	AMOUNT (DALASI)
IDA credit fund replenishments	18,760,393
IDA credit fund direct payments	68,604,441
Government counterpart funds	6,000,000
License revenue	156,820
Rental income	6,000,000
Miscellaneous revenue	211,502
Total	99,733,156

Source: Free Zones Agency accounts

6.5 The Agency's rental income from the business park in 2009, at 6 million Dalasi, does not cover the depreciation on the buildings at the business park (over 11 million Dalasi), implying that the rent is below a market or cost recovery level (Table 8). It is clear from Table 8 that in the last year of the project IDA funding dominated as a funding source. Overall the figures suggest that the Investment and Free Zones Agency was far from financial sustainability at the end of the project and it clear from discussions and evidence collected during the IEG field visit that the sustainability of the Gambia Investment and Export Promotion Agency continues to be an issue. Even though the financial objective that had been set at the time of restructuring was met, it did not constitute significant progress towards sustainability. Since then, the rent payable on the site at the multipurpose industrial park appears to have been reduced, which will reduce the sustainability of the Investment and Export Promotion Agency, the Investment and Free Zones Agency's successor.

Bank Performance

QUALITY AT ENTRY

6.6 There were a number of problems with the project as originally conceived. At entry, the appraisal of the project failed to distinguish clearly enough between the promotional activities of the Investment and Free Zones Agency as an investment and export promotion agency and the creation of the free zone enclave. There was inadequate ex ante market research to establish the potential demand for an enclave at the airport by investors in general or by exporters in particular. The two components were linked since it was expected that at least some of the jobs to be created through the Investment and Free Zones Agency would involve companies that took up plots on the site. There was extensive consideration of various models of the free zone enclave in the preparations for the Gateway project, but nowhere was there adequate discussion of the approach The Gambia would take to investment and export promotion or the relative roles of fiscal incentives and the free zone area. The design of the project before restructuring restricted use of the site to companies that qualified for fiscal incentives as exporters. However, the design did not adequately consider whether there were sufficient numbers of investors who would prefer a serviced plot from a government agency to selecting their own site. There was inadequate investigation of the market for an industrial enclave or for free zones in general. The plans for the establishment and capacity development of the Investment and Free Zones Agency were better thought out and justified as a means of helping to attract investment to The Gambia.

6.7 Project design linked support for the Investment and Free Zones Agency and the free zone enclave with a divestiture component that was peripheral and unrelated to that Agency. It was recognized before the project was appraised that capacity in The Gambia was weak and, as such, project design should be kept simple. There were preparation missions to The Gambia in connection with the project in March/April 1999, May/June 2000 and May/June 2001. Before the 1999 mission it was expected that the project would include: (i) capacity building of the free zone Authority and Department of State for Trade, Industry and Employment; (ii) technical assistance for improving the competitiveness of the port, the airport, and service providers; (iii) promotion of the Gambia free zones internationally; (iv) training activities for both the public and private sector; and (v) free zone off-site infrastructure, and one stop shop building. The back-to-office report following that mission concludes that that the project should be kept simple and well focused and should deal, in a first stage, exclusively with free zone development and related issues with particular emphasis on institutional and policy reforms directly related to the free zone concept. The aide memoire from the 2000 mission similarly envisages a focused project. The government and World Bank had agreed that the Project would support two critical initiatives that would set the stage for inflows of local and foreign direct investment in the development of export sectors: (a) providing on-site infrastructure services at the airport through privately-developed and managed Free Economic Zone enclaves; and (b) modernizing the front-line institutions/agencies which interface with investors on daily basis by transforming them into trade facilitators.

6.8 Despite these intentions and with no previous consideration in the project documentation, by the time of the 2001 mission a divestiture component was added to the project. This was the first time such a component had been taken into consideration, which suggests that it may not have been fully thought through. In principle, divestiture would be linked to the objective of raising private investment. The Project Appraisal Document contains considerable analysis of the feasibility of a free zone enclave but the level of analysis of the divestiture component is low.

6.9 Moreover, it is clear from internal World Bank documentation that the free zone component was ready to progress quickly at entry, whereas the divestiture component was less ready. The Investment and Free Zones Agency was already operational key staff were in place and bank representatives were able to attend a board meeting and offer guidance regarding the staffing and budget preparation for the year 2001. In the case of the Gambia Divestiture Agency, only six of the planned staff were in place and these included one driver and one janitor. Bank staff were working with the Agency's management to define the support to be provided to the Government for the implementation of its divestiture strategy and assisted the Agency in preparing a grant request to the Public-Private Infrastructure Advisory Fund management.

6.10 The addition of a divestiture component complicated the management of the project because it now had two implementation agencies rather than one. Conclusions about the divestiture component from the Project paper at restructuring were that "under the original project design, this component was only budgeted for US$1.8 million to divest fifteen public enterprises. Bank experience on divestiture shows that technical assistance costs between US$300,000 to US$600,000 per divestiture. The US$l.8 million was not sufficient to adequately design and implement the divestiture program. Moreover, the component under-performed due to several reasons, among which, are (i) a critically low level of staffing at the Gambia Divestiture Agency; (ii) an overlapping of layers of decision-making; and (iii) a resistance from state-owned enterprises management." Neither the level of engagement from the government nor the level of funding from the World Bank was sufficient to justify proceeding with the divestiture component of the project at entry.

6.11 The decision to have an adaptable program loan as the lending instrument also reflected over optimism about the government's commitment to private sector development and the triggers for the second phase never came close to being met.

6.12 Overall the quality at entry is rated unsatisfactory.

QUALITY OF SUPERVISION

6.13 The quality of supervision was moderately unsatisfactory. Progress was slow in the first eighteen months of project implementation, despite regular missions. The midterm review and progress to restructuring was far too slow, since the shortcomings of both the free zone enclave and the divestiture components were evident early in the project cycle. The divestiture component was suspended before the mid-term review and the free zone enclave approach was being rethought as early as November 2004 and discussed with the Gambian government soon thereafter. But it took almost four years to complete the restructuring which was formalized in a Project Paper in February 2008 and implemented on March 19, 2008. The delay arose largely because consideration was given to introducing a road scheme to the project. The scheme was not appropriate to the project objectives and was extremely time consuming because the road had to be designed.

6.14 Even after the free zone enclave was opened to all firms, it still proved difficult in practice to secure tenants at the site. The Bank's support to the Investment and Free Zones Agency continued to be satisfactory both before and after restructuring. The Agency gained skills in investment promotion and acquired adequate capacity to respond to the requests and needs of investors. Support from the World Bank provided an initial subsidy for the Agency's operations and enabled such activities as training for staff and international trade missions. Discussions with investors in Gambia suggest that its services were satisfactory and that it acted promptly in response to investor needs. The divestiture component of the project, restructured into supporting the Gambia Groundnut Corporation, was successfully implemented in creating more jobs and increasing the productivity of the sector, but divestiture has not been completed.

6.15 There were five different team leaders over the life of the project. The task team leaders visited Gambia regularly for supervision missions. During the last three years of the project and after restructuring that there was improved continuity in the Bank's engagement.

6.16 Overall, Bank performance is rated unsatisfactory.

Borrower Performance

GOVERNMENT PERFORMANCE

6.17 The performance of the government was unsatisfactory. It made an initial commitment to a divestiture process but did not follow through with it and went on to wind up the Divestiture Agency, which was supposed to implement the policy that was being supported through the loan. It also did not make key appointments at the beginning of the implementation process. Government was also responsible for introducing the road component to the project during restructuring, which caused unnecessary delay. After restructuring, the government committed to a performance management contract for groundnuts but did not follow through with the contract. The government also replaced the Investment and Free Zones Agency with the Gambia Investment and Export Promotion Agency. While there is a reasonable argument for the change of role for the investment promotion agency, the way in which the transition was managed led to the loss of the majority of the Investment and Free Zones Agency's senior staff and hence of continuity. Over the period of the credit, the government could have done far more to improve the investment climate for both local and foreign investors. It also was unable to attract a firm to manage for the industrial park, both during the project and since the project was completed.

IMPLEMENTING AGENCY PERFORMANCE

6.18 The performance of the implementing agencies was moderately unsatisfactory. Before restructuring there were two implementing agencies, the Investment and Free Zones Agency and the Gambia Divestiture Agency. The former performed satisfactorily but the latter did not and the coordination arrangements between the two agencies did not work. The Investment and Free Zones Agency successfully collected data on the companies to which it issued investment certificates and the data met some of the requirements for project monitoring. After restructuring, the Investment and Free Zones Agency was the sole implementing agency and it performed well, using its procurement skills to manage the support for the groundnut sector as well carrying out necessary procurement for the Agency itself.

6.19 Overall the performance of the borrower is assessed as unsatisfactory.

Monitoring and Evaluation

6.20 **Design.** The project had a weak evaluation framework at entry. There were no indicators for the divestiture component or for the development of the /Industrial Park enclave. The indicators were restricted to the performance of the Investment and Free Zones Agency and some of the indicators were not quantified or measurable.

6.21 The monitoring and evaluation arrangements were improved with the restructuring in 2008 but this was very late in the day. The new framework did include indicators for all three components but one was not well specified, looking at the Investment and Free Zones Agency's performance in creating industrial jobs rather than all jobs. There were some indicators for the groundnut component of the work.

6.22 **Implementation.** The components of the project relating to the Divestiture Agency and the Free Zone enclave produced negligible outputs and outcomes so there was little to monitor. The Investment and Free Zones Agency did produce the management information necessary to monitor its performance in issuing investment certificates and there were records of the size of investments and the numbers of employees. However, information was not kept up to date after the certificate was issued and, as a result, there is some uncertainty over the long term impact of the companies and investments that were supported by the agency. The work on the groundnut sector was monitored.

6.23 **Use of Data.** The project made use of the information produced by the Investment and Free Zones Agency as a basis for evaluating the agency's progress. Information on the support for the groundnut corporation was also used effectively and enabled good coordination to be maintained with the European Union, which was supporting other aspects of the sector.

6.24 Overall the quality of monitoring and evaluation is rated modest.

7. Lessons

7.1 **First, tax incentives and export development services may not be enough to attract investment in export-oriented firms.** The Gambia's 2001 Free Zones Act provided financial incentives for export-oriented firms located throughout the country and for support from a new Investment Promotion and Free Zones Agency. The incentives are attractive, but clearly other factors were not in place. Over the eight-year duration of the project, only one firm opted for a free zone license to benefit from the incentives, and eventually that firm could not maintain the requisite level of exports (70 percent). The project experience does not document specific reasons for the lack of a response, but it suggests that the project was launched without adequate understanding of market conditions, the effect of The Gambia's location, and other reforms. The planned quality management audit of the Customs and Excise Department, which might have pointed to areas that would create a more favorable environment for export-oriented growth, was not undertaken.

7.2 **Second, while industrial enclaves have the potential to attract private investors, location is also important.** The industrial enclave's benefits in terms of improved and reliable infrastructure have not been sufficient to entice private investors to locate there. Special Investment Certificates are available to firms located throughout the country and the incentives they offer have stimulated private investment; the firms do not have to locate in the enclave to receive these incentives. The enclave's location – near the airport and some 15 km from the port – may not be attractive to potential investors. During the project's design phase, some five sites were considered. The site closest to the port was ruled out for environmental reasons. While it is unclear whether the enclave would have fared better at the port site, it appears that site selection was not informed by a market analysis.

7.3 **Third, low relevance of some components to the objectives increases the complexity of implementation and reduces the scope for achieving the desired results.** In the case of the Gambia Gateway project, the core of the project was the development of the free zone/industrial park enclave and support of investment promotion activities through the Investment Promotion and Free Zones Agency. This scope was wide enough. The addition of a divestiture component with insufficient government commitment diverted attention away from the core. At restructuring, the project considered applying unused funds previously earmarked for divestiture to support a road that had no connection with the project's objectives. Eventually, the divestiture component was replaced by a narrower component preparing the groundnut sector for divestiture, which again had limited linkage to the project's objectives and did not result in divestiture, even though it ultimately produced benefits to the groundnut sector.

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Annex A. Basic Data Sheet

GAMBIA GATEWAY PROJECT (IDA-36060, IDA-3606A TF-26331)

Key Project Data (amounts in US$ million)

	Appraisal estimate	Actual or current estimate	Actual as % of appraisal estimate
Total project costs	18.09	19.93	109.9
Loan amount	16.00	18.46	115.4
Counterpart contribution	2.13	1.47	69.0
Cancellation		—	

Source: World Bank 2001 (for appraisal estimates) and 2010a (for actual).

Cumulative Estimated and Actual Disbursements

	FY02	*FY03*	*FY04*	*FY05*	*FY06*	*FY07*	*FY08*	*FY09*	*FY10*
Appraisal estimate (US$M)	1.92	7.36	12.96	15.20	15.68	16	16	16	16
Actual (US$M)	-	2.45	4.04	7.16	10.18	12.11	13.46	14.48	18.37
Actual as % of appraisal	1.92	33.28	31.17	47.10	64.92	75.68	84.12	90.5	114.81
Date of final disbursement:						June 2010			

Source: World Bank 2010a.

Project Dates

	Original	Actual
Initiating memorandum	January 15, 1999	January 15, 1999
Negotiations	October 2, 2001	October 2, 2001
Board approval	February 28, 2002	February 28, 2002
Signing	March 21, 2002	March 21, 2002
Effectiveness	April 30, 2002	September 18, 2002
Closing date	April 30, 2007	December 31, 2009

Source: World Bank 2001, Annex 7, and World Bank 2010a.

Annex A

Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY99		74.34
FY00	37	104.99
FY01	15	65.66
FY02	13	56.60
Total:	65	301.59
Supervision/ICR		
FY99		4.51
FY02	2	13.79
FY03	17	84.39
FY04	18	81.39
FY05	19	96.50
FY06	14	69.01
FY07	37	162.31
FY08	12	89.90
FY09		
FY10		
Total:	119	602.02

Source: World Bank 2010a.
Note: The table is cited from the ICR, but the information on costs of supervision has errors: There cannot be supervision costs in FY99, before the project was approved, and the data for FY09-10 are missing. According to the project portal, total accumulative expenditures from the Bank budget (including staff time, travel, and consultant costs) was $1,175,704.

Task Team Members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Michel Audige	Lead Ports Specialist	SASDT	Ports Specialist, Task Team Leader
Elizabeth Otubea-Adu	Lead Counsel Operations	LCSOS	Legal Advise
Muthoni W. Kaniaru	Counsel	LEGFI	Legal Advise
Wolfgang Chadab	Disbursement Officer	CTRFC	Disbursement
Irene Xenakis	Lead Specialist	AFTQK	Financial Management
Ahmadou Moustapha Ndiaye	Procurement Specialist	ECSC3	Procurement
Amadou Tidiane Toure,	Procurement Specialist	SARPS	Procurement
Bourama Diaite	Procurement Specialist	AFTPC	Procurement
Andre Yves Prevost	Senior Environment Specialist	AFTEN	Environment
Hovsep Melkonian	Sr. Disbursement Officer	WBGSA	Disbursement
Shenhua Wang	Private Sector Specialist	EASIN	Divestiture
Robin Sharma	Private Sector Specialist		Divestiture
Hang N. Sundstrom	Program Assistant		Program assistance

Names	Title	Unit	Responsibility/ Specialty
Myriam Godinot	ENCP Student		Intern
Vincent Malfere	ENCP Student		Intern
Salim Bouzebouk	ENCP Student		Intern
Supervision/ICR			
Irene F. Chacon	Operations Analyst	AFTFW	Operations
Jean-Paul Chausse	Consultant	AFTP3	Groundnut sector
Linda Cotton	Consultant	AFTFP	PSD
Magueye Dia	Consultant	AFTFP	PSD
Bourama Diaite	Senior Procurement Specialist	AFTPC	Procurement
Aissatou Dicko	Team Assistant	AFCF1	Program assistance
Saidou Diop	Financial Management Specialist	AFTFM	Financial Management
Christian Diou	Senior Municipal Engineer	AFTUW	Transport
Ibou Diouf	Sr Transport. Specialist	AFTTR	Transport
Muhamet Bamba Fall	Senior Underwriter	MIGOP	Investment Climate
Maimouna Mbow Fam	Financial Management Specialist	AFTFM	Financial Management
Steve J. Gaginis	Senior Finance Officer	CTRDM	Disbursement
Jean Paul Gauthier	E T Consultant	CICAF	PSD 47
Ronnie W. Hammad	Senior Operations Officer	AFTRL	M&E
Sidonie Jocktane	Executive Assistant	AFMG	Program Assistance
Badara Alieu Joof	Liaison Officer	AFMM	Operations
Herminia Martinez	Consultant	AFTFP	Operations
Diana M. Masone	Operations Officer	AFTRL	Operations
Maiko Miyake	Sr Investment Promotion Office	CICIG	Investment Climate
Peter J. Mousley	Lead Private Sector Development	AFTFW	Investment Climate
Yassin Saine Njie	Team Assistant	AFMGM	Program Assistance
Adenike Sherifat Oyeyiola	Sr. Financial Management Specialist	AFTFM	Financial Management
Gylfi Palsson	Lead Transport Specialist	AFTTR	Ports
Yves Andre Prevost	Lead Environment Specialist	AFTEN	Environment
Ganesh Rasagam	Sr Private Sector Development	AFTFE	Task Team Leader
Osval Rocha Andrade Romao	Financial Management Specialist	AFTFM	Financial Management
Cheikh A. T. Sagna	E T Consultant	AFTCS	Social and Environment
Michaela Weber Private	Sector Development Specialist	AFTFW	Task Team Leader
Shenhua Wang	Private Sector Development Specialist	AFTPS	Task Team Leader
Michel Audige	Lead Ports Specialist	SASDT	Task Team Leader
Ibrah Rahamane Sanoussi	Procurement Specialist	AFTPC	Procurement
Manievel Sene	Rural Development Specialist	AFTAR	
Fily Sissoko	Sr Financial Management Specialist	AFTFM	Financial Management
Hang N. Sundstrom	Language Program Assistant	AFTTR	Program Assistance
Cheick Traoré	Senior Procurement	AFTPC	Procurement Specialist
Jean-Philippe Tré	Senior Agriculture Economist	AFTAR	Groundnut sector

Source: World Bank 2010a.

Annex B. The Gambia: Selected Economic Indicators

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GROWTH													
GDP growth (annual %)	*6*	*5*	*6*	*-3*	*7*	*7*	*-1*	*2*	*5*	*5*	*6*	*5*	*-4*
GDP per capita (current US$)	*343*	*324*	*313*	*269*	*259*	*274*	*307*	*329*	*409*	*502*	*436*	*466*	*615*
GDP per capita growth (annual %)	*3*	*3*	*3*	*-6*	*4*	*4*	*-4*	*-1*	*2*	*3*	*3*	*4*	*-7*
GDP per capita, PPP (current international $)	*980*	*1,026*	*1,078*	*1,029*	*1,090*	*1,165*	*1,159*	*1,180*	*1,243*	*1,302*	*1,369*	*3,283*	*3,212*
Employment to population ratio, 15+, total (%)	*71*	*71*	*71*	*71*	*71*	*71*	*71*	*71*	*71*	*71*	*72*	*73*	*73*
INVESTMENT													
Foreign direct investment													
Net inflows (% of GDP)	*..*	*..*	*..*	*..*	*5*	*14*	*12*	*16*	*12*	*10*	*5*	*4*	*4*
Net inflows (BoP, current US$, millions)	*..*	*..*	*..*	*..*	*19*	*55,5*	*53,6*	*82,2*	*78*	*78,6*	*40*	*37*	*35*
Private capital flows													
Total (% of GDP)	*..*	*..*	*..*	*..*	*5*	*14*	*12*	*16*	*12*	*10*	*5*	*5*	
Total (BoP, current US$, millions)	*..*	*..*	*..*	*..*	*19*	*55,5*	*53,6*	*82,2*	*78*	*78*	*40*	*37*	
Gross capital formation													
(% of GDP)	*18*	*17*	*17*	*21*	*20*	*30*	*27*	*28*	*23*	*25*	*26*	*26*	*19*
(annual % growth)	*3*	*31*	*3*	*12*	*2*	*..*	*..*	*13*	*-13*	*15*	*6*	*9*	*-5*
TRADE													
Trade (% of GDP)	*99*	*105*	*77*	*93*	*95*	*113*	*103*	*97*	*82*	*78*	*81*	*66*	*76*
Service exports (BoP, current US$, millions)	*..*	*..*	*..*	*..*	*73*	*71*	*82*	*92*	*128*	*118*	*104*	*130*	*152*
Trade in services (% of GDP)	*..*	*..*	*..*	*..*	*29*	*29*	*28*	*37*	*33*	*25*	*25*	*21*	*25*
Exports of goods and services													
(% of GDP)	*46*	*48*	*36*	*42*	*43*	*46*	*40*	*40*	*33*	*30*	*30*	*23*	*29*
(annual % growth)	*-2*	*11*	*-17*	*2*	*-2*	*16*	*-12*	*2*	*7*	*9*	*2*	*-1*	*18*
Imports of goods and services (% of GDP)	*53*	*57*	*41*	*51*	*52*	*67*	*63*	*57*	*49*	*48*	*50*	*42*	*47*
SECTORS													
International tourism													
Number of arrivals (thousands)	*96*	*79*	*57*	*81*	*89*	*90*	*108*	*125*	*143*	*147*	*142*	*91*	*106*
Receipts (% of total exports)	*..*	*..*	*..*	*..*	*41*	*29*	*32*	*34*	*33*	*25*	*23*	*14*	*32*
Agriculture													
value added (% of GDP)	*34*	*36*	*36*	*28*	*31*	*34*	*32*	*30*	*29*	*29*	*27*	*29*	*19*
raw materials exports (% of merchandise exports)	*3*	*1*	*4*	*2*	*7*	*1*	*4*	*4*	*6*	*4*	*1*	*2*	*2*
raw materials imports (% of merchandise imports)	*1*	*1*	*2*	*2*	*2*	*2*	*1*	*2*	*2*	*2*	*1*	*1*	*1*
Industry, value added (% of GDP)	*13*	*13*	*13*	*15*	*14*	*13*	*13*	*14*	*15*	*15*	*15*	*12*	*13*
Manufacturing, value added (% of GDP)	*6*	*5*	*5*	*6*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*	*5*
Services, etc., value added (% of GDP)	*53*	*51*	*51*	*58*	*55*	*53*	*55*	*55*	*56*	*56*	*57*	*59*	*68*

Source: World Bank Database. Note: PPP=Purchasing power parity; BoP=balance of payments.

Annex C. List of Persons Met

<u>Government Officials</u>

Bah, Musa	Director Investment Promotion and Facilitation, Gambia Investment & Export Promotion Agency
Campbell, Moses	Senior Electrical and Electronic Engineer, Public Utility Regulatory Authority
Ceesay, Abdoul Qadri	Director Enterprise Support, Gambia Investment & Export Promotion Agency
Ceesay, Alhaji Cherno	Director of Planning, Gambia Ports Authority
Cesay Fatou	Director of Finance Gambia Civil Aviation Authority
Cham, Baboucar	Director Air Transport & Commerce, Gambia Civil Aviation Authority
Gomez, Gabriel	Internal Audit Manager, Gambia Investment & Export Promotion Agency
Hydara, Abdoulie	Senior Manager Investment Promotion and Facilitation, Gambia Investment and Export Promotion Agency
Jagne, Ebrima	Director of Finance and Administration, Gambia Investment and Export Promotion Agency
Johnson, Philip Gray	Traffic Operations Senior Manager, Gambia Ports Authority
Joof, Yusupha	Senior Water Manager, Public Utility Regulatory Authority
Magro, Nafi	Director of Corporate Services and Business Development, Gambia Ports Authority
Manga, Tamsir	Project Coordinator, Gambia Growth and Competitiveness Project
Sanneh, Ansumana	Director of Economics and Finance, Public Utility Regulatory Authority
Sarr, Momodou	Chief Executive Officer, National Environment Agency
Secka, Mod	Permanent Secretary, Ministry of Finance and Economic Affairs
Seka, Badou	Equipment Planning Senior Manager, Gambia Ports Authority
Sima, Solo	Director Consumer Affairs, Public Utility Regulatory Authority
Sowe Momodou, Zachariah	Manager Export Development, Gambia Investment and Export Promotion Agency
Taal, Almami	Chief Executive Officer, Gambia Chamber of Commerce and Industry
Tambedou, Abdoulie	Managing Director, Gambia Ports Authority

<u>Private Sector</u>

Carvalho, Anthony	Managing Director, Gambia Groundnut Corporation
Colley, Mustapha	Deputy Managing Director, Gambia Groundnut Corporation
Cop, Eddy	Managing Director Keda Textiles, West Africa Limited
Dambell, Elizabeth Mariam	General Manager, Green Industries
Gomez, Gabriel	Consultant, Independent Groundnut Consultant
Jarju, Alaji	Accountant, Green Industries
Lewis, Sam	Marketing Manager, Green Industries
Nagaty, Mohamed	Area Manager, M.A. Kharafi & Sons Co
Nyan, Sharif	Operations Manager, Green Industries
Prom, Augustus	Chairman, Audit Firm

Sillah, Muhammadu	Managing Director, Salam Company (steel factory)

Donors

Perini, Fausto	Program Manager, European Union

World Bank

Ganesh Rasagam	Senior Private Sector Development Specialist (Former TTL)
Michaela Weber	Private Sector Development Specialist. (Former TTL)
Gylfi Palsson	Lead transport Specialist (Former TTL)
Gilberto de Barros	Senior Private Sector Development Specialist (TTL)
Irene S. Xenakis	Consultant
Dileep M. Wagle	Consultant
Mr. Michel Audige	Consultant (Former TTL)
Shenhua Wang	Senior Infrastructure Specialist (Former TTL)